



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE VERIFIED PETITION OF)	ORDER ADOPTING
JERSEY CENTRAL POWER & LIGHT COMPANY)	STIPULATION
SEEKING (1) REVIEW AND APPROVAL OF ITS)	
DEFERRED BALANCES RELATING TO, AND AN)	
ADJUSTMENT OF CERTAIN COMPONENTS OF THE)	
SOCIETAL BENEFITS CHARGE (SBC) CLAUSE OF)	
ITS FILED TARIFF; (2) REVIEW AND APPROVAL OF)	
ITS DEFERRED BALANCE RELATING TO THE)	
SYSTEM CONTROL CHARGE (SCC) CLAUSE OF ITS)	
FILED TARIFF; AND (3) REVIEW AND APPROVAL OF)	
COSTS INCURRED FOR ENVIRONMENTAL)	
REMEDICATION OF MANUFACTURED GAS PLANT)	
SITES PURSUANT TO THE REMEDIATION)	
ADJUSTMENT CLAUSE (RAC) OF ITS FILED TARIFF)	
(2009 SBC/SCC AND RAC FILING);)	DOCKET NO. ER10020130
IN THE MATTER OF THE VERIFIED PETITION OF)	
JERSEY CENTRAL POWER & LIGHT COMPANY)	
SEEKING (1) REVIEW AND APPROVAL OF ITS)	
DEFERRED BALANCES RELATING TO THE)	
SOCIETAL BENEFITS CHARGE (SBC) CLAUSE OF)	
ITS FILED TARIFF; AND (2) REVIEW AND APPROVAL)	
OF ITS DEFERRED BALANCE RELATING TO THE)	
SYSTEM CONTROL CHARGE (SCC) CLAUSE OF ITS)	
FILED TARIFF (2010 SBC/SCC FILING); AND)	DOCKET NO. ER11070439
IN THE MATTER OF THE VERIFIED PETITION OF)	
JERSEY CENTRAL POWER & LIGHT COMPANY)	
SEEKING (1) REVIEW AND APPROVAL OF ITS)	
DEFERRED BALANCES RELATING TO, AND AN)	
ADJUSTMENT OF, THE SOCIETAL BENEFITS)	
CHARGE (SBC) CLAUSE OF ITS FILED TARIFF; AND)	
(2) REVIEW AND APPROVAL OF ITS DEFERRED)	
BALANCE RELATING TO THE SYSTEM CONTROL)	
CHARGE (SCC) CLAUSE OF ITS FILED TARIFF (2011)	
SBC/SCC FILING))	DOCKET NO. ER12080756

Parties of Record:

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
Gregory Eisenstark, Esq., Morgan, Lewis & Bockius, LLP, on behalf of Jersey Central Power & Light Company

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities ("Board") considers a stipulation ("Stipulation") executed by Jersey Central Power & Light Company ("Company" or "JCP&L"), the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff (collectively, the "Parties") resolving issues related to the Company's Societal Benefits Charge ("SBC"), System Control Charge ("SCC") and Remediation Adjustment Charge ("RAC") filings.

BACKGROUND/PROCEDURAL HISTORY

On February 19, 2010, JCP&L filed with the Board a Verified Petition, including supporting schedules, under Docket No. ER10020130 ("2009 SBC/SCC and RAC Filing"), seeking: (1) review and approval of its deferred balances relating to, and an adjustment of certain components of, the SBC clause of its filed Tariff; (2) review and approval of its deferred balance relating to the SCC clause of its filed Tariff; and (3) review and approval of costs incurred for environmental remediation of manufactured gas plant sites pursuant to the RAC of its filed Tariff. In an Order dated June 15, 2011, the Board approved a Stipulation of Settlement ("2011 Stipulation") that resolved all of the then-outstanding SBC elements and most of the then-outstanding RAC elements except with respect to the Natural Resource Damage ("NRD") related costs and incentive compensation costs of the 2009 SBC/SCC and RAC Filing. The Stipulation left the SCC element open. In its 2009 SBC/SCC/RAC filing, JCP&L did not seek any adjustment to the then current level of its Rider SCC charge. The NRD related RAC costs are not addressed by this Order.

