



Agenda Date: 8/29/18
Agenda Item: 2E

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE VERIFIED PETITION OF)
JERSEY CENTRAL POWER AND LIGHT COMPANY) ORDER
CONSTITUTING ITS ANNUAL FILING WITH)
RESPECT TO THE STORM RECOVERY CHARGE)
RIDER OF ITS FILED TARIFF ("2017-18 SRC FILING")) DOCKET NO. ER18010031

Parties of Record:

Gregory Eisenstark, Esq., for Jersey Central Power and Light Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:¹

By petition dated January 12, 2018, Jersey Central Power and Light Company ("JCP&L" or "Company") filed a petition ("January 2018 Petition") with the New Jersey Board of Public Utilities ("Board") requesting review and approval of the amounts included in the Company's Storm Recovery Charge ("SRC") deferred balance relating to the recovery of Board-approved 2012 Major Storm² deferred operations and maintenance ("O&M") costs, to the extent accumulated from April 1, 2017 through March 31, 2018. By this Decision and Order, the Board considers a Stipulation ("Stipulation") entered into by JCP&L, the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") (collectively, "Parties") intended to resolve all issues related to the above captioned matter.

BACKGROUND

In the March 20 Order, the Board established a generic proceeding to review the prudence of costs incurred by New Jersey utilities in response to multiple major storm events in 2011 and 2012 ("Storm Cost Proceeding"). On June 23, 2013, JCP&L filed a petition with supporting testimony, schedules, and exhibits pursuant to the March 20 Order. In the petition, the Company sought approval to recover, through base rates, all costs it incurred associated with the 2011 Major Storms (Hurricane Irene and the October snow storm), and the 2012 Major

¹ Commissioner Robert M. Gordon did not participate.

² A Major Storm event is defined as sustained impact on or interruption of utility service resulting from conditions beyond the control of the utility that affect at least ten percent (10%) of the customers in an operating area. See In re the Board's Establishment of a Generic Proceeding to Review the Prudency of Costs Incurred by New Jersey Utility Companies in Response to Major Storm Events in 2011 and 2012, BPU Docket No. AX13030196 (March 20, 2013). ("March 20 Order")

Storms (Super Storm Sandy and the November 2012 Nor'easter). The matter was assigned Docket No. EO13050391. By Order³ dated March 19, 2014, the Board approved the amount of the 2011 and 2012 Major Storm Costs that could be recovered from ratepayers. The March 2014 Order returned the 2011 Major Storm Costs to the currently pending JCP&L base rate case (Docket No. ER12111052) with the exact manner of recovery to be decided within the base rate case. (March 2014 Order at 5). The March 2014 Order also adopted a briefing schedule proposed by the parties for a determination of the mechanism for recovery of the 2012 Major Storm Costs. (*Ibid.*)⁴

By Order⁵ dated March 26, 2015, the Board ordered that the 2012 Major Storm capital costs (\$333,184,830) be incorporated into the base rates established in the pending base rate case, while the O&M expenses (\$247,003,027) should be recovered on a per kilowatt hour ("kWh") basis, amortized over a six (6) year period through a new clause, "Storm Recovery Charge", to be true-up annually. The Storm Cost Order also provided that the SRC rate shall include carrying costs on the unamortized balance of the deferred O&M costs associated with the 2012 major storm events. (Storm Cost Order at 8). The carrying costs were to be calculated on a monthly basis at an interest rate equal to the rate on seven-year constant maturity Treasuries, as shown in the Federal Reserve Statistical Release on or closest to January 1 of each year, plus sixty basis points, compounded annually. JCP&L was required to file its annual cost true-up petition by January 15th of each year, with rates proposed to be effective April 1 of the filing year. (*Ibid.*) The initial SRC rate of \$0.002125 per kWh (\$0.0022274 including Sales and Use Tax ("SUT")) was implemented on April 1, 2015.

On January 15, 2016, JCP&L filed a petition ("2015-2016 SRC Petition") to reconcile its SRC for the 2015-2016 period. In November 2016, JCP&L filed an amendment ("Amendment") to the 2015-2016 SRC Petition. The genesis of the amendment was a settlement term in the Company's then-pending base rate case (Docket No. ER16040383). In the Amendment, JCP&L requested authorization to accelerate the amortization of the 2012 Major Storm expenses to be recovered via the SRC to achieve full recovery by December 31, 2019 which would improve JCP&L's Funds From Operations to Debt credit metric, which in turn would strengthen the Company's overall credit profile. As a result of this Amendment, JCP&L proposed to increase its Rider SRC rate of \$0.002125 per kWh (excluding SUT) to \$0.003084 per kWh (excluding SUT). By Order⁶ dated January 25, 2017, the Board approved a stipulation which approved the Amendment and the updated Rider SRC rate of \$0.003084 per kWh (excluding SUT).

³ In re the Board's Establishment of a Generic Proceeding to Review the Prudency of Costs Incurred by New Jersey Utilities in Response to Major Storm Events in 2011 and 2012 and In re the Board's Review of the Prudency of the Costs Incurred by Jersey Central Power and Light Company in Response to Major Storm Events of 2011 and 2012, BPU Docket Nos. AX13030196 and EO13050391 (March 19, 2014). ("March 2014 Order")

⁴ The March 2014 Order approved the following costs to be recovered by ratepayers: 1) 2011 capital costs of \$74,007,396 and 2011 O&M costs of \$81,912,314; and 2) 2012 capital costs of \$333,184,830 and 2012 O&M costs of \$247,033,027.

