Agenda Date: 10/25/19
Agenda Item: 2D

# 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 JERSEY CENTRAL POWER AND LIGHT COMPANY FOR THE REVIEW AND APPROVAL OF COSTS INCURRED FOR ENVIRONMENTAL REMEDIATION OF MANUFACTURED GAS PLANT SITES PURSUANT TO THE REMEDIATION ADJUSTMENT CLAUSE OF ITS FILED TARIFF ("2017 RAC FILING") | ) | DECISION AND ORDER APPROVING STIPULATION<br><br>DOCKET NO. ER18080965 |

**Parties of Record:**

**Gregory Eisenstark, Esq.,** (Cozen O'Connor, P.C. for the Petitioner), Jersey Central Power and Light Company
**Stefanie A. Brand, Esq., Director**, New Jersey Division of Rate Counsel

BY THE BOARD:

On August 30, 2018, Jersey Central Power and Light Company ("Company" or "JCP&L") filed a petition ("2017 RAC Filing") with the New Jersey Board of Public Utilities ("Board") seeking review and approval of the actual costs and expenditures incurred by JCP&L relating to the environmental remediation of its former manufactured gas plant ("MGP") sites for the period January 1, 2017 through December 31, 2017 ("2017 RAC Period") and an adjustment to the Remediation Adjustment Clause ("Rider RAC") component of the Company's Societal Benefits Charge ("SBC"). By this Decision and Order, the Board considers a stipulation of settlement ("Stipulation") executed by JCP&L, Board Staff, and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, "Parties") which seeks to resolve the 2017 RAC Filing.

## BACKGROUND AND PROCEDURAL HISTORY

JCP&L's RAC, which is a separate component of the Societal Benefits Charge ("SBC"), allows for the recovery of reasonably incurred MGP remediation program costs ("MGP Costs"), amortized over a seven-year rolling average period, and carrying charges tied to interest on seven-year treasuries plus sixty basis points.

In the 2017 RAC Petition, the Company requested an increase in its Rider RAC charge to allow the recovery of an additional $3.95 million annually, excluding Sales and Use Tax ("SUT"). The 2017 RAC Period costs totaled $27.417 million as calculated below:

| | |
|---|---|
| Remediation Costs | $25,677,965 |
| + Deferred MGP cost accrued | $ 1,367,595 |
| = under recovered MGP | $ 27,045,560 |
| Less: NRD expenses | $ ( 3,217) |
| Less: ICP costs | $ ( 12,889) |
| =2017 MGP costs recoverable | $ 27,029,454 |
| + Deferred RAC balances | $ 387,850 |
| = Total recoverable incl. under recovery | **$ 27,417,304** |

In accordance with previous Board Orders, the 2017 RAC Period costs of $27,417,304 was to be amortized over a period of seven (7) years. The total annual net recovery amount is $16,434,557, representing one seventh of each of the RAC expenditures in the years for each applicable seven (7) year amortization period, plus the amortization of the deferred RAC expenditures at December 31, 2017. After applying the forecasted retail sales volume of 20,263,615 MWh for the 12 months ending November 30, 2019, the resulting calculated RAC factor is $0.000811 per kWh (excluding SUT), which would be an increase of $0.000195 per kWh (excluding SUT) to the current RAC factor of $0.000616 per kWh (excluding SUT), and an increase in annual RAC revenue of approximately $3.951 million.

After publication of notice in newspapers for general circulation in JCP&L's service territory, public hearings in this matter were held on August 13, 2019 in Morristown, New Jersey and on August 14, 2019 in Freehold, New Jersey. No members of the public attended either hearing or filed written comments.

## STIPULATION:

Having engaged in discovery and the exchange of additional information during informal discussions and meetings, the Parties executed the Stipulation, which provides for the following:[1]

1. During discovery, JCP&L acknowledged that $2,167.58 of payroll expense was incorrectly deferred to the RAC account during 2017. Therefore, the Company has agreed to remove the $2,167.58 included from the eligible RAC expenditures for 2017. With this adjustment, the Parties agree that the Company's Rider RAC will be increased by $0.000195 per kWh (excluding SUT) to $0.000811 per kWh (excluding SUT).

[1] Although described at some length in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation are controlling, subject to the findings and conclusions of this Order. Each paragraph is numbered to coincide with the Stipulation.

2. The resulting net deferred RAC account balance at December 31, 2017, after deduction of such NRD-related and incentive compensation costs, was $115,039,883, as shown in the following chart:

Jersey Central Power & Light Company

Manufactured Gas Plant Remediation Adjustment Clause (RAC)

| | Balances through YEAR 2006 | YEAR 2007 | YEAR 2008 | YEAR 2009 | YEAR 2010 | YEAR 2011 | YEAR 2012 | YEAR 2013 | YEAR 2014 | YEAR 2015 | YEAR 2016 | YEAR 2017 | Balances through YEAR 2017 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Actual Expenditures [1] | 12,270,993 | 5,584,093 | 7,692,538 | 9,039,821 | 15,578,890 | 7,700,028 | 7,999,166 | 9,455,463 | 17,085,278 | 7,883,897 | 13,621,248 | 25,675,798 | 139,587,213 |
| NRD Expenses Included Above [2] | 220,450 | 53,434 | 18,046 | 89,580 | 53,563 | 33,404 | 83,412 | 5,116 | 94,065 | 98,616 | 51,947 | 3,217 | 804,850 |
| Incentive Compensation Incl.Above | 27,479 | 32,141 | 30,346 | - | 13,785 | 10,874 | 11,328 | 10,259 | 6,865 | 13,248 | 13,551 | 12,722 | 182,598 |
| Net Recoverable Costs | 12,023,064 | 5,498,518 | 7,644,146 | 8,950,241 | 15,511,542 | 7,655,750 | 7,904,426 | 9,440,088 | 16,984,348 | 7,772,033 | 13,555,750 | 25,659,859 | 138,599,765 |
| Carrying Charges | (805,631) | 37,079 | 45,846 | 194,024 | 377,790 | 474,978 | 358,615 | 400,136 | 830,971 | 851,961 | 1,016,079 | 1,367,586 | 5,149,434 |
| Total Including Carrying Cost | 11,217,433 | 5,535,597 | 7,689,992 | 9,144,265 | 15,889,332 | 8,130,728 | 8,263,041 | 9,840,224 | 17,815,319 | 8,623,994 | 14,571,829 | 27,027,445 | 143,749,199 |
| SBC Over-Recovery Application [3] | (11,465,362) | (5,621,172) | (2,640,262) | (1,523,158) | (7,847,211) | - | - | - | - | - | - | | (29,097,165) |
| Subtotal | | | | | | | | | | | | | 114,652,034 |
| End'g Under-recovered Dfd RAC Bal. | | | | | | | | | | | | 387,850 | 387,850 |
| Recoverable Bal. at Dec. 31, 2017 | | | | | | | | | | | | | 115,039,883 |

Notes:

[1] Net of insurance proceeds, revenue previously collected through base rates and write-off in accordance with BPU Order, Docket No. ER03121020.

[2] The Company maintains that it is entitled to retain NRD-related costs totaling approximately $76,000 from 2003-2004.

[3] The application of other over-recovered SBC components, in accordance with JCP&L Tariff Rider SBC, is first applied to the deferred carrying cost and next applied to deferred cost.

3. The impact of this increase on a typical residential customer taking service under rate classification RS and having an average monthly usage of 768 kWh would be a change in the monthly bill $104.55 to $104.71, an increase of $0.16 per month or 0.15%, based on rates in effect as of July 1, 2019.

4. The Company represents that no remediation properties were sold during the RAC remediation period for which the current RAC rate is being established. The Company also represents that any revenues it received from the lease of any remediation properties during the 2017 RAC period were credited to the deferred RAC balance.