On July 22, 2011, JCP&L filed with the Board a Verified Petition, including supporting schedules, under Docket No. ER11070439 ("2010 SBC/SCC Filing"), seeking: (1) review and approval of its deferred balances relating to the SBC clause of its filed Tariff; and (2) review and approval of its deferred balance relating to the SCC clause of its filed Tariff.

With respect to the SBC, the 2010 SBC/SCC Filing sought review and approval of the deferred balances accumulated with respect to the Consumer Education ("CED"), Demand Side Factor ("DSF"), Uncollectible Accounts Charge ("UNC") and Nuclear Decommissioning Costs ("NDC") components of the Company's SBC, in each case to the extent accumulated from January 1, 2010 through December 31, 2010.

With respect to the SCC, the 2010 SBC/SCC Filing sought review and approval of the deferred balance accumulated with respect to the Company's SCC clause at December 31, 2010. The 2010 SBC/SCC Filing did not propose any changes to the Company's individual SBC rate components, the SBC or SCC rates.

On August 15, 2012, JCP&L filed with the Board a Verified Petition, including supporting schedules, under Docket No. ER12080756 ("2011 SBC/SCC Filing"), seeking: (1) review and approval of its deferred balances relating to, and an adjustment of certain components of, the SBC clause of its filed Tariff; and (2) review and approval of its deferred balance relating to the SCC clause of its filed Tariff.

With respect to the SBC, the 2011 SBC/SCC Filing sought review and approval of the deferred balances accumulated with respect to the CED, DSF, UNC and NDC components of the Company's SBC, in each case to the extent accumulated from January 1, 2011 through December 31, 2011. With respect to the SCC, the 2011 SBC/SCC Filing sought review and approval of the deferred balance accumulated with respect to the Company's SCC clause at December 31, 2011.

The 2011 SBC/SCC Filing proposed an increase in the Company's Rider DSF rate to recover an additional \$14.6 million on an annual basis. The 2011 SBC/SCC Filing also proposed an increase in the Company's Rider UNC rate to recover an additional \$997,000 on an annual basis. The 2011 Filing did not propose any change to the Company's SCC rates. Thus, the proposed revenue increase is \$15.597 million. JCP&L is not seeking an increase in its Rider SCC.

Public hearings were held for these proceedings on September 18, 2013 in Morristown and Freehold. No members of the public attended.

The Company, Board Staff ("Staff"), and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, the "Parties") are the only parties to this case. The Parties conducted discovery and participated in a number of meetings and discussions to review outstanding issues and explore settlement. As a result of those meetings and related discussions, on July 14, 2014, the Parties entered into the attached stipulation resolving the remaining SCC issue in the 2009 SBC/SCC proceeding, and all issues in the 2010 and 2011 SBC/SCC proceedings ("Stipulation").

STIPULATION

The Parties have agreed to the following salient terms:

1. The Parties agree that the Company's ending deferred balances in the components of the SBC listed below at December 31, 2010 were as follows: (i) an over-recovered CED balance of \$6.1 million, plus over-recovered carrying costs of \$9,066; (ii) an over-recovered NDC balance of \$18.74 million, plus over-recovered carrying costs of \$27,994; (iii) an under-recovered DSF balance of \$10.7 million, plus over-recovered carrying costs of \$4,775; and (iv) an under-recovered UNC balance of \$6.2 million, plus under-recovered carrying costs of \$6,990 (in all cases without giving effect to the annual application of any over-recoveries to reduce under-recovered balances in other components of the Company's SBC deferred balance). All of such balances became zero after the annual application of such over-recoveries.¹ To the extent not otherwise recovered in rates, JCP&L shall be authorized to continue to defer all additional reasonable and prudent costs of a type previously approved for recovery through Rider SBC, incurred and deferred subsequent to December 31, 2010, together with accrued interest thereon, for review and inclusion in future annual SBC filings and related adjustments to the Company's Rider SBC, subject to the Board's review and approval.
2. The Parties further agree that the Company's ending deferred balances in the components of the SBC listed below at December 31, 2011 were as follows: (i) an over-recovered CED balance of \$3.24 million, plus over-recovered carrying costs of \$6,221; (ii) an over-recovered NDC balance of \$10.1 million, plus over-recovered

¹ The Universal Service Fund and RAC components of the SBC are not addressed in this Stipulation.