⁵ In re the Board's Establishment of a Generic Proceeding to Review the Prudency of Costs Incurred by New Jersey Utilities in Response to Major Storm Events in 2011 and 2012 and In re the Board's Review of the Prudency of the Costs Incurred by Jersey Central Power and Light Company in Response to Major Storm Events of 2011 and 2012, BPU Docket Nos. AX13030196 and EO13050391 (March 26, 2015). ("Storm Cost Order")

⁶ In re the Verified Petition of Jersey Central Power and Light Company Constituting its Annual Filing with Respect to the Storm Recovery Charge Rider of its Filed Tariff ("SRC Filing") BPU Docket No. ER16010044 (January 25, 2017). ("January 2017 Order")

On January 17, 2017, JCP&L filed a petition ("2016-2017 SRC Petition") to reconcile its SRC for the 2015-2016 period. By Order⁷ dated December 19, 2017, the Board approved a stipulation granting JCP&L's request in the 2016-2017 SRC Petition to continue the SRC rate of \$0.003084 (excluding SUT).

JANUARY 2018 PETITION

On January 12, 2018, JCP&L filed the January 2018 Petition which was assigned Docket No. ER18010031. The January 2018 Petition requested approval for recovery of all costs accumulated in the SRC deferred balance from April 1, 2017 through March 31, 2018 and a continuation of the Company's current SRC rate of \$0.003084 (excluding SUT) for the period April 1, 2018 through March 31, 2019. In addition, the January 2018 Petition requested authorization of the continued deferral by JCP&L of the costs accumulated in the SRC deferred balance with the continuing accrual of interest on the unamortized balance at the rate provided for in the Storm Cost Order, compounded annually on March 31 of each year.

As set forth in the January 2018 Petition, the Company projected that, at present rates, the unamortized SRC deferred balance (including interest) at March 31, 2018 would be \$105,092,902. This represented a projected over-recovery of \$1,447,612, after the application of carrying costs of \$2,361,041. According to JCP&L, the result of the data presented would support a decrease in the annual revenues collected through the SRC by approximately \$994,485. However, due to the comparatively small magnitude of such a decrease, JCP&L proposed to leave the current SRC rate of \$0.003084 (excluding SUT) in effect for the period April 1, 2018 through March 31, 2019.

Subsequently, in response to discovery requests, the Company updated the Attachments to the January 2018 Petition for actual data through March 31, 2018. Based on the updated data, the unamortized SRC deferred balance (including interest) at March 31, 2018 was \$104,300,731. This represents a projected over-recovery of \$2,239,783, after the application of carrying costs of \$2,381,377.

STIPULATION

Following discovery, the Parties met to discuss the issues in this matter. As a result, on August 9, 2018, the Parties executed the Stipulation. The Stipulation provides for the following:⁸

24. The Parties agree that the Company's unamortized SRC deferred balance (including interest) at March 31, 2018 was \$104,300,731. This represents an over-recovery of \$2,239,783 after the application of carrying costs of \$2,381,377. (See Attachments A-1 and B-1 of the Stipulation)
25. The Parties further agree that the data in the updated Attachments for January 2018 Petition support a decrease in the SRC factor of \$0.000069 per kWh (not including SUT), effective April 1, 2018. The result of this rate change would be a

⁷ In re the Verified Petition of Jersey Central Power and Light Company Constituting its Annual Filing with Respect to the Storm Recovery Charge Rider of its Filed Tariff ("SRC Filing"), BPU Docket No. ER17010039 (December 19, 2017) ("December 2017 Order")

⁸ Although described in this Order, should there be any conflict between this summary and the stipulation, the terms of the stipulation control, subject to the findings and conclusions contained in this Order.

decrease in the revenues collected through the SRC rate by approximately \$1.4 million annually. However, due to the comparatively small magnitude of such a decrease, the Parties agree that it is appropriate for JCP&L to continue the SRC factor of \$0.003084 per kWh (excluding SUT) in effect during the April 1, 2018 through March 31, 2019 period. (See Attachments A-1 of the Stipulation)

26. The Parties also agree that JCP&L should continue to use the average net-of-tax SRC deferred balance for the purpose of calculating interest thereon, and that this methodology is reflected in the Attachments to the Stipulation.
27. The Parties also agree that recovery of the remaining deferred 2012 Major Storm O&M costs, together with accrued interest thereon, will continue in the SRC, under the terms set forth in the Board's Storm Costs Order as modified by the Stipulation of Settlement approved by the Board's January 27, 2017 order.
28. The Parties further agree that JCP&L will continue to file annual updates to its Rider SRC rate by January 15 with a requested effective date of April 1 of the filing year. The Company's 2019 SRC filing shall seek review and approval of the SRC deferred balance accumulated from April 1, 2018 through March 31, 2019.
29. The Parties agree that, upon the effective date of the Board's Order approving the Stipulation, all elements of the 2017-18 SRC Filing shall be deemed closed and resolved.

DISCUSSION AND FINDING

The Board has carefully reviewed the record to date in this proceeding, including the January 2018 Petition and the attached Stipulation. Accordingly, the Board **HEREBY FINDS** that the Stipulation is reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, incorporating by reference its terms and conditions, as if fully set forth herein.

The Board **HEREBY APPROVES** the continuation of an SRC rate of \$0.003084 (excluding SUT) until such time as the next annual filing is reviewed. As a result of the Stipulation, customers will see no change in their monthly bills.

The Board **HEREBY ORDERS** JCP&L to file revised tariff sheets conforming to the terms of the Stipulation prior to September 8, 2018.

The Company's costs will remain subject to 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.

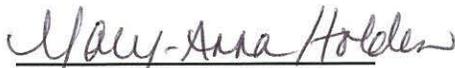
The effective date of this Order is September 5, 2018.

