

Lauren M. Lepkoski, Esq.
(610) 921-6203
(610) 939-8655 (Fax)

May 12, 2017

VIA ELECTRONIC MAIL

Irene Asbury, Secretary
Board of Public Utilities
44 South Clinton Ave (9th Floor)
P.O. Box 350
Trenton, NJ 08625-0350
board.secretary@bpu.state.nj.us

Re: Comments of Jersey Central Power & Light Company on a Straw Proposal Regarding Potential Regulations and Filing Requirements for Additional Infrastructure Projects that Will not be Included as Part of a Utility's Capital Expenditures, Issued by the Staff of the New Jersey Board of Public Utilities

Dear Secretary Asbury:

On April 26, 2017, the Board of Public Utilities ("BPU") Staff issued a straw proposal regarding potential regulations and filing requirements for additional infrastructure projects that will not be included as part of a utility's Capital Expenditures ("Straw Proposal"). On May 4, 2017, BPU Staff held a stakeholder meeting regarding the Straw Proposal to take public comments. BPU Staff also invited interested stakeholders to submit written comments by May 12, 2017.

Please accept these comments submitted by Jersey Central Power & Light, a FirstEnergy Company ("JCP&L" or "Company"), regarding the above-referenced matter.

I. COMMENTS

JCP&L is pleased that the BPU and BPU Staff are considering improvements to regulatory paradigm in New Jersey to encourage utility infrastructure investments. Infrastructure investment to enhance service in New Jersey is good for the State of New Jersey, our customers and utilities.

More specifically, JCP&L applauds the BPU efforts to implement a surcharge mechanism that will provide for more timely recovery of costs associated with BPU approved infrastructure investments. The proposed mechanism will facilitate infrastructure investments in the utilities distribution system, subject to Commission review, to promote the safe and reliable provision of electric service for the benefit of customers, while permitting timely recovery of the costs of those investments. Timely cost recovery is not only important to attracting capital, the cash flow improvements from reducing regulatory lag are also credit supportive for the utility. Similar mechanisms are available to other FirstEnergy utilities located in Pennsylvania and Ohio.

JCP&L observes that the implementation of the proposed mechanism to increase infrastructure investment provides for greater regulatory efficiency, but not at the sacrifice of due process with respect to prudence review or rate-making. Under the straw proposal, the utilities are required to make detailed filings with the BPU to initiate an infrastructure program under the proposed mechanism, whereby the parties in that matter would have the opportunity to conduct a review, including discovery, and then settle or litigate the matter to resolution as presently, concerning such matters before the BPU.

JCP&L stands with the New Jersey Utilities Association (“NJUA”) and echoes the comments submitted on behalf of its members, including JCP&L. In addition, JCP&L interprets that the surcharge mechanism will include such items as return on and return of the infrastructure

investments, cost of removal and such adjustments as necessary to properly reflect the revenue required to generate the permitted rate of return, similar to the construct of the Water and Wastewater Distribution System Improvement Charge ("DSIC") (*N.J.A.C. 14:9-10.8*). JCP&L requests that this clarification be made to the proposal.

II. Conclusion

JCP&L appreciates the opportunity to participate in this process to improve the straw proposal for the infrastructure program to benefit distribution system reliability and resiliency for the benefit of its customers in New Jersey.

Respectfully submitted,

Dated: May 12, 2017



Lauren M. Lepkoski
FirstEnergy Service Company
2800 Pottsville Pike
P.O. Box 16001
Reading, PA 19612-6001
Phone: (610) 921-6203
Fax: (610) 939-8655
Email: llepkoski@firstenergycorp.com

*Counsel for Jersey Central Power and Light
Company*