- carrying costs of \$19,296; (iii) an under-recovered DSF balance of \$12.25 million, plus over-recovered carrying costs of \$2,705; and (iv) an under-recovered UNC balance of \$2.67 million, plus under-recovered carrying costs of \$4,936 (in all cases without giving effect to the annual application of any over-recoveries to reduce under-recovered balances in other components of the Company's SBC deferred balance). All of such balances became zero after the annual application of such over-recoveries, except UNC was under-recovered at \$1.56 million. To the extent not otherwise recovered in rates, JCP&L shall be authorized to continue to defer all additional reasonable and prudent costs of a type previously approved for recovery through Rider SBC, incurred and deferred subsequent to December 31, 2011, together with accrued interest thereon, for review and inclusion in future annual SBC filings and related adjustments to the Company's Rider SBC, subject to the Board's review and approval.
3. The Parties further agree that JCP&L's Rider NDC is currently set at zero and shall remain at zero as a result of this Stipulation. JCP&L has applied the NDC over-collections identified herein above to offset under-collections in Rider DSF and Rider UNC.
 4. The Parties agree that, pursuant to the Board's June 15, 2011 Order in Docket Nos. ER07120968, ER09030202, and ER10020130, Rider CED was reduced to zero and removed from the Company's filed Tariff effective July 1, 2011. JCP&L has applied the CED over-collections identified above to offset under-collections in Rider DSF and Rider UNC.
 5. The Parties agree that, because of the increasing funding levels for Clean Energy Programs, the Company's current forecast of SBC revenues, and the 2011 DSF under-recovery discussed above (eliminated only by the application of the over-recoveries in the Riders NDC and CED to the Rider DSF deferred balance as of December 31, 2011), it is appropriate for JCP&L to increase its Rider DSF rate to recover an additional \$14.6 million on an annual basis.
 6. As for the Rider UNC, in the 2011 SBC/SCC Filing, JCP&L forecast that it would incur approximately \$11 million annually in Uncollectible expense to be recovered under its Rider UNC. Uncollectible expense increased from \$8.3 million in 2007, to \$10.4 million in 2008, to \$11.5 million in 2009, to \$12.5 million in 2010, and showed a modest decrease to \$11.4 million in 2011, which is reflected, in part, in the 2011 UNC under-recovery discussed above. Accordingly, the Parties agree that, based on the current under-recovered balance and forecasted revenues and expenses, it is appropriate for JCP&L to increase its Rider UNC rate to recover an additional \$997,000 on an annual basis.
 7. Interest will continue to accrue monthly on the net-of-tax deferred balances in the NDC, DSF and UNC components of JCP&L's SBC deferred balance at a rate equal to the monthly rate actually incurred on short-term debt, or in the event no short-term debt is outstanding, the rate available on equivalent temporary cash investments, with annual compounding on January 1 of each year.²

² Pursuant to the Board's June 15, 2011 Order, as of January 1, 2012, interest on all elements of the SBC compounds annually on January 1.

8. The Parties agree that, as of December 31, 2010, Rider SCC was over-collected by \$309,974, including carrying costs of \$350. The Parties further agree that, as of December 31, 2011, Rider SCC was over-collected by \$472,322, including over-recovered carrying costs of \$178. The Parties further agree that JCP&L has applied the over-collection in the Rider SCC to offset under-collections in its Rider RRC – RGGI Recovery Charge.³ The Parties also agree that it is appropriate for JCP&L to continue to apply the over-collections in Rider SCC, if any, to Rider RRC until such time as the Rider RRC rate is reset pursuant to a BPU Order, at which time the Rider SCC rate will then be reset to zero. JCP&L also agrees that it will file a petition with the Board by August 1, 2014 to adjust its Rider RRC rate. The Parties further agree that, based on the foregoing, it is appropriate for JCP&L to leave its Rider SCC rate at the current level at this time.
9. To the extent not otherwise recovered in rates, JCP&L shall be authorized to continue to defer all additional reasonable and prudent costs of a type previously approved for recovery through Rider SCC, incurred and deferred subsequent to December 31, 2011, together with accrued interest thereon, for review and inclusion in future annual SCC filings and related adjustments to the Company's Rider SCC, subject to the Board's review and approval.
10. Interest will continue to accrue monthly on the net-of-tax deferred balances in the SCC at a rate equal to the monthly rate actually incurred on short-term debt, or in the event no short-term debt is outstanding, the rate available on equivalent temporary cash investments, with annual compounding on August 1 of each year.
11. The Parties agree that upon the effective date of the Board's written Order approving this Stipulation, all elements of the 2010 SBC/SCC Filing and the 2011 SBC/SCC Filing, as well as the SCC element of the 2009 SBC/SCC Filing shall all be deemed closed and resolved.
12. In addition, public hearings on the 2011 SBC/SCC Filing were held on September 18, 2013 in Morristown and Freehold, New Jersey. No members of the public attended.
13. As a result of the Stipulation, typical residential customers consuming 500 kwh in a month will see an increase in their monthly bills from \$71.03 to \$71.42, an increase of \$0.39 or 0.55% as set forth in the public notice that was published for the 2011 SBC/SCC Filing on August 29, 2013.