5. The Parties agree that the Company's ending recoverable deferred RAC balance at December 31, 2017 was an under-recovered balance of $115,039,883, subject to the Parties' reservation of their rights to challenge the recovery of expenditures that might be found to have been recorded in error or improperly accounted for in the pending Board Staff audit of RAC expenditures for 2005. In addition to the deferred RAC net balance at December 31, 2017 of $115,039,883 referred to in the Stipulation, JCP&L has deferred (i) $804,850 of costs related to NRD issues from 2005 through 2017, and (ii) $182,598 of incentive compensation paid to personnel who worked on RAC matters from 2006 through 2017. The Parties agree that it is appropriate for such NRD-related and incentive compensation costs to be deferred. The Company represents that these amounts do not include the recovery of any administrative, legal, consulting or other costs associated with NRD claims currently being investigated by the New Jersey Department of Environmental Protection or any costs associated with the incentive compensation referenced in the Stipulation. The Parties accordingly agree that the Board should make no determination in this proceeding as to the reasonableness, or the recoverability under the Company's RAC filings, of NRD damages or related costs or of incentive compensation amounts, if any.

6. The Parties agree that NRD-related MGP expenditures of $3,217 incurred during the 2017 RAC period are not included in the $115,039,883 recoverable deferred RAC balance as of December 31, 2017. The Parties also agree that the incentive compensation of $12,722 incurred during the 2017 RAC period is not included in the $115,039,883 recoverable deferred RAC balance as of December 31, 2017. The deferred NRD and incentive compensation amounts have been excluded from the RAC factors. The Parties expressly reserve their rights to argue their respective positions on these issues in future proceedings, as appropriate.

7. The Company claims that it is entitled to retain NRD-related costs totaling approximately $76,000 from two (2) previous RAC years, 2003 and 2004. It is Rate Counsel's and Staff's position that NRD-related costs are not included within the scope of the Board's RAC recovery authorization and therefore are not eligible for recovery through utility RAC clauses. JCP&L does not agree with Rate Counsel's and Staff's position concerning NRD-related cost recovery, but nonetheless agrees that nothing shall affect or limit the Parties' rights to challenge such NRD-related cost recovery in connection with the Company's previous RAC Filings. JCP&L also reserves all of its rights to contest any such challenge by the Parties. JCP&L further agrees that it will continue to defer NRD-related MGP costs in future RAC filings pending the final Board resolution of the issue concerning the inclusion of NRD-related costs within the scope of the Board's RAC recovery authorization. The Parties agree that JCP&L shall be authorized to continue to defer all additional reasonable and prudent MGP remediation costs and expenses incurred and deferred subsequent to December 31, 2017, including NRD-related and incentive compensation costs, together with accrued interest thereon, for review and inclusion in future annual RAC filings and related adjustments to the Company's Rider RAC, subject to the Board's review and approval. In accordance with Generally Accepted Accounting Principles ("GAAP") as applied by JCP&L's independent auditors, the deferred

RAC balance at December 31, 2017 included certain RAC expense accruals. Although the Parties will continue proceedings, the Parties do not object to the use of such GAAP accrual accounting procedures as required by the Company's auditors.

8. Consistent with its agreement in the 2005 RAC Filing Stipulation settling the 2005 Annual RAC Filing, which was approved by the Board by Decision and Order dated April 27, 2009 (Docket No. ER06030258), the Company performs outside legal and community relations activities for the purposes of supporting its remediation program and mitigating potential liabilities related to its remediation program. The Company agrees to continue to provide a description and explanation of the expenses incurred for these services in subsequent RAC filings, with claimed confidential information provided pursuant to a confidentiality agreement.

9. Also, consistent with the 2005 RAC Filing Stipulation, the Company agrees to continue to maintain a complaint log for each MGP site that will provide details about complaints (exclusive of formal legal claims or lawsuits) received from property owners, neighboring residents and municipal officials and a description of the Company's actions responding to that complaint.

10. The Company agrees that it will continue to include with its RAC filings responses to the minimum filing requirements ("MFRs") as set forth in Exhibit A of the to the 2006-2008 RAC Filing Stipulation settling the 2006-2008 RAC Filing, which was approved by Board Decision and Order dated March 9, 2011 (Docket No. ER09030194).

11. Consistent with the 2006-2008 RAC Filing Stipulation, the Company will competitively bid remediation projects expecting to cost in excess of $250,000 with respect to work at existing sites or work at any new sites identified in the future. If competitive bidding is not utilized as provided in Paragraph 11 of the Stipulation, the Company will be required to show that competitive bidding was not practical or advantageous under the circumstances.

12. Also, consistent with the 2006-2008 RAC Filing Stipulation, the Company will make annual RAC filings, which will not be combined with SBC or SCC filings, regardless of whether it is seeking any change in its RAC recovery rate.

13. Also, consistent with the 2006-2008 RAC Filing Stipulation, the Company agrees to provide a final reconciliation of its annual RAC factor recovery within ninety days of the completion of each RAC recovery year, which reconciliation will include the calculation of actual sales volumes that recovered the RAC factor and the resultant net expense or credit amount which is to be carried over to the next recovery year. Implementation and/or adjustment of the RAC factor is subject to the Parties' review of JCP&L's RAC expenditures and reconciliation thereof in JCP&L's future RAC and/or SBC proceedings.

14. The Parties agree that the terms of the Stipulation shall be deemed to resolve all factual and legal issues relating to the determination of all amounts that were or could have been included in the calculation of JCP&L's deferred RAC balance through and at December 31, 2017, except as described in paragraphs 5, 6, and 7 of the Stipulation with respect to NRD-related costs and incentive compensation costs.

15. JCP&L agrees to file its next annual RAC Filing for the period January 1, 2018 through December 31, 2018 no later than October 4, 2019.

**DISCUSSION AND FINDINGS:**

The Board has reviewed the record in this matter, including the Stipulation. The Board **FINDS** the Stipulation to be reasonable and in the public interest, being persuaded that the MGP Costs have been thoroughly reviewed. The Board **HEREBY FINDS** that, the Company's MGP remediation work performed during the 2017 RAC Period was prudent, and the resulting MGP Costs for the 2017 RAC Period are reasonable and prudent.

Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein and **HEREBY ORDERS** that the Company's RAC rate be set at $0.000195 per kwh, including SUT for services rendered on or after November 1, 2019 and shall remain in effect until further Order of the Board. Based on the Stipulation, a typical residential customer using 768 kWh per month will see an increase in their monthly bill of $0.16 or 0.15%.

The Board **FURTHER ORDERS** that the NRD related costs of $804,850 covering the period 2005 through 2017, and $182,598 for incentive compensation related to the period 2006 through 2017 shall continue to be deferred until such time as the Board addresses the rate recoverability of expenditures related to NRD and incentive compensation via the RAC mechanism.

The Board **FURTHER ORDERS** that the Company continue to defer all additional reasonable and prudent MGP remediation costs and expenses incurred and deferred subsequent to December 31, 2017, including NRD-related and incentive compensation costs, together with accrued interest thereon, for review and inclusion in future annual RAC filings and related adjustments to the Company's RAC rate.

The Board **HEREBY DIRECTS** the Company to file revised tariff sheets that conform to the terms and conditions of this Order by November 1, 2019.

The Company's costs, including those related to the RAC, shall remain subject to on-going audit by the Board. Additionally, the Company will periodically conduct audits of these expenses. 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.

This Order shall be effective on October 25, 2019.