DATED: 8/29/18

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER

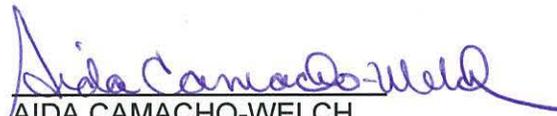


DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

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

**IN THE MATTER OF THE VERIFIED PETITION OF JERSEY CENTRAL POWER AND LIGHT
COMPANY CONSTITUTING ITS ANNUAL FILING WITH RESPECT TO THE STORM
RECOVERY CHARGE RIDER OF ITS FILED TARIFF ("2017-2018 SRC FILING")
DOCKET NO. ER18010031**

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August 10, 2018

Via Hand Delivery

Aida Camacho-Welch, Secretary
Board of Public Utilities
44 South Clinton Avenue
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P.O. Box 350
Trenton, NJ 08625-0350

Re: In the Matter of the Verified Petition of Jersey Central Power & Light Company
Constituting Its Annual Filing With Respect to the Storm Recovery Charge Rider
of Its Filed Tariff ("SRC Filing")
BPU Docket No. ER18010031

Dear Secretary Camacho-Welch:

Enclosed for filing please find a fully-executed Stipulation of Settlement in the above-referenced matter. An original and ten (10) copies are enclosed for filing. This Stipulation of Settlement fully-resolves this matter.

Respectfully submitted,



Gregory Eisenstark

Enclosures
Cc: Service List

**In the Matter of the Verified Petition of
Jersey Central Power & Light Company (“JCP&L”) Constituting Its Annual Filing
With Respect to the Storm Recovery Charge (“SRC”) Rider of Its Filed Tariff
“2017 - 2018 SRC Filing”
Docket No. ER18010031
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**In the Matter of the Verified Petition of
Jersey Central Power & Light Company (“JCP&L”) Constituting Its Annual Filing
With Respect to the Storm Recovery Charge (“SRC”) Rider of Its Filed Tariff
“2017 - 2018 SRC Filing”
Docket No. ER18010031
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JCP&L (continued)

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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 Constituting Its Annual Filing With Respect to the Storm Recovery Charge Rider of Its Filed Tariff ("SRC Filing")	: : : : : : : : : :	STIPULATION OF SETTLEMENT BPU Docket No. ER18010031
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TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

APPEARANCES:

Gregory Eisenstark, Esq., (Windels, Marx, Lane & Mittendorf, L.L.P., attorneys) for the Petitioner, Jersey Central Power & Light Company

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

Alex Moreau and Renee Greenberg, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (**Gurbir S. Grewal**, Attorney General of New Jersey)

This Stipulation of Settlement ("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 "Company"), the Staff of the Board of Public Utilities ("Staff") and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, "Parties").

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

Background

1. The Board's Final Decision and Order dated March 26, 2015 in *I/M/O the Board's Establishment of a Generic Proceeding to Review the Prudence of Costs Incurred by New Jersey Utility Companies in Response to Major Storm Events in 2011 and 2012* and *I/M/O the Board's Review of the Prudence of the Costs Incurred by Jersey Central Power & Light Company in Response to Major Storm Events in 2011 and 2012*, Docket Nos. AX13030196 and EO13050391 ("Storm Costs Order"), called for the establishment of a new Tariff Rider ("Storm Recovery Charge" or "SRC") for the recovery of \$247,003,027 of deferred Operations and Maintenance ("O&M") costs that JCP&L incurred in conjunction with major storm events of 2012, over a six-year amortization.

2. The Storm Costs Order also provided that the SRC rate shall include carrying costs on the unamortized balance of the deferred O&M costs associated with the 2012 major storm events. The Storm Costs Order further provided that such carrying costs shall be calculated on a monthly basis at an interest rate equal to the rate on seven-year constant maturity Treasuries, as shown in the Federal Reserve Statistical Release on or closest to January 1 of each year, plus sixty basis points, compounded annually.

3. The initial SRC rate of \$0.002125 per kWh (\$0.002274 per kWh including Sales and Use Tax ("SUT")) became effective for service rendered on and after April 1, 2015.

4. Furthermore, the Storm Costs Order provided that the calculated SRC rate shall be prepared by the Company and filed with the BPU annually by January 15 with a requested effective date of April 1 of the filing year. The Storm Cost Order also provided that the first such filing shall be made by January 15, 2016 with actual and projected data for the 12-month period ending March 31, 2016.

2015-16 Rider SRC Filing

5. On January 15, 2016, JCP&L filed a Verified Petition and supporting Attachments, which was assigned BPU Docket No. ER16010044 (“2015-16 SRC Filing”). The purpose of the 2015-16 SRC Filing was to provide for a review and approval of the amounts included in the Company’s SRC deferred balance to the extent accumulated from April 1, 2015 through March 31, 2016 (“2015-16 SRC Period”).

6. As set forth in greater detail in the Attachments to the 2015-16 SRC Filing, the Company projected that, at present rates, the unamortized SRC deferred balance (including interest) at March 31, 2016 would be \$207,954,012. This represented a projected under-recovery of \$2,118,161, after the application of carrying costs of \$3,419,061 .

7. The data in the Attachments to the 2015-16 SRC Filing supported a revised SRC factor of \$0.002173 per kWh (\$0.002325 including SUT), effective April 1, 2016. The result of this rate change would have been an increase in the revenues collected through the SRC rate by approximately \$990,864 annually. However, due to the comparatively small magnitude of such an increase, JCP&L proposed, in the January 15 SRC Filing to leave the current SRC factor of \$0.002125 per kWh (excluding SUT) in effect during the April 1, 2016 through March 31, 2017 period.

8. On November 23, 2016, JCP&L filed an Amendment to the 2015-16 SRC Filing (“Amendment”). The genesis of the Amendment was a settlement term in the Company’s then-pending base rate case.¹ In a Stipulation of Settlement in the base rate case, the signatory parties agreed as follows with respect to the SRC:

¹ *In the Matter of the Verified Petition of Jersey Central Power & Light Company For Review and Approval of Increases in, and Other Adjustments to, Its Rates and Charges For Electric Service, and For Approval of Other Proposed Tariff Revisions in Connection Therewith (“2016 Base Rate Filing”), et al.*, BPU Docket No. ER16040383, et al.