DISCUSSION AND FINDING

The Board, having reviewed the attached Stipulation, **HEREBY FINDS** that the Stipulation is reasonable, in the public interest and in accordance with the law. The costs associated with the SBC at issue in this proceeding are reasonable since they result from JCP&L providing Board approved energy efficiency programs to New Jersey residents which reduce energy usage for the benefit of those customers and for the State and also result from JCP&L's uncollectible costs of providing utility service that may be passed through the SBC pursuant to N.J.S.A. 48:3-

³ Pursuant to the Board's June 15, 2011 Order, in paragraph 7 of the Stipulation of Settlement, "[a]fter termination of the Existing AC Cycling Program, any under- or over-recovery in Rider SCC will be transferred to Rider RRC. Accordingly, on July 1, 2011, JCP&L transferred the \$1,440,17.75 over-recovered Rider SCC balance (including accrued interest) to Rider RRC.

60. The Board **HEREBY APPROVES** the attached Stipulation and incorporates its terms and conditions as if fully stated in this Order. As a result of the Stipulation, the overall monthly bill impact resulting from the net increase in the SBC for a residential customer using 500 kWh per month would be an increase of \$0.39 or 0.55% or \$4.68 annually.

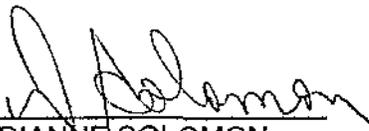
JCP&L is not seeking any adjustment to the current level of its Rider SCC charge. JCP&L will continue to apply the over-collections in Rider SCC, if any, to Rider RRC until such time as the Rider RRC rate is reset pursuant to a Board order, at which time the Rider SCC rate will then be reset to zero.

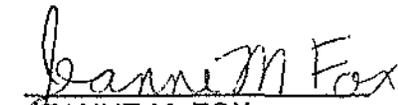
The Company's SBC rate component costs and Riders SCC, and RRC remain subject to on-going audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

The Board **HEREBY DIRECTS** the Company to file within five (5) days of receipt of the Board Order, the appropriate revised tariff sheets consistent with the terms of this Order. The rates authorized herein shall be effective for service rendered on and after September 1, 2014.

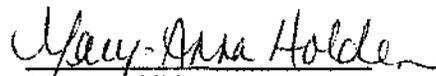
DATED: 8/20/14

BOARD OF PUBLIC UTILITIES
BY:

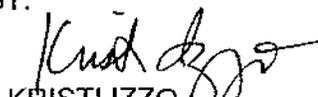

DIANNE SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER

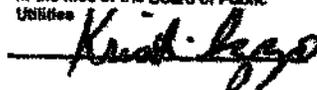

JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



Docket No. ER10020130 – In the Matter of the Verified Petition of Jersey Central Power & Light Company Seeking (1) Review and Approval of Its Deferred Balances Relating to, and an Adjustment of Certain Components of the Societal Benefits Charge (SBC) Clause of Its Filed Tariff; (2) Review and Approval of Its Deferred Balance Relating to the System Control Charge (SCC) Clause of Its Filed Tariff; and (3) Review and Approval of Costs Incurred for Environmental Remediation of Manufactured Gas Plant Sites Pursuant to the Remediation Adjustment Clause (RAC) of Its Filed Tariff (2009 SBC/SCC and RAC Filing);