DATED: 10\25\19

BOARD OF PUBLIC UTILITIES
BY:

JOSEPH L. FIORDALISO
PRESIDENT

MARY-ANNA HOLDEN
COMMISSIONER

DIANNE SOLOMON
COMMISSIONER

UPENDRA J. CHIVUKULA
COMMISSIONER

ROBERT M. GORDON
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 & LIGHT COMPANY FOR THE REVIEW AND APPROVAL OF COSTS INCURRED FOR ENVIRONMENTAL REMEDIATION OF MANUFACTURED GAS PLANT SITES PURSUANT TO THE REMEDIATION ADJUSTMENT CLAUSE OF ITS FILED TARIFF ("2017 RAC FILING")
DOCKET NO. ER18080965

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COZEN O'CONNOR
A Pennsylvania Professional Corporation

October 4, 2019

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**VIA ELECTRONIC AND FIRST CLASS MAIL**

Ms. Aida Camacho-Welch
Secretary
New Jersey Board of Public Utilities
44 South Clinton Street, 9th Floor
P.O. Box 350
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**Re: In the Matter of the Verified Petition of Jersey Central Power & Light Company for the Review and Approval of Costs Incurred for Environmental Remediation of Manufactured Gas Plant Sites Pursuant to the Remediation Adjustment Clause of Its Filed Tariff ("2017 RAC Filing")**
**BPU Dkt. No. ER18080965**

Dear Ms. Camacho-Welch:

Enclosed for filing is a fully-executed Stipulation of Settlement in the above-referenced matter. Copies of the Stipulation are being provided to all parties on the service list via electronic mail.

Thank you in advance for your assistance in this matter.

Respectfully submitted,

COZEN O'CONNOR

Gregory Eisenstark

By: Gregory Eisenstark

GE/lg
Enclosure

cc: Service List (*via electronic mail*)

LEGAL\43109272\1

**SERVICE LIST**
**JERSEY CENTRAL POWER & LIGHT COMPANY**
**2017 RAC Filing**
**BPU Dkt. No. ER18080965**

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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** for the Review and Approval of Costs Incurred for Environmental Remediation of Manufactured Gas Plant Sites Pursuant to the Remediation Adjustment Clause of Its Filed Tariff (**"2017 RAC Filing"**) | : | **STIPULATION OF SETTLEMENT**<br><br>BPU Docket No. ER18080965 |

**TO THE HONORABLE BOARD OF PUBLIC UTILITIES:**

APPEARANCES:

**Gregory Eisenstark, Esq.** (Cozen O'Connor, P.C.) for the Petitioner, Jersey Central Power & Light Company

**Felicia Thomas-Friel**, Deputy Rate Counsel, Division of Rate Counsel and **Henry M. Ogden, Esq.**, Assistant Deputy Rate Counsel (**Stefanie A. Brand, Esq.**, Director)

**Renee Greenberg,** Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Gurbir S. Grewal,** 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 New Jersey 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 New Jersey Board of Public Utilities ("Board") issue an Order approving the Stipulation, based upon the following terms:

**Background**

On August 30, 2018, JCP&L filed with the Board a Verified Petition, including supporting schedules, seeking 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 ("2017 RAC Filing"). The RAC is a component of the Company's Societal Benefits Charge ("SBC"). The Verified Petition requested a calculated increase to JCP&L's Rider RAC charge of $0.000195 per kilowatt-hour ("kWh") [before Sales and Use Tax ("SUT")], which would recover an additional $3.95 million annually. The Company proposed that the new rate become effective on December 1, 2018.

The 2017 RAC Filing provided an opportunity to conduct a review of all actual costs and expenditures incurred by JCP&L relating to environmental remediation of its former manufactured gas plant ("MGP") sites for the period from January 1, 2017 through December 31, 2017. As indicated in Attachment A-1 to the Company's Verified Petition, JCP&L sought to recover incremental expenses incurred in connection with its MGP remediation program during calendar year 2017 in the amount of $25,677,965. The Company also requested recovery of carrying costs for calendar year 2017 in the amount of $1,367,595 leaving a net balance of unrecovered MGP costs at December 31, 2017 of $27,045,560 (net of insurance recovery). The foregoing incremental expense amounts for calendar year 2017 included $3,217 of costs related to Natural Resource Damages ("NRD") issues and $12,889 related to incentive compensation. The Company proposed to continue to defer NRD-related and incentive compensation costs for 2017, but not to recover such NRD-related and incentive compensation costs, including interest, until there was a final resolution of the issue concerning the inclusion of these costs within the scope of the Board's RAC recovery mechanism. No such NRD-related or incentive compensation costs for 2017 would be deemed to have been recovered by application of over-recoveries from other components of Rider SBC. After subtracting the deferred NRD-related and incentive compensation costs, the net amount submitted for recovery was $27,029,454 (*see* Attachment A-1, line 38). In addition, the Company requested recovery of the under-recovered deferred RAC balance of $387,850 at the end of calendar year 2017, resulting in a total of $27,417,304. (*see* Attachment A-1, line 41).

The annual amount of $27,417,304 was proposed to be amortized over a period of seven (7) years, in accordance with the Board Order dated December 16, 1994 in Docket No. ER91121820J. Accordingly, the total annual net recovery amount is $16,434,557, representing 1/7 of each of the RAC expenditures in the years for each applicable seven (7)-year amortization period, plus the amortization of the deferred RAC expenditures at December 31, 2017. After applying the forecasted retail sales volume of 20,263,615 MWh for the 12 months ending November 30, 2019, the resulting calculated RAC factor is $0.000811 per kWh (not including SUT), which would be an increase of $0.000195 per kWh (before SUT) to the current RAC factor of $0.000616 per kWh (not including SUT), and an increase in annual RAC revenue of approximately $3.951 million.

Public hearings on the 2017 RAC Filing were duly noticed and thereafter held at 4:30 pm on August 13, 2019 in Morristown, New Jersey and at 5:30 pm on August 14, 2019 in Freehold, New Jersey. No members of the public attended.

Following the filing of the 2017 RAC Filing, the Parties engaged in discovery and exchanged additional information during informal discussions and meetings. Based thereon, the Parties have determined to resolve the 2017 RAC Filing in accordance with the terms set forth below.

## Stipulation

1. During discovery, JCP&L acknowledged that $2,167.58 of payroll expense was incorrectly deferred to the RAC account during 2017. Therefore, the Company has agreed to remove the $2,167.58 included from the eligible RAC expenditures for 2017. With this adjustment, the Parties agree that the Company's Rider RAC will be increased by $0.000195 per kWh (not including SUT) to $0.000811 per kWh (not including SUT). *See* Appendix A, which is an excerpt of the Company's response to discovery request RCR-A-8 updating the initial filing.

2. The resulting net deferred RAC account balance at December 31, 2017, after deduction of such NRD-related and incentive compensation costs, was $115,039,883, as shown in the following chart:

Jersey Central Power & Light Company

Manufactured Gas Plant Remediation Adjustment Clause (RAC)

| | Balances through YEAR 2006 | YEAR 2007 | YEAR 2008 | YEAR 2009 | YEAR 2010 | YEAR 2011 | YEAR 2012 | YEAR 2013 | YEAR 2014 | YEAR 2015 | YEAR 2016 | YEAR 2017 | Balances through YEAR 2017 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Actual Expenditures [1] | 12,270,993 | 5,584,093 | 7,692,538 | 9,039,821 | 15,578,890 | 7,700,028 | 7,999,166 | 9,455,463 | 17,085,278 | 7,883,897 | 13,621,248 | 25,675,798 | 139,587,213 |
| NRD Expenses Included Above [2] | 220,450 | 53,434 | 18,046 | 89,580 | 53,563 | 33,404 | 83,412 | 5,116 | 94,065 | 98,616 | 51,947 | 3,217 | 804,850 |
| Incentive Compensation Incl.Above | 27,479 | 32,141 | 30,346 | - | 13,785 | 10,874 | 11,328 | 10,259 | 6,865 | 13,248 | 13,551 | 12,722 | 182,598 |
| Net Recoverable Costs | 12,023,064 | 5,498,518 | 7,644,146 | 8,950,241 | 15,511,542 | 7,655,750 | 7,904,426 | 9,440,088 | 16,984,348 | 7,772,033 | 13,555,750 | 25,659,859 | 138,599,765 |
| Carrying Charges | (805,631) | 37,079 | 45,846 | 194,024 | 377,790 | 474,978 | 358,615 | 400,136 | 830,971 | 851,961 | 1,016,079 | 1,367,586 | 5,149,434 |
| Total Including Carrying Cost | 11,217,433 | 5,535,597 | 7,689,992 | 9,144,265 | 15,889,332 | 8,130,728 | 8,263,041 | 9,840,224 | 17,815,319 | 8,623,994 | 14,571,829 | 27,027,445 | 143,749,199 |
| SBC Over-Recovery Application [3] | (11,465,362) | (5,621,172) | (2,640,262) | (1,523,158) | (7,847,211) | - | - | - | - | - | - | | (29,097,165) |
| Subtotal | | | | | | | | | | | | | 114,652,034 |
| End'g Under-recovered Dfd RAC Bal. | | | | | | | | | | | | 387,850 | 387,850 |
| Recoverable Bal. at Dec. 31, 2017 | | | | | | | | | | | | | 115,039,883 |

Notes:

[1] Net of insurance proceeds, revenue previously collected through base rates and write-off in accordance with BPU Order, Docket No. ER03121020.