In an effort to improve JCP&L's Funds From Operations to Debt credit metric, the Parties agree that it is appropriate for JCP&L to accelerate its amortization and recovery of 2012 major storm expenses that are recovered via the Storm Recovery Charge ("SRC") to achieve full recovery by December 31, 2019. The Parties agree and recommend that the revisions to the SRC shall become effective for service rendered on and after February 1, 2017. The Parties agree to support the Company's above-described amendment filed in its pending Rider SRC case in Docket No. ER16010044.²

9. In the Amendment, JCP&L requested the acceleration of the amortization of the 2012 major storm expenses that are recovered via the SRC to achieve full recovery by December 31, 2019. Also, the Company explained that acceleration of the amortization and recovery of the deferred 2012 major storm expenses will help to improve JCP&L's Funds From Operations to Debt credit metric, which in turn will strengthen the Company's overall credit profile. In addition, JCP&L updated its deferred SRC balance to include actual data through October 31, 2016 (and forecasted data through January 31, 2017). As a result of the Amendment, JCP&L proposed to increase its current Rider SRC rate of \$0.002125 per kWh (\$0.002274 per kWh including SUT³) to \$0.003084 per kWh (\$0.003300 per kWh including SUT).

10. On December 19, 2016, public hearings on the proposed Rider SRC rate increase were held in Freehold, New Jersey (1:30 p.m.) and Morristown, New Jersey (6:30 p.m.). Several members of the public appeared and commented favorably on JCP&L's customer service and service reliability.

11. Thereafter, the Parties engaged in settlement discussions that led to the execution of a Stipulation of Settlement that resolved the 2015-16 SRC Filing and Amendment. That Stipulation included, *inter alia*, the following provisions:

- A. The Parties agreed that the Company's unamortized SRC deferred balance (including interest) at March 31, 2016 was \$208,361,972. This represented an under-recovery of \$2,526,121, after the application of

² *Id.*, Stipulation of Settlement dated November 29, 2016, Para. 18.

³ The rate including SUT set forth in the Amendment was based on the then-current 7% tax rate.

carrying costs of \$3,421,160.

- B. The Parties further agreed that the updated schedules provided with the Amendment show the Company's unamortized SRC deferred balance (including interest) at October 31, 2016 was \$183,289,150. The Parties agreed that this balance will be reviewed in the Company's next SRC filing.
- C. The Parties further agreed that the Company should be permitted to set its SRC factor to \$0.003084 per kWh (\$0.003300 per kWh including SUT), effective February 1, 2017, and that the result of such a rate change would be an increase in the revenues collected through the SRC rate by approximately \$19.2 million annually.
- D. The Parties also agreed that JCP&L should use the average net-of-tax SRC deferred balance for the purpose of calculating interest thereon, and that this methodology was reflected in the Attachments to the Stipulation.

12. In an Order dated January 25, 2017, the Board approved the Stipulation of Settlement for the 2015-16 SRC Filing, and revised rates became effective on February 1, 2017.

2016-17 Rider SRC Filing

13. On January 17, 2017, JCP&L filed a Verified Petition and supporting Attachments, which was assigned BPU Docket No. ER17010039 ("2016-17 SRC Filing"). The purpose of the 2016-17 SRC Filing was to provide for a review and approval of the amounts included in the Company's SRC deferred balance to the extent accumulated from April 1, 2016 through March 31, 2017 ("2016-17 SRC Period").

14. As set forth in greater detail in the Attachments to the 2016-17 SRC Filing, the Company projected that the unamortized SRC deferred balance (including interest) at March 31, 2017 would be \$164,396,598. This represented a projected under-recovery of \$117,539, after the application of carrying costs of \$2,976,358.

15. The data in the Attachments to the 2016-17 SRC Filing supported an increase in the SRC factor of \$0.000026 per kWh (\$0.000028 including SUT), effective April 1, 2017. The

result of this rate change would be an increase in the revenues collected through the SRC rate by approximately \$518,848 annually. However, due to the comparatively small magnitude of such an increase, JCP&L proposed to continue the SRC factor of \$0.003084 per kWh (excluding SUT) in effect during the April 1, 2017 through March 31, 2018 period.

16. In response to discovery requests, the Company updated the Attachments to the 2016-17 SRC Filing for actual data through March 31, 2017. Based on the updated data, the unamortized SRC deferred balance (including interest) at March 31, 2017 was \$165,146,218. This represents a projected under-recovery of \$857,843, after the application of carrying costs of \$2,977,663.

17. Following the filing of the Verified Petition, the Parties engaged in discovery and exchanged additional information during informal discussions and settlement meetings, which led to the execution of a Stipulation of Settlement that resolved the 2016-17 SRC Filing and Amendment. That Stipulation included, *inter alia*, the following provisions:

- A. The Parties agreed that the Company's unamortized SRC deferred balance (including interest) at March 31, 2017 was \$165,146,218. This represents a projected under-recovery of \$857,843, after the application of carrying costs of \$2,977,663.
- B. The Parties further agreed that the data in the updated Attachments for the 2016-17 SRC filing support an increase in the SRC factor of \$0.000040 per kWh (\$0.000043 including SUT), effective April 1, 2017. The result of this rate change would have been an increase in the revenues collected through the SRC rate by approximately \$798,228 annually. However, due to the comparatively small magnitude of such an increase, the Parties agreed that it was appropriate for JCP&L to continue the SRC factor of \$0.003084 per kWh (excluding SUT) in effect during the April 1, 2017 through March 31, 2018 period.
- C. The Parties also agreed that JCP&L should continue to use the average net-of-tax

SRC deferred balance for the purpose of calculating interest thereon, and that this methodology was reflected in the Attachments to the Stipulation.