Docket No. ER11070439 – In the Matter of the Verified Petition of Jersey Central Power & Light Company Seeking (1) Review and Approval of Its Deferred Balances Relating to the Societal Benefits Charge (SBC) Clause of Its Filed Tariff; and (2) Review and Approval of Its Deferred Balance Relating to the System Control Charge (SCC) Clause of Its Filed Tariff (2010 SBC/SCC Filing); and

Docket No. ER12080756 – In the Matter of the Verified Petition of Jersey Central Power & Light Company Seeking (1) Review and Approval of Its Deferred Balances Relating to, and an Adjustment of, the Societal Benefits Charge (SBC) Clause of Its Filed Tariff; and (2) Review and Approval of Its Deferred Balance Relating to the System Control Charge (SCC) Clause of Its Filed Tariff (2011 SBC/SCC Filing)

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July 14, 2014

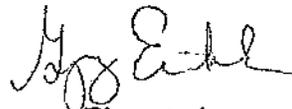
Kristi Izzo, Secretary
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**Re: I/M/O Jersey Central Power & Light Company's Verified Petitions
Concerning its 2009 System Control Charge ("SCC") Filing, 2010 Societal
Benefits Charge ("SBC") /SCC Filing, and its 2011 SBC/SCC Filing, et al.
BPU Docket Nos. ER10020130, ER11070439, and ER12080756**

Dear Secretary Izzo:

Enclosed for filing on behalf of Jersey Central Power & Light Company ("JCP&L"), please find a Stipulation of Settlement that has been executed by all parties and that fully-resolves the above-captioned matters. An original and ten copies are enclosed.

Respectfully Submitted,



Gregory Eisenstark

Encl.
c: Service List

**In the Matter of the Verified Petition of Jersey Central Power & Light Company
Seeking (1) Review and Approval of Its Deferred Balances Relating to the Societal Benefits
Charge Clause of Its Filed Tariff; and (2) Review and Approval of Its Deferred Balance
Relating to the System Control Charge Clause of Its Filed Tariff (“2011 SBC/SCC Filing”)
BPU Docket No. ER12080756**

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**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

In the Matter of the Verified Petition of **Jersey Central Power & Light Company** Seeking (1) Review and Approval of Its Deferred Balances Relating to, and an Adjustment of Certain Components of the Societal Benefits Charge Clause of Its Filed Tariff, (2) Review and Approval of Its Deferred Balance Relating to the System Control Charge Clause of Its Filed Tariff, and (3) Review and Approval of Costs Incurred For Environmental Remediation of Manufactured Gas Plant Sites Pursuant to the Remediation Adjustment Clause of Its Filed Tariff (“**2009 SBC/SCC and RAC Filing**”)

**STIPULATION
OF
SETTLEMENT**

BPU Docket No. ER10020130

In the Matter of the Verified Petition of **Jersey Central Power & Light Company** Seeking (1) Review and Approval of Its Deferred Balances Relating to the Societal Benefits Charge Clause of Its Filed Tariff; and (2) Review and Approval of Its Deferred Balance Relating to the System Control Charge Clause of Its Filed Tariff (“**2010 SBC/SCC Filing**”)

BPU Docket No. ER11070439

and

In the Matter of the Verified Petition of **Jersey Central Power & Light Company** Seeking (1) Review and Approval of Its Deferred Balances Relating to the Societal Benefits Charge Clause of Its Filed Tariff; and (2) Review and Approval of Its Deferred Balance Relating to the System Control Charge Clause of Its Filed Tariff (“**2011 SBC/SCC Filing**”)

BPU Docket No. ER12080756

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

APPEARANCES:

Gregory Eisenstark, Esq. (Morgan, Lewis & Bockius LLP, attorneys) for the Petitioner, Jersey Central Power & Light Company

Ami Morita, Esq., Deputy Rate Counsel, and **Diane Schulze, Esq.**, Assistant Deputy Rate Counsel, Division of Rate Counsel (**Stefanie A. Brand, Esq.**, Director)

Carolyn McIntosh and Alex Moreau, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (**John Jay Hoffman**, Acting Attorney General of New Jersey)

This Stipulation of Settlement (the "Stipulation") is hereby made and executed as of the dates indicated below, by and among the Petitioner, Jersey Central Power & Light Company ("JCP&L" or the "Company"), the Staff of the Board of Public Utilities ("Staff") and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, the "Parties").