[2] The Company maintains that it is entitled to retain NRD-related costs totaling approximately $76,000 from 2003-2004.

[3] The application of other over-recovered SBC components, in accordance with JCP&L Tariff Rider SBC, is first applied to the deferred carrying cost and next applied to deferred cost.

3. The impact of this increase on a typical residential customer taking service under rate classification RS and having an average monthly usage of 768 kWh would be a change in the monthly bill $104.55 to $104.71, an increase of $0.16 per month or 0.15%, based on rates in effect as of July 1, 2019.

4. The Company represents that no remediation properties were sold during the RAC remediation period for which the current RAC rate is being established. The Company also represents that any revenues it received from the lease of any remediation properties during the 2017 RAC period were credited to the deferred RAC balance.

5. The Parties agree that the Company's ending recoverable deferred RAC balance at December 31, 2017 was an under-recovered balance of $115,039,883, subject to the Parties' reservation of their rights to challenge the recovery of expenditures that might be found to have been recorded in error or improperly accounted for in the pending Board Staff audit of RAC expenditures for 2005. In addition to the deferred RAC net balance at December 31, 2017 of $115,039,883 referred to above, JCP&L has deferred (i) $804,850 of costs related to NRD issues from 2005 through 2017, and (ii) $182,598 of incentive compensation paid to personnel who worked on RAC matters from 2006 through 2017. The Parties agree that it is appropriate for such NRD-related and incentive compensation costs to be deferred. The Company represents that this Stipulation does not include the recovery of any administrative, legal, consulting or other costs associated with NRD claims currently being investigated by the New Jersey Department of Environmental Protection or any costs associated with the incentive compensation referenced above. The Parties accordingly stipulate and agree that the Board should make no determination in this proceeding as to the reasonableness, or the recoverability under the Company's RAC filings, of NRD damages or related costs or of incentive compensation amounts, if any.

6. The Parties agree that NRD-related MGP expenditures of $3,217 incurred during the 2017 RAC period are not included in the $115,039,883 recoverable deferred RAC balance as of December 31, 2017. The Parties also agree that the incentive compensation of $12,722 incurred during the 2017 RAC period is not included in the $115,039,883 recoverable deferred RAC balance as of December 31, 2017. The deferred NRD and incentive compensation amounts have been excluded from the RAC factors set forth herein above. The Parties expressly reserve their rights to argue their respective positions on these issues in future proceedings, as appropriate.

7. The Company claims that it is entitled to retain NRD-related costs totaling approximately $76,000 from two (2) previous RAC years, 2003 and 2004. It is Rate Counsel's and Staff's position that NRD-related costs are not included within the scope of the Board's RAC recovery authorization and therefore are not eligible for recovery through utility RAC clauses. JCP&L does not agree with Rate Counsel's and Staff's position concerning NRD-related cost recovery, but nonetheless agrees that nothing shall affect or limit the Parties' rights to challenge such NRD-related cost recovery in connection with the Company's previous RAC Filings. JCP&L also reserves all of its rights to contest any such challenge by the Parties. JCP&L further agrees that it will continue to defer NRD-related MGP costs in future RAC filings pending the final Board resolution of the issue concerning the inclusion of NRD-related costs within the scope of the Board's RAC recovery authorization.[1] The Parties hereby agree that JCP&L shall be authorized

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[1] The NRD-related MGP expenditures for the years 2005 through 2017 are as follows ($):

| Year | $ | Year | $ | Year | $ |
|---|---|---|---|---|---|
| **2005** | 62,856 | **2010** | 53,563 | **2015** | 98,616 |
| **2006** | 157,594 | **2011** | 33,404 | **2016** | 51,947 |
| **2007** | 53,434 | **2012** | 83,412 | **2017** | 3,217 |
| **2008** | 18,046 | **2013** | 5,116 | | |
| **2009** | 89,580 | **2014** | 94,065 | | |

to continue to defer all additional reasonable and prudent MGP remediation costs and expenses incurred and deferred subsequent to December 31, 2017, including NRD-related and incentive compensation costs, together with accrued interest thereon, for review and inclusion in future annual RAC filings and related adjustments to the Company's Rider RAC, subject to the Board's review and approval. In accordance with Generally Accepted Accounting Principles ("GAAP") as applied by JCP&L's independent auditors, the deferred RAC balance at December 31, 2017 included certain RAC expense accruals. Although the Parties will continue to review the levels of such accruals in the Company's deferred RAC accounts in future proceedings, the Parties do not object to the use of such GAAP accrual accounting procedures as required by the Company's auditors.

8. Consistent with its agreement in the 2005 RAC Filing Stipulation settling the 2005 Annual RAC Filing, which was approved by the Board by Decision and Order dated April 27, 2009 (Docket No. ER06030258), the Company performs outside legal and community relations activities for the purposes of supporting its remediation program and mitigating potential liabilities related to its remediation program. The Company agrees to continue to provide a description and explanation of the expenses incurred for these services in subsequent RAC filings, with claimed confidential information provided pursuant to a confidentiality agreement.

9. Also, consistent with the 2005 RAC Filing Stipulation, the Company agrees to continue to maintain a complaint log for each MGP site that will provide details about complaints (exclusive of formal legal claims or lawsuits) received from property owners, neighboring residents and municipal officials and a description of the Company's actions responding to that complaint.

10. The Company agrees that it will continue to include with its RAC filings responses to the minimum filing requirements ("MFRs") as set forth in Exhibit A to the 2006-2008 RAC

Filing Stipulation settling the 2006-2008 RAC Filing, which was approved by Board Decision and Order dated March 9, 2011 (Docket No. ER09030194). A list of these MFRs is attached hereto as Appendix B.

11. Consistent with the 2006-2008 RAC Filing Stipulation, the Company will competitively bid remediation projects expecting to cost in excess of $250,000 with respect to work at existing sites or work at any new sites identified in the future. If competitive bidding is not utilized as provided in this Paragraph 11, the Company will be required to show that competitive bidding was not practical or advantageous under the circumstances.

12. Also, consistent with the 2006-2008 RAC Filing Stipulation, the Company will make annual RAC filings, which will not be combined with SBC or SCC filings, regardless of whether it is seeking any change in its RAC recovery rate.

13. Also, consistent with the 2006-2008 RAC Filing Stipulation, the Company agrees to provide a final reconciliation of its annual RAC factor recovery within ninety days of the completion of each RAC recovery year, which reconciliation will include the calculation of actual sales volumes that recovered the RAC factor and the resultant net expense or credit amount which is to be carried over to the next recovery year. Implementation and/or adjustment of the RAC factor is subject to the Parties' review of JCP&L's RAC expenditures and reconciliation thereof in JCP&L's future RAC and/or SBC proceedings.

14. The Parties agree that the terms of this Stipulation shall be deemed to resolve all factual and legal issues relating to the determination of all amounts that were or could have been included in the calculation of JCP&L's deferred RAC balance through and at December 31, 2017, except as described in paragraphs 5, 6, and 7 above with respect to NRD-related costs and incentive compensation costs.

15. JCP&L agrees to file its next annual RAC Filing for the period January 1, 2018 through December 31, 2018 no later than October 4, 2019.

**Conclusion**

16. 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 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.