18. In an Order dated December 19, 2017, the Board approved the Stipulation in the 2016-17 Rider SRC filing.

2017-18 Rider SRC Filing

19. On January 12, 2018, JCP&L filed a Verified Petition and supporting Attachments, which was assigned BPU Docket No. ER18010031 (“2017-18 SRC Filing”). The purpose of the 2017-18 SRC Filing is to provide for a review and approval of the amounts included in the Company’s SRC deferred balance to the extent accumulated from April 1, 2017 through March 31, 2018 (“2017-18 SRC Period”).

20. As set forth in greater detail in the Attachments to the 2017-18 SRC Filing, the Company projected that the unamortized SRC deferred balance (including interest) at March 31, 2018 would be \$105,092,902, including carrying costs of \$2,361,041. This represents a projected over-recovery of \$1,447,612.

21. The data in the Attachments to the 2017-18 SRC Filing supported a decrease in the SRC factor of \$0.000049 per kWh (\$0.000052 including SUT), effective April 1, 2018. The result of this rate change would be a decrease in the revenues collected through the SRC rate by approximately \$994,485 annually. However, due to the comparatively small magnitude of such a decrease, JCP&L proposed to continue the SRC factor of \$0.003084 per kWh (excluding SUT) in effect during the April 1, 2018 through March 31, 2019 period.

22. In response to discovery requests, the Company updated the Attachments to the 2017-18 SRC Filing for actual data through March 31, 2018. Based on the updated data, the unamortized SRC deferred balance (including interest) at March 31, 2018 was \$104,300,731.

This represents an over-recovery of \$2,239,783 after the application of carrying costs of \$2,381,377.

23. Following the filing of the Verified Petition, the Parties engaged in discovery and exchanged additional information during informal discussions and settlement meetings, and now agree to Stipulate as follows.

Stipulation

The undersigned Parties DO HEREBY STIPULATE AND AGREE as follows:

24. The Parties agree that the Company's unamortized SRC deferred balance (including interest) at March 31, 2018 was \$104,300,731. This represents an over-recovery of \$2,239,783 after the application of carrying costs of \$2,381,377. *See Attachments A-1 and B-1.*

25. The Parties further agree that the data in the updated Attachments for the 2017-18 SRC filing support a decrease in the SRC factor of \$0.000069 per kWh (not including SUT), effective April 1, 2018. The result of this rate change would be a decrease in the revenues collected through the SRC rate by approximately \$1.4 million annually. However, due to the comparatively small magnitude of such a decrease, the Parties agree that it is appropriate for JCP&L to continue the SRC factor of \$0.003084 per kWh (excluding SUT) in effect during the April 1, 2018 through March 31, 2019 period. *See Attachment A-1.*

26. The Parties also agree that JCP&L should continue to use the average net-of-tax SRC deferred balance for the purpose of calculating interest thereon, and that this methodology is reflected in the Attachments to this Stipulation.

27. The Parties also agree that recovery of the remaining deferred 2012 Major Storm O&M costs, together with accrued interest thereon, will continue in the SRC, under the terms set forth in the Board's Storm Costs Order as modified by the Stipulation of Settlement approved by

the Board's January 27, 2017 order.

28. The Parties further agree that JCP&L will continue to file annual updates to its Rider SRC rate by January 15 with a requested effective date of April 1 of the filing year. The Company's 2019 SRC filing shall seek review and approval of the SRC deferred balance accumulated from April 1, 2018 through March 31, 2019.

29. The Parties agree that, upon the effective date of the Board's written Order approving this Stipulation, all elements of the 2017-18 SRC Filing shall all be deemed closed and resolved.

Conclusion

30. 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.

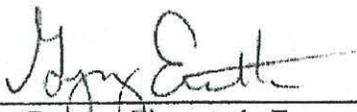
31. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and, except as otherwise expressly provided for herein:

- 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.

32. 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. The Parties understand that the Board's written Order approving this Stipulation shall become effective in accordance with N.J.S.A. 48:2-40.

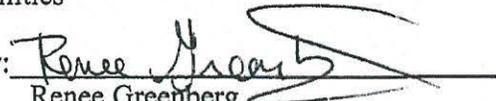
WHEREFORE, the Parties hereto have duly executed and do respectfully submit this Stipulation to the Board, and recommend that the Board issue a Final Decision and Order adopting and approving this Stipulation in its entirety in accordance with the terms hereof.

Jersey Central Power & Light Company

By: 
Gregory Eisenstark, Esq.
Windels Marx Lane & Mittendorf, LLP

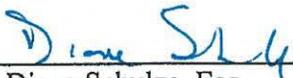
Dated: August 9, 2018

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Staff of the Board of Public
Utilities

By: 
Renee Greenberg
Deputy Attorney General

Dated: August 9, 2018

Stefanie A. Brand, Esq.
Director, Division of Rate Counsel

By: 
Diane Schulze, Esq.
Assistant Deputy Rate Counsel

Dated: 8/9/18

Jersey Central Power & Light Company
Summary of Deferred Storm Recovery Charge (SRC) and Interest
For Period April 1, 2017 through March 31, 2018
Actual Data through March 2018