The Parties do hereby join in recommending that the Board of Public Utilities ("Board") issue an Order approving the Stipulation, based upon the following stipulations:

Background

On February 19, 2010, JCP&L filed with the Board a Verified Petition, including supporting schedules, under Docket No. ER10020130 ("2009 SBC/SCC and RAC Filing"), seeking (1) review and approval of its deferred balances relating to, and an adjustment of certain components of, the Societal Benefits Charge ("SBC") clause of its filed Tariff, (2) review and approval of its deferred balance relating to the System Control Charge ("SCC") clause of its filed Tariff, and (3) review and approval of costs incurred for environmental remediation of manufactured gas plant sites pursuant to the Remediation Adjustment Clause ("RAC") of its filed Tariff and the imposition, for the first time, of a RAC charge. In an Order dated June 15,

2011 ("June 15, 2011 Order"), the Board approved a Stipulation of Settlement that resolved, *inter alia*, all of the then-outstanding SBC and RAC elements of the 2009 SBC/SCC and RAC Filing, but left the SCC element of said Filing open.

On July 22, 2011, JCP&L filed with the Board a Verified Petition, including supporting schedules, under Docket No. ER11070439 ("2010 SBC/SCC Filing"), seeking (1) review and approval of its deferred balances relating to, and an adjustment of certain components of, the Societal Benefits Charge ("SBC") clause of its filed Tariff, and (2) review and approval of its deferred balance relating to the System Control Charge ("SCC") clause of its filed Tariff.

With respect to the SBC, the 2010 SBC/SCC Filing sought review and approval of the deferred balances accumulated with respect to the Consumer Education ("CED"), Demand Side Factor ("DSF"), Uncollectible Accounts Charge ("UNC") and Nuclear Decommissioning Costs ("NDC") components of the Company's SBC, in each case to the extent accumulated from January 1, 2010 through December 31, 2010. With respect to the SCC, the 2010 SBC/SCC Filing sought review and approval of the deferred balance accumulated with respect to the Company's SCC clause at December 31, 2010.

The 2010 SBC/SCC Filing did not propose any changes to the Company's SBC or SCC rates.

On August 15, 2012, JCP&L filed with the Board a Verified Petition, including supporting schedules, under Docket No. ER12080756 ("2011 SBC/SCC Filing"), seeking (1) review and approval of its deferred balances relating to, and an adjustment of certain components of, the SBC clause of its filed Tariff, and (2) review and approval of its deferred balance relating to the SCC clause of its filed Tariff.

With respect to the SBC, the 2011 SBC/SCC Filing sought review and approval of the deferred balances accumulated with respect to the CED, DSF, UNC and NDC components of the

Company's SBC, in each case to the extent accumulated from January 1, 2011 through December 31, 2011. With respect to the SCC, the 2011 SBC/SCC Filing sought review and approval of the deferred balance accumulated with respect to the Company's SCC clause at December 31, 2011.

The 2011 SBC/SCC Filing proposed an increase in the Company's Rider DSF rate to recover an additional \$14.6 million on an annual basis. The 2011 SBC/SCC Petition also proposed an increase in the Company's Rider UNC rate to recover an additional \$997,000 on an annual basis. The 2011 Petition did not propose any change to the Company's SCC rates.

Following the filing of each of the Verified Petitions, the Parties engaged in discovery and exchanged additional information during informal discussions and meetings.

Stipulation

The undersigned Parties DO HEREBY STIPULATE AND AGREE as follows:

1. The Parties agree that the Company's ending deferred balances in the components of the SBC listed below at December 31, 2010 were as follows: (i) an over-recovered CED balance of \$6.1 million, plus over-recovered carrying costs of \$9,066; (ii) an over-recovered NDC balance of \$18.74 million, plus over-recovered carrying costs of \$27,994; (iii) an under-recovered DSF balance of \$10.7 million, plus over-recovered carrying costs of \$4,775; and (iv) an under-recovered UNC balance of \$6.2 million, plus under-recovered carrying costs of \$6,990 (in all cases without giving effect to the annual application of any over-recoveries to reduce under-recovered balances in other components of the Company's SBC deferred balance). All of such balances became zero after the annual application of such over-recoveries.¹ To the extent

¹ The Universal Service Fund and Remediation Adjustment Charge components of the SBC are not addressed in this Stipulation.

not otherwise recovered in rates, JCP&L shall be authorized to continue to defer all additional reasonable and prudent costs of a type previously approved for recovery through Rider SBC, incurred and deferred subsequent to December 31, 2010, together with accrued interest thereon, for review and inclusion in future annual SBC filings and related adjustments to the Company's Rider SBC, subject to the Board's review and approval.