17. The Parties agree that this Stipulation shall be binding on them for all purposes herein.

18. 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.

19. 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. The Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

| | |
|---|---|
| **Jersey Central Power & Light Company**<br><br>By: *Gregory Eisenstark*<br>Gregory Eisenstark, Esq.<br>Cozen O'Connor, P.C.<br><br>Dated: 10-4-2019 | Gurbir S. Grewal<br>Attorney General of New Jersey<br>Attorney for<br>**Staff of the Board of Public Utilities**<br><br>By: *Renee Greenberg*<br>Renee Greenberg<br>Deputy Attorney General<br><br>Dated: 10-4-2019 |
| Stefanie A. Brand, Esq.<br>Director, **Division of Rate Counsel**<br><br>By: *Henry M. Ogden*<br>Henry M. Ogden, Esq.<br>Assistant Deputy Rate Counsel<br><br>Dated: October 4, 2019 | |

**In the Matter of the Verified Petition of Jersey Central Power & Light Company for the Review and Approval of Costs Incurred for Environmental Remediation of Manufactured Gas Plant Sites Pursuant to the Remediation Adjustment Clause of its Filed Tariff ("2017 RAC Filing")**
**DOCKET NO. ER18080965**

**DISCOVERY REQUEST RESPONSE**

**RCR-A-8:** Re. Attachment C: Explain in detail why these internal payroll costs should be considered incremental to the payroll costs embedded in the Company's current base rates. In addition, provide proof that these payroll expenses are truly incremental expenses.

**Response:** Employees directly involved in the administration of the remediation of manufactured gas plants located in New Jersey charge their time to specific cost collectors in the Company's SAP financial system. These cost collectors include "internal orders" specifically designated by MGP site and "cost elements", which distinguish the type of cost incurred within each site (employee compensation, professional outside services, legal, etc.). Charges to these internal orders settle electronically within the SAP financial system to the RAC deferred regulatory asset account and are reported on the Company's balance sheet as deferred for future recovery. As such, these costs would not be included in the Company's base rate cost of service and, therefore, would not be recovered through base rates.

*See* RCR-A-8 Attachment 1, which provides REVISED Attachments A, B, C, E, F & G that reflect the removal of $2,167.58 of internal payroll costs charged in error to the remediation costs for the Asbury Park site.

JERSEY CENTRAL POWER & LIGHT COMPANY
Derivation of Manufactured Gas Plant (MGP) Remediation Adjustment Charge (RAC)
For Tariff Rider Effective December 1, 2018

| Line No. | | Through 12/31/2016 (1) | Year 2017 (2) | Total as of 12/31/2017 (3) | Data Sources |
|---|---|---|---|---|---|
| | **MGP Remediation Costs** | | | | |
| 1 | Total MGP remediation costs incurred (a) | $ 50,166,335 | | | |
| 2 | Carrying cost on deferred MGP costs accrued | (150,892) | | | |
| 3 | Application of over-recovered SBC | (29,097,165) | | | Footnote (b) |
| 4 | Total net MGP costs at 12/31/10 after SBC applications | $ 20,918,278 | | | Line Nos. 1 through 3 |
| 5 | Less: Natural Resources Damages (NRD) expenses | 435,073 | | | Footnote (c) |
| 6 | Less: Incentive Compensation Program (ICP) Costs | 103,751 | | | Footnote (d) |
| 7 | Total MGP costs approved for recovery | $ 20,379,454 | | | ER10020130 (6/15/11) & ER11030141 (3/12/12) |
| 8 | Total MGP remediation costs incurred | $ 7,700,028 | | | ER12080751 (11/21/2014) |
| 9 | Carrying cost on deferred MGP costs accrued | 474,978 | | | ER12080751 (11/21/2014) |
| 10 | Total net MGP costs at 12/31/11 | $ 8,175,006 | | | Line Nos. 8 + 9 |
| 11 | Less: Natural Resources Damages (NRD) expenses | 33,404 | | | Footnote (c) |
| 12 | Less: Incentive Compensation Program (ICP) Costs | 10,874 | | | Footnote (d) |
| 13 | Total MGP costs approved for recovery | $ 8,130,728 | | | ER12080751 (11/21/2014) |
| 14 | Total MGP remediation costs incurred (Year 2012 through Year 2014) | $ 34,539,907 | | | ER15040499 |
| 15 | Carrying cost on deferred MGP costs accrued | 1,589,722 | | | ER15040499 |
| 16 | Total unrecovered MGP costs at 12/31/14 | 36,129,629 | | | Line Nos. 14 + 15 |
| 17 | Less: Natural Resources Damages (NRD) expenses | 182,593 | | | Footnote (c) |
| 18 | Less: Incentive Compensation Program (ICP) Costs | 28,452 | | | Footnote (d) |
| 19 | Total MGP costs submitted for recovery | $ 35,918,584 | | | ER15040499 (07/29/2016) |
| 20 | Total MGP remediation costs incurred | $ 7,883,897 | | | ER16090922 |
| 21 | Carrying cost on deferred MGP costs accrued | 851,961 | | | ER16090922 |
| 22 | Total unrecovered MGP costs at 12/31/15 | $ 8,735,858 | | | Line Nos. 20 + 21 |
| 23 | Less: Natural Resources Damages (NRD) expenses | 98,616 | | | Footnote (c) |
| 24 | Less: Incentive Compensation Program (ICP) Costs | 13,248 | | | Footnote (d) |
| 25 | Total MGP costs submitted for recovery | $ 8,623,994 | | | ER16090922 (11/21/17) |
| 26 | Total MGP remediation costs incurred | $ 13,621,248 | | | ER17111191 |
| 27 | Carrying cost on deferred MGP costs accrued | 1,016,079 | | | ER17111191 |
| 28 | Total unrecovered MGP costs at 12/31/16 | $ 14,637,327 | | | Line Nos. 26 + 27 |
| 29 | Less: Natural Resources Damages (NRD) expenses | 51,947 | | | Footnote (c) |
| 30 | Less: Incentive Compensation Program (ICP) Costs | 13,551 | | | Footnote (d) |
| 31 | Total MGP costs submitted for recovery | $ 14,571,829 | | | ER17111191 (06/22/18) |
| 32 | Total MGP remediation costs incurred | | $ 25,675,798 | | Attachment B |
| 33 | Carrying cost on deferred MGP costs accrued | | 1,367,586 | | Attachment G |
| 34 | Total unrecovered MGP costs at 12/31/17 | | $ 27,043,384 | | Line Nos. 32 + 33 |
| 35 | Less: Natural Resources Damages (NRD) expenses | | 3,217 | | Footnote (c) |
| 36 | Less: Incentive Compensation Program (ICP) Costs | | 12,722 | | Footnote (d) |
| 37 | Total MGP costs submitted for recovery | | $ 27,027,445 | | Line Nos. 34 less 35 & 36 |
| 38 | Total recoverable MGP remediation expenses | $ 87,624,589 | $ 27,027,445 | $ 114,652,034 | Columns (1) through (2) |
| | **Derivation of Tariff Rider RAC:** | | | | |
| 39 | Total recoverable MGP remediation expenses | $ 87,624,589 | $ 27,027,445 | $ 114,652,034 | Line 38 |
| 40 | Ending under-recovered deferred RAC balances | | 387,850 | 387,850 | Attachment A-2 p.2 (18) |
| 41 | Total recoverable MGP remediation costs incl.under-recovery | $ 87,624,589 | $ 27,415,294 | $ 115,039,883 | Line Nos. 39 + 40 |
| 42 | RAC recovery period (years) | 7 | 7 | 7 | ER91121820J 12/16/94 Order |
| 43 | Net annual recoverable MGP expenses | $ 12,517,799 | $ 3,916,471 | $ 16,434,270 | Line 41 divided by Line 42 |
| 44 | Retail sales forecasted (Mwh) | | | 20,263,615 | 12 mos. Ended 11/30/19 |
| 45 | Calculated RAC factor ($ per kWh) before SUT | | | $ 0.000811 | Line 43 divided by Line 44 |
| 46 | RAC factor currently in effect ($ per kWh) | | | $ 0.000616 | Rider RAC effective 7/1/18 |
| 47 | Calculated increase/(decrease) in RAC Factor ($ per kWh) before SUT | | | $ 0.000195 | Line 45 - Line 46 |
| 48 | Proposed Rider RAC revenue increase effective 12/1/18 | | | $ 3,951,405 | Line 44 x Line 47 |

**JERSEY CENTRAL POWER & LIGHT COMPANY**
**Derivation of Manufactured Gas Plant (MGP) Remediation Adjustment Charge (RAC)**
**For Tariff Rider Effective December 1, 2018**

FOOTNOTES:

(a) Total cost incurred is net of:
(1) Write-off in accordance with RAC Stipulation and BPU Order ER03121020 ($2,500,000);
(2) Insurance proceeds received ($36,100,000);
(3) MGP revenue previously collected through base rates ($16,877,403).