Line No.		Apr-17 through Mar-18	Refer to Attachment B-1 Line No(s).
1	Total Unamortized Balance of Deferred O&M at April 1, 2017	\$ 162,168,555	7
2	Balance of Carrying Charge on Unamortized Balance of Deferred O&M at April 1, 2017	\$ 2,977,663	13
3	Total Unamortized Balance of Deferred O&M Including Carrying Charge at April 1, 2017 (Line 1+ Line 2)	\$ 165,146,218	4
4	Tariff Rider SRC Net Revenue Recovery (April 1, 2017 through March 31, 2018)	\$ (83,226,864)	1
5	12 months SRC Amortization Expense Incurred (April 1, 2017 through March 31, 2018)	\$ 58,605,704	2
6	(Over)/Under-Recovery of SRC Costs through March 31, 2018 (Line 4 + Line 5)	\$ (4,621,160)	3
7	Total Unamortized Balance of Deferred O&M Excluding Carrying Charge (Line 3 - Line 5 + Line 6)	\$ 101,919,354	7
8	Carrying Cost on Unamortized Balance of Deferred O&M (April 1, 2017 through March 31, 2018)	\$ 2,381,377	13
9	Total Unamortized Balance of Deferred O&M Including Carrying Charge at March 31, 2018 (Line 7 + Line 8)	<u>\$ 104,300,731</u>	
Calculation of Decrease to Tariff Rider SRC:			
10	Total Unamortized Balance of Deferred O&M Including Carrying Charge at March 31, 2018 (Line 9)	\$ 104,300,731	
11	Remaining recovery period (months) through December 31, 2019	21	
12	Annual SRC Amortization (Line 10 / Line 11 X 12 months)	<u>\$ 59,600,412</u>	
13	Average Unamortized Balance April 1, 2018 through March 31, 2019	\$ 74,500,525	
14	Deferred taxes on Unamortized Balance of Deferred O&M	28.11% \$ 20,942,098	A
15	Unamortized Balance of Deferred O&M after tax (Line 13 - Line 14)	\$ 53,558,427	
16	Forecasted Carrying Cost on Unamortized Balance of Deferred O&M	2.98% \$ 1,596,041	B
17	Total Calculated Annual Revenue Recovery Effective 4/1/2018 (Line 12 + Line 16)	\$ 61,196,453	
18	Forecasted Jurisdictional MWh Sales for 4/1/2018 - 3/31/2019	20,295,608	
19	Calculated Tariff Rider SRC (\$ per KWh) Before SUT (Line 17 / Line 18)	<u>\$ 0.003015</u>	
20	Current Tariff Rider SRC (\$ per KWh) Before SUT	\$ 0.003084	C
21	Calculated Change to Tariff Rider SRC (\$ per KWh) Before SUT effective 4/1/2018	<u>\$ (0.000069)</u>	D
22	Calculated Rider SRC Revenue Decrease Effective 4/1/2018 (Line 18 X Line 21)	<u>\$ (1,400,397)</u>	

A The calculation of the tax composite rates are provided as follows:

	Effective through 12/31/2017	Effective 01/1/2018
State	9%	9%
Federal	35%	21%
Composite	<u>40.85%</u>	<u>28.11%</u>

B Carrying Cost interest rate was derived using the 7-year constant maturity treasury note rate as of January 2, 2018 of 2.38% plus 60 bps.

C SRC rate of \$.003084 was effective February 1, 2017, which was derived based upon the Stipulation of Settlement in the Company's 2016 Base Rate Case. The Stipulation of Settlement was executed in NJBPU Docket No. ER16040383 dated December 12, 2016. The Parties supported the Company's acceleration of the SRC to reach full recovery by December 31, 2019 in the Company's SRC case in Docket No. ER16010044.

D The Company is not seeking a rate change in this annual SRC filing.

Jersey Central Power & Light
2012 Storm Cost Regulatory Asset Deferral and Carrying Cost Calculation
Approval per BPU Docket No. AX13030196

Line No.	ACTUAL Apr 2015	ACTUAL May 2015	ACTUAL Jun 2015	ACTUAL Jul 2015	ACTUAL Aug 2015	ACTUAL Sep 2015
Calculation of Monthly Deferral Cost:						
1	(1,359,563)	(3,000,773)	(3,711,289)	(4,369,754)	(4,724,024)	(4,569,687)
2	3,430,598	3,430,598	3,430,598	3,430,598	3,430,598	3,430,598
3	2,071,036	429,825	(280,691)	(939,156)	(1,293,426)	(1,139,089)
4	\$ 247,003,027	\$ 245,643,465	\$ 242,642,692	\$ 238,931,403	\$ 234,561,649	\$ 229,837,625
5	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)
6	2,071,036	429,825	(280,691)	(939,156)	(1,293,426)	(1,139,089)
7	\$ 245,643,465	\$ 242,642,692	\$ 238,931,403	\$ 234,561,649	\$ 229,837,625	\$ 225,267,938
8	\$ 246,323,246	\$ 244,143,078	\$ 240,787,047	\$ 236,746,526	\$ 232,199,637	\$ 227,552,781
9	100,623,046	99,732,447	98,361,509	96,710,956	94,853,552	92,955,311
10	\$ 145,700,200	\$ 144,410,631	\$ 142,425,538	\$ 140,035,570	\$ 137,346,085	\$ 134,597,470
11	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%
12	\$ 305,970	\$ 303,262	\$ 299,094	\$ 294,075	\$ 288,427	\$ 282,655
13	\$ 305,970	\$ 609,232	\$ 908,326	\$ 1,202,401	\$ 1,490,828	\$ 1,773,483
	Tax Rate	40.85%	40.85%	40.85%	40.85%	40.85%
	2015 Rate of Return (at 1/2/15)	2.52%				
	2016 Rate of Return (at 1/4/16)	2.66%				
	2017 Rate of Return (at 1/3/17)	2.86%				

Jersey Central Power & Light
2012 Storm Cost Regulatory Asset Deferral and Carrying Cost Calculation
Approval per BPU Docket No. AX13030196