2. The Parties further agree that the Company's ending deferred balances in the components of the SBC listed below at December 31, 2011 were as follows: (i) an over-recovered CED balance of \$3.24 million, plus over-recovered carrying costs of \$6,221; (ii) an over-recovered NDC balance of \$10.1 million, plus over-recovered carrying costs of \$19,296; (iii) an under-recovered DSF balance of \$12.25 million, plus over-recovered carrying costs of \$2,705; and (iv) an under-recovered UNC balance of \$2.67 million, plus under-recovered carrying costs of \$4,936 (in all cases without giving effect to the annual application of any over-recoveries to reduce under-recovered balances in other components of the Company's SBC deferred balance). All of such balances became zero after the annual application of such over-recoveries, except UNC was under-recovered at \$1.56 million. To the extent not otherwise recovered in rates, JCP&L shall be authorized to continue to defer all additional reasonable and prudent costs of a type previously approved for recovery through Rider SBC, incurred and deferred subsequent to December 31, 2011, together with accrued interest thereon, for review and inclusion in future annual SBC filings and related adjustments to the Company's Rider SBC, subject to the Board's review and approval.

3. The Parties further agree that JCP&L's Rider NDC is currently set at zero and shall remain at zero as a result of this Stipulation. JCP&L has applied the NDC overcollections identified herein above to offset undercollections in Rider DSF and Rider UNC.

4. The Parties agree that, pursuant to the Board's June 15, 2011 Order in Docket Nos. ER07120968, ER09030202 and ER10020130, Rider CED was reduced to zero and removed from the Company's filed Tariff effective July 1, 2011. JCP&L has applied the CED overcollections identified herein above to offset undercollections in Rider DSF and Rider UNC.

5. The Parties agree that, because of these increasing funding levels for Clean Energy Programs, the Company's current forecast of SBC revenues, and the 2011 DSF under-recovery discussed above (eliminated only by the application of the overrecoveries in the Riders NDC and CED to the Rider DSF deferred balance as of December 31, 2011), it is appropriate for JCP&L to increase its Rider DSF rate to recover an additional \$14.6 million on an annual basis.

6. As for the Rider UNC, in the 2011 SBC/SCC Filing, JCP&L forecast that it would incur approximately \$11 million annually in Uncollectible expense to be recovered under its Rider UNC (see Attachment A-2 to the Petition in the 2011 SBC/SCC Filing). Uncollectible expense increased from \$8.3 million in 2007, to \$10.4 million in 2008, to \$11.5 million in 2009, to \$12.5 million in 2010, and showed a modest decrease to \$11.4 million in 2011, which is reflected, in part, in the 2011 UNC under-recovery discussed above. Accordingly, the Parties agree that, based on the current under-recovered balance and forecasted revenues and expenses, it is appropriate for JCP&L to increase its Rider UNC rate to recover an additional \$997,000 on an annual basis.

7. Interest will continue to accrue monthly on the net-of-tax deferred balances in the NDC, DSF and UNC components of JCP&L's SBC deferred balance at a rate equal to the monthly rate actually incurred on short-term debt, or in the event no short-term debt is

outstanding, the rate available on equivalent temporary cash investments, with annual compounding on January 1 of each year.²

8. The Parties agree that, as of December 31, 2010, Rider SCC was over-collected by \$309,974, including carrying costs of \$350. The Parties further agree that, as of December 31, 2011, Rider SCC was over-collected by \$472,322, including over-recovered carrying costs of \$178. The Parties further agree that JCP&L has applied the overcollection in the Rider SCC to offset undercollections in its Rider RRC – RGGI Recovery Charge.³ The Parties also agree that it is appropriate for JCP&L to continue to apply the overcollections in Rider SCC, if any, to Rider RRC until such time as the Rider RRC rate is reset pursuant to a BPU Order, at which time the Rider SCC rate will then be reset to zero. JCP&L also agrees that it will file a Petition with the Board by August 1, 2014 to adjust its Rider RRC rate. The Parties further agree that, based on the foregoing, it is appropriate for JCP&L to leave its Rider SCC rate at the current level at this time.