(b) Application of over-recovered SBC components at year-end in accordance with Tariff Rider SBC:

| | Annual | Cumulative |
|---|---|---|
| 2004 | $ (6,424,026) | |
| 2005 | (2,639,759) | |
| 2006 | (2,401,577) | |
| 2007 | (5,621,172) | |
| 2008 | (2,640,262) | |
| 2009 | (1,523,158) | |
| 2010 | (7,847,211) | $ (29,097,165) |
| 2011 | - | (29,097,165) |
| 2012 | - | (29,097,165) |
| 2013 | - | (29,097,165) |
| 2014 | - | (29,097,165) |
| 2015 | - | (29,097,165) |
| 2016 | - | (29,097,165) |
| 2017 | - | (29,097,165) |

(c) NRD Expenses incurred by year:

| | Annual | Cumulative |
|---|---|---|
| 2005 | $ 62,856 | |
| 2006 | 157,594 | |
| 2007 | 53,434 | |
| 2008 | 18,046 | |
| 2009 | 89,580 | |
| 2010 | 53,563 | $ 435,073 |
| 2011 | 33,404 | 468,477 |
| 2012 | 83,412 | 551,889 |
| 2013 | 5,116 | 557,005 |
| 2014 | 94,065 | 651,070 |
| 2015 | 98,616 | 749,686 |
| 2016 | 51,947 | 801,633 |
| 2017 | 3,217 | 804,850 |

(d) ICP Costs by year:

| | Annual | Cumulative |
|---|---|---|
| 2006 | $ 27,479 | |
| 2007 | 32,141 | |
| 2008 | 30,346 | |
| 2009 | - | |
| 2010 | 13,785 | $ 103,751 |
| 2011 | 10,874 | 114,625 |
| 2012 | 11,328 | 125,953 |
| 2013 | 10,259 | 136,212 |
| 2014 | 6,865 | 143,077 |
| 2015 | 13,248 | 156,325 |
| 2016 | 13,551 | 169,876 |
| 2017 | 12,722 | 182,598 |

Attachment B REVISED
2017

**Jersey Central Power & Light Company**
**Summary of Manufactured Gas Plant Incremental Remediation Expenses**

**Incremental Expenses for the Period 2017**

| Site Name | Actual 01/2017-12/2017 |
|---|---|
| Asbury Park | 1,822,408 |
| Belmar | 481,169 |
| Boonton | 117,332 |
| Cape May | 8,347,161 |
| Dover | 1,829,169 |
| Flemington | 2,928,327 |
| Lakewood | 6,255,557 |
| Lambertville/LaRochere | (5,846) |
| Long Branch | - |
| Newton I | (33,620) |
| Newton II | 105,730 |
| Ocean City | 156,236 |
| Phillipsburg | 112,670 |
| Red Bank | (56,873) |
| Sea Isle City | 1,235,523 |
| Toms River | - |
| Tuckerton | 3,332 |
| Washington | 2,061,677 |
| Wildwood | 188,805 |
| General | 123,825 |
| Total Incremental Expense (Excluding NRD): | 25,672,580 |
| 2017 NRD: | 3,217 |
| Total Incremental Expense (Including NRD): | 25,675,798 |

## Appendix A

Attachment C REVISED
2017

**JCP&L Manufactured Gas Plant Sites**
**Quarterly Report**
**Summary by Site** — **January 1 through December 31**

| Asbury Park | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| Payroll/Salaries | 1,814 | 1,494 | 1,434 | 3,394 | 8,136 |
| Professional Services | 143,091 | 157,512 | 112,991 | 45,776 | 459,370 |
| Remediation | 56,380 | 87,619 | 87,236 | 1,037,991 | 1,269,226 |
| Legal | 1,859 | 10,441 | 4,937 | 19,890 | 37,128 |
| NJDEP Fees | 2,895 | 30 | - | - | 2,925 |
| RI/RA Financial Trust Fund | - | - | - | - | 0 |
| Miscellaneous Other | 402 | 424 | 409 | 389 | 1,624 |
| Real Estate Acquisition | 12,000 | 12,000 | 12,000 | 8,000 | 44,000 |
| Total | 218,440 | 269,521 | 219,008 | 1,115,440 | 1,822,408 |

| Belmar | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| Payroll/Salaries | 762 | 815 | 822 | 642 | 3,042 |
| Professional Services | - | - | - | - | 0 |
| Remediation | 94,827 | 98,439 | 99,087 | 175,607 | 467,960 |
| Legal | - | 326 | - | 653 | 979 |
| NJDEP Fees | 2,895 | 4,150 | - | 310 | 7,355 |
| RI/RA Financial Trust Fund | - | - | - | - | 0 |
| Miscellaneous Other | 502 | 460 | - | 871 | 1,833 |
| Total | 98,986 | 104,190 | 99,910 | 178,083 | 481,169 |

| Boonton | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| Payroll/Salaries | 234 | 411 | 70 | 164 | 879 |
| Professional Services | - | - | - | - | 0 |
| Remediation | 22,089 | 32,994 | 24,200 | 34,275 | 113,558 |
| Legal | - | - | - | - | 0 |
| NJDEP Fees | 2,895 | - | - | - | 2,895 |
| RI/RA Financial Trust Fund | - | - | - | - | 0 |
| Miscellaneous Other | - | - | - | - | 0 |
| Total | 25,218 | 33,405 | 24,270 | 34,439 | 117,332 |

| Cape May | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| Payroll/Salaries | 5,518 | 4,996 | 829 | 3,049 | 14,392 |
| Professional Services | (15,332) | (29,861) | - | - | (45,193) |
| Remediation | 4,066,145 | 3,270,099 | 33,172 | 926,669 | 8,296,086 |
| Legal | 22,449 | 25,972 | 1,587 | 7,535 | 57,543 |
| NJDEP Fees | 22,895 | 970 | - | 320 | 24,185 |
| RI/RA Financial Trust Fund | - | - | - | - | 0 |
| Miscellaneous Other | 43 | 104 | 1 | 0 | 149 |
| Total | 4,101,719 | 3,272,280 | 35,589 | 937,573 | 8,347,161 |