Line No.	ACTUAL Oct 2015	ACTUAL Nov 2015	ACTUAL Dec 2015	ACTUAL Jan 2016	ACTUAL Feb 2016	ACTUAL Mar 2016	YTD Mar 2016
Calculation of Monthly Deferral Cost:							
1	(3,501,817)	(2,912,906)	(3,337,141)	(3,613,216)	(3,598,670)	(3,363,375)	(42,062,215)
2	3,430,598	3,430,598	3,430,598	3,430,598	3,430,598	3,430,598	41,167,176
3	(71,219)	517,692	93,457	(182,618)	(168,072)	67,223	(895,039)
4	\$ 225,267,938	\$ 221,766,121	\$ 218,853,215	\$ 215,516,073	\$ 211,902,857	\$ 208,304,187	\$ 247,003,027
5	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)	(41,167,176)
6	(71,219)	517,692	93,457	(182,618)	(168,072)	67,223	(895,039)
7	\$ 221,766,121	\$ 218,853,215	\$ 215,516,073	\$ 211,902,857	\$ 208,304,187	\$ 204,940,812	\$ 204,940,812
8	\$ 223,517,029	\$ 220,309,668	\$ 217,184,644	\$ 213,709,465	\$ 210,103,522	\$ 206,622,499	
9	91,306,706	89,996,499	88,719,927	87,300,316	85,827,289	84,405,291	
10	\$ 132,210,323	\$ 130,313,169	\$ 128,464,717	\$ 126,409,149	\$ 124,276,233	\$ 122,217,208	
11	2.52%	2.52%	2.52%	2.66%	2.66%	2.66%	
12	\$ 277,642	\$ 273,658	\$ 269,776	\$ 280,207	\$ 275,479	\$ 270,915	\$ 3,421,160
13	\$ 2,051,125	\$ 2,324,783	\$ 2,594,559	\$ 2,874,766	\$ 3,150,245	\$ 3,421,160	\$ 3,421,160
	Tax Rate	40.85%	40.85%	40.85%	40.85%	40.85%	40.85%
	2015 Rate of Return (at 1/2/15)	2.52%					
	2016 Rate of Return (at 1/4/16)	2.66%					
	2017 Rate of Return (at 1/3/17)	2.86%					

Jersey Central Power & Light
2012 Storm Cost Regulatory Asset Deferral and Carrying Cost Calculation
Approval per BPU Docket No. AX13030196

Line No.		(Interest Compounding)					
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL
		Apr 2016	May 2016	Jun 2016	Jul 2016	Aug 2016	Sep 2016
Calculation of Monthly Deferral Cost:							
1	Current Month SRC Revenue	(3,064,404)	(2,875,885)	(3,644,335)	(4,307,525)	(4,987,609)	(4,585,463)
2	LESS AMORTIZATION	3,430,598	3,430,598	3,430,598	3,430,598	3,430,598	3,430,598
3	Amount (Over)/Under Recovered	366,194	554,713	(213,737)	(876,927)	(1,557,011)	(1,154,865)
4	Beginning Balance	\$ 208,361,972	\$ 205,297,568	\$ 202,421,682	\$ 198,777,348	\$ 194,469,823	\$ 189,482,214
5	Amortization	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)
6	Monthly Deferral	366,194	554,713	(213,737)	(876,927)	(1,557,011)	(1,154,865)
7	Ending Balance	\$ 205,297,568	\$ 202,421,682	\$ 198,777,348	\$ 194,469,823	\$ 189,482,214	\$ 184,896,751
8	Avg Bal	\$ 206,829,770	\$ 203,859,625	\$ 200,599,515	\$ 196,623,585	\$ 191,976,019	\$ 187,189,483
9	Less: Dfd Taxes	84,489,961	83,276,657	81,944,902	80,320,734	78,422,204	76,466,904
10	Ending Bal After Tax	\$ 122,339,809	\$ 120,582,968	\$ 118,654,613	\$ 116,302,851	\$ 113,553,815	\$ 110,722,579
11	Return Rate	2.66%	2.66%	2.66%	2.66%	2.66%	2.66%
12	Carrying Cost	\$ 271,187	\$ 267,292	\$ 263,018	\$ 257,805	\$ 251,711	\$ 245,435
13	Cumulative Carrying Cost	\$ 271,187	\$ 538,479	\$ 801,497	\$ 1,059,302	\$ 1,311,013	\$ 1,556,448
	Tax Rate	40.85%	40.85%	40.85%	40.85%	40.85%	40.85%
	2015 Rate of Return (at 1/2/15)	2.52%					
	2016 Rate of Return (at 1/4/16)	2.66%					
	2017 Rate of Return (at 1/3/17)	2.86%					

Jersey Central Power & Light
2012 Storm Cost Regulatory Asset Deferral and Carrying Cost Calculation
Approval per BPU Docket No. AX13030196

Line No.	ACTUAL Oct 2016	ACTUAL Nov 2016	ACTUAL Dec 2016	ACTUAL Jan 2017	ACTUAL Feb 2017	ACTUAL Mar 2017	YTD Mar 2017
Calculation of Monthly Deferral Cost:							
1	(3,404,250)	(3,288,027)	(3,411,887)	(3,859,285)	(4,020,874)	(4,743,873)	(46,193,417)
2	3,430,598	3,430,598	3,430,598	3,430,598	4,883,809	4,883,809	44,073,597
3	26,348	142,571	18,711	(428,687)	862,935	139,935	(2,119,820)
4	\$ 184,896,751	\$ 181,492,501	\$ 178,204,475	\$ 174,792,587	\$ 170,933,302	\$ 166,912,428	\$ 208,361,972
5	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)	(4,883,809)	(4,883,809)	(44,073,597)
6	26,348	142,571	18,711	(428,687)	862,935	139,935	(2,119,820)
7	\$ 181,492,501	\$ 178,204,475	\$ 174,792,587	\$ 170,933,302	\$ 166,912,428	\$ 162,168,555	\$ 162,168,555
8	\$ 183,194,626	\$ 179,848,488	\$ 176,498,531	\$ 172,862,945	\$ 168,922,865	\$ 164,540,491	
9	74,835,005	73,468,107	72,099,650	70,614,513	69,004,990	67,214,791	
10	\$ 108,359,621	\$ 106,380,381	\$ 104,398,881	\$ 102,248,432	\$ 99,917,875	\$ 97,325,700	
11	2.66%	2.66%	2.66%	2.86%	2.86%	2.86%	
12	\$ 240,197	\$ 235,810	\$ 231,418	\$ 243,692	\$ 238,138	\$ 231,960	\$ 2,977,663
13	\$ 1,796,645	\$ 2,032,455	\$ 2,263,873	\$ 2,507,565	\$ 2,745,703	\$ 2,977,663	\$ 2,977,663
	Tax Rate	40.85%					
	2015 Rate of Return (at 1/2/15)	2.52%					
	2016 Rate of Return (at 1/4/16)	2.66%					
	2017 Rate of Return (at 1/3/17)	2.86%					