9. To the extent not otherwise recovered in rates, JCP&L shall be authorized to continue to defer all additional reasonable and prudent costs of a type previously approved for recovery through Rider SCC, incurred and deferred subsequent to December 31, 2011, together with accrued interest thereon, for review and inclusion in future annual SCC filings and related adjustments to the Company's Rider SCC, subject to the Board's review and approval.

10. Interest will continue to accrue monthly on the net-of-tax deferred balances in the SCC at a rate equal to the monthly rate actually incurred on short-term debt, or in the event no

² Pursuant to the Board's June 15, 2011 Order, as of January 1, 2012, interest on all elements of the SBC compounds annually on January 1.

³ Pursuant to the Board's June 15, 2011 Order, in paragraph 7 of the Stipulation of Settlement, "[a]fter termination of the Existing AC Cycling Program, any under- or over-recovery in Rider SCC will be transferred to Rider RRC. Accordingly, on July 1, 2011, JCP&L transferred the \$1,440,127.75 overrecovered Rider SCC balance (including accrued interest) to Rider RRC.

short-term debt is outstanding, the rate available on equivalent temporary cash investments, with annual compounding on August 1 of each year.

11. The Parties agree that upon the effective date of the Board's written Order approving this Stipulation, all elements of the 2010 SBC/SCC Filing and the 2011 SBC/SCC Filing, as well as the SCC element of the 2009 SBC/SCC Filing referenced herein above under "Background", shall all be deemed closed and resolved.

12. In addition, public hearings on the 2011 SBC/SCC Filing were held on September 18, 2013 in Morristown and Freehold, New Jersey. No member of the public attended.

13. As a result of this Stipulation, a typical residential customer consuming 500 kWh in a month will see an increase in their monthly bill from \$71.03 to \$71.42, an increase of \$0.39 or 0.55%, as set forth in the public notice that was published for the 2011 SBC/SCC Filing on August 29, 2013.

Conclusion

14. The Parties agree that this Stipulation contains mutual balancing and interdependent clauses and is intended to be accepted and approved in its entirety. In the event any particular provision of this Stipulation is not accepted and approved in its entirety by the Board, or is modified by a court of competent jurisdiction, then any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right, upon written notice to be provided to all other Parties within ten (10) days after receipt of any such adverse decision, to litigate all issues addressed herein to a conclusion. More particularly, in the event this Stipulation is not adopted in its entirety by the Board in an appropriate Order, or is modified by a court of competent jurisdiction, then any Party hereto is free, upon the timely provision of such written notice, to pursue its then available legal remedies with respect to all issues addressed in

this Stipulation, as though this Stipulation had not been signed. The Parties agree that this Stipulation shall be binding on them for all purposes herein.

15. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and, except as otherwise expressly provided for herein:

- a. By executing this Stipulation, no Party waives any rights it possesses under any prior Stipulation, except where the terms of this Stipulation supersede such prior Stipulation.
- b. The contents of this Stipulation shall not in any way be considered, cited or used by any of the undersigned Parties as an indication of any Party's position on any related or other issue litigated in any other proceeding or forum, except to enforce the terms of this Stipulation.

16. This Stipulation may be executed in any number of counterparts, each of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties.

WHEREFORE, the Parties hereto have duly executed and do respectfully submit this Stipulation to the Board, and recommend that the Board issue a Final Decision and Order adopting and approving this Stipulation in its entirety in accordance with the terms hereof.

Jersey Central Power & Light Company

By: 
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Morgan, Lewis & Bockius LLP

Dated: 7-14-2014

John J. Hoffman
Acting Attorney General of New Jersey
Attorney for Staff of the Board of Public
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By: 
Alex Moreau
Deputy Attorney General

Dated: 7-14-2014

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By: 
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Dated: 7-14-2014