**Appendix A**

Attachment C REVISED
2017

**JCP&L Manufactured Gas Plant Sites**
**Quarterly Report**
**Summary by Site** — **January 1 through December 31**

| Dover | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| Payroll/Salaries | 139 | 459 | 1,909 | 5,816 | 8,322 |
| Professional Services | - | - | 490 | 417 | 907 |
| Remediation | (176,602) | 273,780 | 313,023 | 1,328,890 | 1,739,090 |
| Legal | (3,927) | 4,373 | 94 | 26,791 | 27,331 |
| NJDEP Fees | 2,895 | - | 350 | - | 3,245 |
| RI/RA Financial Trust Fund | - | - | - | - | 0 |
| Miscellaneous Other | 12,766 | 12,152 | 12,340 | 13,015 | 50,274 |
| Total | (164,729) | 290,764 | 328,206 | 1,374,928 | 1,829,169 |

| Flemington | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| Payroll/Salaries | 934 | 35 | 912 | 307 | 2,187 |
| Professional Services | (465) | - | - | - | (465) |
| Remediation | 5,233,678 | (317,018) | 147,208 | 40,425 | 5,104,293 |
| Legal | 2,005 | - | - | - | 2,005 |
| NJDEP Fees | 5,790 | 30 | - | - | 5,820 |
| RI/RA Financial Trust Fund | - | - | - | - | 0 |
| Miscellaneous Other | (243,934) | (799,055) | (707,563) | (434,962) | (2,185,514) |
| Total | 4,998,008 | (1,116,008) | (559,443) | (394,230) | 2,928,327 |

| Lakewood | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| Payroll/Salaries | 1,598 | 2,786 | 70 | 199 | 4,653 |
| Professional Services | - | - | - | - | 0 |
| Remediation | 1,589,444 | 2,678,970 | 2,851,116 | (890,012) | 6,229,518 |
| Legal | - | - | - | 653 | 653 |
| NJDEP Fees | 5,115 | - | - | 205 | 5,320 |
| RI/RA Financial Trust Fund | - | - | - | - | 0 |
| Miscellaneous Other | 3,672 | 3,632 | 3,972 | 4,137 | 15,413 |
| Total | 1,599,830 | 2,685,387 | 2,855,158 | (884,818) | 6,255,557 |

| Lambertville/LaRochere | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| Payroll/Salaries | 174 | 70 | 117 | 70 | 430 |
| Professional Services | 13,142 | (29,075) | - | (13,142) | (29,075) |
| Remediation | (807) | 5,933 | 7,965 | 6,463 | 19,554 |
| Legal | - | - | - | - | 0 |
| NJDEP Fees | 2,895 | 30 | 320 | - | 3,245 |
| RI/RA Financial Trust Fund | - | - | - | - | 0 |
| Miscellaneous Other | - | - | - | - | 0 |
| Total | 15,404 | (23,042) | 8,402 | (6,610) | (5,846) |

**Appendix A**

Attachment C REVISED
2017

**JCP&L Manufactured Gas Plant Sites**
**Quarterly Report**
**Summary by Site** — **January 1 through December 31**

| Newton I | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| Payroll/Salaries | 1,409 | 3,869 | 1,542 | 1,589 | 8,408 |
| Professional Services | 10,363 | (75,262) | 42,563 | 67,583 | 45,246 |
| Remediation | 27,832 | - | - | - | 27,832 |
| Legal | 2,461 | 1,276 | 9,887 | 14,535 | 28,159 |
| NJDEP Fees | 5,790 | 30 | - | - | 5,820 |
| RI/RA Financial Trust Fund | - | - | - | - | 0 |
| Miscellaneous Other | (106,896) | (6,104) | (10,356) | (25,730) | (149,086) |
| Total | (59,041) | (76,192) | 43,635 | 57,977 | (33,620) |

| Newton II | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| Payroll/Salaries | 364 | 35 | 164 | 734 | 1,297 |
| Professional Services | - | - | 1,103 | 3,600 | 4,702 |
| Remediation | - | - | - | 86,305 | 86,305 |
| Legal | - | - | - | - | 0 |
| NJDEP Fees | 3,775 | 30 | - | - | 3,805 |
| RI/RA Financial Trust Fund | - | - | - | - | 0 |
| Miscellaneous Other | 2,366 | 2,366 | 2,444 | 2,444 | 9,620 |
| Total | 6,505 | 2,431 | 3,711 | 93,083 | 105,730 |

| Ocean City | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| Payroll/Salaries | 2,263 | 5,164 | 4,154 | 9,852 | 21,433 |
| Professional Services | 714 | (46,583) | 15,447 | 29,460 | (962) |
| Remediation | - | - | - | 4,558 | 4,558 |
| Legal | 14,000 | 27,797 | 18,524 | 58,949 | 119,270 |
| NJDEP Fees | 11,695 | 30 | - | - | 11,725 |
| RI/RA Financial Trust Fund | - | - | - | - | 0 |
| Miscellaneous Other | - | - | - | 212 | 212 |
| Total | 28,673 | (13,592) | 38,125 | 103,031 | 156,236 |

| Phillipsburg | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| Payroll/Salaries | 3,403 | 3,549 | 4,534 | 1,948 | 13,434 |
| Professional Services | (14,918) | 23,987 | 37,505 | 38,739 | 85,313 |
| Remediation | - | - | - | 8,880 | 8,880 |
| Legal | - | 653 | - | 373 | 1,026 |
| NJDEP Fees | 3,775 | 30 | - | - | 3,805 |
| RI/RA Financial Trust Fund | - | - | - | - | 0 |
| Miscellaneous Other | - | 22 | 92 | 99 | 213 |
| Total | (7,740) | 28,241 | 42,130 | 50,038 | 112,670 |

## Appendix A

Attachment C REVISED
2017

**JCP&L Manufactured Gas Plant Sites**
**Quarterly Report**
**Summary by Site** — **January 1 through December 31**

| Red Bank | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| Payroll/Salaries | 209 | 70 | 70 | 70 | 417 |
| Professional Services | (1,506) | (115,542) | - | 485 | (116,563) |
| Remediation | 560 | 21,969 | 18,078 | 15,772 | 56,378 |
| Legal | - | - | - | - | 0 |
| NJDEP Fees | 2,895 | - | - | - | 2,895 |
| RI/RA Financial Trust Fund | - | - | - | - | 0 |
| Miscellaneous Other | - | - | - | - | 0 |
| Total | 2,158 | (93,504) | 18,147 | 16,326 | (56,873) |

| Sea Isle City | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| Payroll/Salaries | 174 | 1,507 | 449 | 687 | 2,817 |
| Professional Services | - | 4,571 | - | 5,698 | 10,269 |
| Remediation | 712,034 | 204,431 | 81,383 | 145,584 | 1,143,432 |
| Legal | (27,652) | 15,527 | 6,770 | 27,389 | 22,035 |
| NJDEP Fees | - | - | - | 3,365 | 3,365 |
| RI/RA Financial Trust Fund | - | - | - | - | 0 |
| Miscellaneous Other | 11,967 | 11,967 | 14,836 | 14,836 | 53,606 |
| Total | 696,524 | 238,002 | 103,438 | 197,559 | 1,235,523 |

| Tuckerton | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| Payroll/Salaries | 174 | 35 | - | 70 | 278 |
| Professional Services | - | - | - | - | 0 |
| Remediation | - | - | 300 | 500 | 800 |
| Legal | - | - | - | - | 0 |
| NJDEP Fees | - | - | - | - | 0 |
| RI/RA Financial Trust Fund | - | - | - | - | 0 |
| Miscellaneous Other | 534 | 534 | 593 | 593 | 2,254 |
| Total | 708 | 569 | 893 | 1,163 | 3,332 |

| Washington | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| Payroll/Salaries | 2,548 | 6,481 | 3,774 | 3,584 | 16,386 |
| Professional Services | 142,274 | 143,608 | 255,338 | 1,031,912 | 1,573,132 |
| Remediation | (2,470) | 374 | - | 14,470 | 12,374 |
| Legal | 22,401 | 35,439 | 6,963 | 3,897 | 68,700 |
| NJDEP Fees | 5,325 | - | - | - | 5,325 |
| RI/RA Financial Trust Fund | - | - | - | - | 0 |
| Miscellaneous Other | 2,257 | 2,257 | - | 1,246 | 5,760 |
| Real Estate Acquisition | 50,000 | 330,000 | - | - | 380,000 |
| Total | 222,335 | 518,159 | 266,074 | 1,055,109 | 2,061,677 |

**JCP&L Manufactured Gas Plant Sites**
**Quarterly Report**
**Summary by Site** — **January 1 through December 31**

| Wildwood | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| Payroll/Salaries | 174 | 316 | 70 | 164 | 724 |
| Professional Services | (540) | - | 3,600 | - | 3,060 |
| Remediation | 24,128 | 16,065 | 68,145 | 58,708 | 167,045 |
| Legal | - | - | 280 | 3,280 | 3,560 |
| NJDEP Fees | 2,895 | 30 | - | - | 2,925 |
| RI/RA Financial Trust Fund | - | - | - | - | 0 |
| Miscellaneous Other | 2,789 | 2,789 | 2,957 | 2,957 | 11,491 |
| Total | 29,446 | 19,200 | 75,051 | 65,109 | 188,805 |

| General | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| Payroll/Salaries | 15,264 | 20,083 | 11,230 | 11,544 | 58,120 |
| Professional Services | - | 499 | - | 471 | 970 |
| Remediation | - | 6,310 | 5,466 | 623 | 12,400 |
| Legal | 500 | 1,365 | 1,500 | 925 | 4,290 |
| NJDEP Fees | - | - | - | - | 0 |
| RI/RA Financial Trust Fund | - | - | - | - | 0 |
| Miscellaneous Other | 27,607 | 6,635 | 13,793 | 10 | 48,045 |
| Total | 43,371 | 34,891 | 31,989 | 13,573 | 123,825 |

Notes:

Figures in parentheses are negative amounts resulting from credits or corrections.