Jersey Central Power & Light
2012 Storm Cost Regulatory Asset Deferral and Carrying Cost Calculation
Approval per BPU Docket No. AX13030196
12 Months Actual Data Through March 2018

Line No.		(Interest Compounding)					
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL
		Apr 2017	May 2017	Jun 2017	Jul 2017	Aug 2017	Sep 2017
Calculation of Monthly Deferral Cost:							
1	Current Month SRC Revenue	\$ (4,548,128)	(4,507,643)	(5,202,026)	(6,533,600)	(6,450,968)	(5,630,378)
2	LESS AMORTIZATION	\$ 4,883,809	4,883,809	4,883,809	4,883,809	4,883,809	4,883,809
3	Amount (Over)/Under Recovered	335,681	376,165	(318,218)	(1,649,792)	(1,567,160)	(746,570)
4	Beginning Balance	\$ 165,146,218	\$ 160,598,090	\$ 156,090,446	\$ 150,888,420	\$ 144,354,820	\$ 137,903,851
5	Amortization	(4,883,809)	(4,883,809)	(4,883,809)	(4,883,809)	(4,883,809)	(4,883,809)
6	Monthly Deferral	335,681	376,165	(318,218)	(1,649,792)	(1,567,160)	(746,570)
7	Ending Balance	\$ 160,598,090	\$ 156,090,446	\$ 150,888,420	\$ 144,354,820	\$ 137,903,851	\$ 132,273,473
8	Avg Bal	\$ 162,872,154	\$ 158,344,268	\$ 153,489,433	\$ 147,621,620	\$ 141,129,336	\$ 135,088,662
9	Less: Dfd Taxes	66,533,275	64,683,633	62,700,433	60,303,432	57,651,334	55,183,718
10	Ending Bal After Tax	\$ 96,338,879	\$ 93,660,635	\$ 90,789,000	\$ 87,318,188	\$ 83,478,002	\$ 79,904,944
11	Return Rate	2.86%	2.86%	2.86%	2.86%	2.86%	2.86%
12	Carrying Cost	\$ 229,608	\$ 223,225	\$ 216,380	\$ 208,108	\$ 198,956	\$ 190,440
13	Cumulative Carrying Cost	\$ 229,608	\$ 452,833	\$ 669,213	\$ 877,321	\$ 1,076,277	\$ 1,266,717
	Tax Rate	40.85%	40.85%	40.85%	40.85%	40.85%	40.85%
	2015 Rate of Return (at 1/2/15)	2.52%					
	2016 Rate of Return (at 1/4/16)	2.66%					
	2017 Rate of Return (at 1/3/17)	2.86%					

Jersey Central Power & Light
2012 Storm Cost Regulatory Asset Deferral and Carrying Cost Calculation
Approval per BPU Docket No. AX13030196
12 Months Actual Data Through March 2018

Line No.	ACTUAL Oct 2017	ACTUAL Nov 2017	ACTUAL Dec 2017	ACTUAL Jan 2018	ACTUAL Feb 2018	ACTUAL Mar 2018	YTD Mar 2018
Calculation of Monthly Deferral Cost:							
1	(5,124,152)	(4,485,213)	(4,855,433)	(5,903,624)	(5,313,486)	(4,672,212)	(63,226,864)
2	4,883,809	4,883,809	4,883,809	4,883,809	4,883,809	4,883,809	58,605,704
3	(240,343)	398,596	28,376	(1,019,815)	(429,678)	211,597	(4,621,160)
4	\$ 132,273,473	\$ 127,149,321	\$ 122,664,108	\$ 117,808,675	\$ 111,905,052	\$ 106,591,565	\$ 165,146,218
5	(4,883,809)	(4,883,809)	(4,883,809)	(4,883,809)	(4,883,809)	(4,883,809)	(58,605,704)
6	(240,343)	398,596	28,376	(1,019,815)	(429,678)	211,597	(4,621,160)
7	\$ 127,149,321	\$ 122,664,108	\$ 117,808,675	\$ 111,905,052	\$ 106,591,565	\$ 101,919,354	\$ 101,919,354
8	\$ 129,711,397	\$ 124,906,715	\$ 120,236,392	\$ 114,856,863	\$ 109,248,308	\$ 104,255,460	
9	52,987,106	51,024,393	49,116,566	32,286,264	30,709,699	29,306,210	
10	\$ 76,724,291	\$ 73,882,322	\$ 71,119,826	\$ 82,570,599	\$ 78,538,609	\$ 74,949,250	
11	2.86%	2.86%	2.86%	2.98%	2.98%	2.98%	
12	\$ 182,860	\$ 176,086	\$ 169,502	\$ 205,050	\$ 195,038	\$ 186,124	\$ 2,381,377
13	\$ 1,449,577	\$ 1,625,663	\$ 1,795,165	\$ 2,000,215	\$ 2,195,253	\$ 2,381,377	\$ 2,381,377
	Tax Rate	40.85%	40.85%	40.85%	28.11%	28.11%	28.11%
	2015 Rate of Return (at 1/2/15)	2.52%					
	2016 Rate of Return (at 1/4/16)	2.66%					
	2017 Rate of Return (at 1/3/17)	2.86%					