Professional Services includes outside engineering, environmental and other supporting consultants.

Remediation includes remedial construction and waste removal, transportation and disposal, engineering and property controls, and remediation O&M.

Legal includes outside counsel fees and expenses.

NJDEP Fees include oversight costs, permit fees, LSRP annual fees, and any other fees billed by the NJDEP.

RI/RA Financial Trust Fund includes charges associated with financial assurance trust funds for RI extensions and RA permits.

Miscellaneous Other includes minor expenses not included in one of the above categories.

**Appendix A**

Attachment E REVISED
2017

## JCP&L Manufactured Gas Plant Financial Report

### 2017 Remediation Expenditures - Summary

| SITE NAME | 2017 INCREMENTAL | 2017 BUDGET ESTIMATE | VARIANCE |
|---|---|---|---|
| Asbury Park | $1,822,408 | $1,881,000 | ($58,592) |
| Belmar | 481,169 | 588,000 | (106,831) |
| Boonton | 117,332 | 225,000 | (107,668) |
| Cape May | 8,347,161 | 4,136,000 | 4,211,161 |
| Dover | 1,829,169 | 3,217,000 | (1,387,831) |
| Flemington | 2,928,327 | 2,106,000 | 822,327 |
| Lakewood | 6,255,557 | 3,670,000 | 2,585,557 |
| Lambertville/LaRochere | (5,846) | 162,000 | (167,846) |
| Long Branch | - | - | - |
| Newton I | (33,620) | 225,000 | (258,620) |
| Newton II | 105,730 | 435,000 | (329,270) |
| Ocean City | 156,236 | 350,000 | (193,764) |
| Phillipsburg | 112,670 | 380,000 | (267,330) |
| Red Bank | (56,873) | 308,000 | (364,873) |
| Sea Isle City | 1,235,523 | 523,000 | 712,523 |
| Toms River | - | - | - |
| Tuckerton | 3,332 | 5,000 | (1,668) |
| Washington | 2,061,677 | 4,665,000 | (2,603,323) |
| Wildwood | 188,805 | 222,000 | (33,195) |
| General Program | 123,825 | - | 123,825 |
| Total | $25,672,580 | $23,098,000 | $2,574,580 |

JCP&L Manufactured Gas Plant Financial Report
January 1 through December 31

Attachment F REVISED
2017

## Summary of Actual and Estimated Remediation Expenses

| SITE NAME | PROJECT EXPENSE TO DATE | ADDITIONAL TO COMPLETE PROJECT | TOTAL PROJECT COST |
|---|---|---|---|
| Asbury Park | $5,295,106 | $ 5,260,000 | $ 10,555,106 |
| Belmar | 14,885,110 | 10,811,000 | 25,696,110 |
| Boonton | 5,301,750 | 3,051,000 | 8,352,750 |
| Cape May | 26,362,060 | 7,972,000 | 34,334,060 |
| Dover | 19,009,264 | 8,191,000 | 27,200,264 |
| Flemington | 7,719,353 | 3,313,000 | 11,032,353 |
| Lakewood | 17,144,952 | 1,035,000 | 18,179,952 |
| Lambertville/LaRochere | 3,616,288 | 1,070,000 | 4,686,288 |
| Long Branch | 4,162,580 | - | 4,162,580 |
| Newton I | 2,409,023 | 3,952,000 | 6,361,023 |
| Newton II | 5,036,344 | 10,799,000 | 15,835,344 |
| Ocean City | 3,427,875 | 10,760,000 | 14,187,875 |
| Phillipsburg | 2,544,642 | 1,630,000 | 4,174,642 |
| Red Bank | 1,653,819 | 534,000 | 2,187,819 |
| Sea Isle City | 38,492,011 | 3,320,000 | 41,812,011 |
| Toms River | 2,245,527 | - | 2,245,527 |
| Tuckerton | 5,902,915 | 75,000 | 5,977,915 |
| Washington | 5,842,999 | 4,725,000 | 10,567,999 |
| Wildwood | 8,089,622 | 2,735,000 | 10,824,622 |
| General Program | 7,038,158 | - | 7,038,158 |
| Total | $ 186,179,398 | $ 79,233,000 | $ 265,412,398 |

**Notes to Attachment F:**
Project expenses include only incremental costs.
- Future cost estimates are revised at the mid-year and end-of-year periods.

In general, the future costs are projected using the following assumptions:
- Unimpeded access to sites.
- No litigation.
- Third party property purchased where feasible or institutional controls are granted at reasonable cost.
- Generally, the remedial technology to be deployed is limited excavation, capping, and pumping and treating the ground water.
- Operational period of treatment system, where deployed, is 15 years.
- In general, only limited soil "hot-spot" removal is necessary except where determined on a case-by-case basis that more significant soil removal may preclude the need for ground water treatment system, significantly reduce operational period of treatment and/or reduce long-term liability.
- Projections are generally not "engineering estimates" derived through a rigorous, dedicated application of established engineering precepts and cost factors, but rather are current "reasonable estimates" for the activity scenario. However, depending upon the status of the project, individual activities may have progressed to the point where such "engineering estimates" have been prepared by the Company's consultants. In such instances these "engineering estimates" would be used as part of the overall project cost projection.
- No future expenses have been established for General Program expenses. These expenses will be variable and dependent upon factors such as regulatory initiatives and other issues which could have a programmatic impact.
- In general, the projected costs are in current dollars and are not adjusted for inflation or present value.
- Remedial Investigation and Remedial Action implementation activities for the Red Bank site are "To Be Determined".

# Appendix A

**Attachment G REVISED**

## JERSEY CENTRAL POWER & LIGHT COMPANY

### Calculation of Interest on Deferred Manufactured Gas Plant (MGP) Remediation Expenses Under/(Over) Recovery

| Account # | December 2016 | January 2017 | February 2017 | March 2017 | April 2017 | May 2017 | June 2017 | July 2017 | August 2017 | September 2017 | October 2017 | November 2017 | December 2017 | YTD 2017 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 182199 | $ 2,239,816.28 | $ 2,215,689.91 | $ 2,275,946.91 | $ 2,367,565.14 | $ 2,491,622.93 | $ 2,621,508.07 | $ 2,652,995.95 | $ 2,496,284.69 | $ 2,351,222.16 | $ 2,322,267.38 | $ 2,364,808.57 | $ 1,187,702.23 | $ 1,317,675.61 | |
| 182318 | 20,059.475.94 | 22,464,239.05 | 27.941,081.66 | 31,915,289.23 | 35,489,262.37 | 37,316,751.39 | 38,089,992.81 | 39,226,678.50 | 40.540,913.46 | 41,726,784.78 | 41,734,774.56 | 35,551,416.60 | 39,273,230.36 | |
| 182319 | 851,961.00 | 1,868,040.00 | 1,868,040.00 | 1,868,040.00 | 1,868,040.00 | 1,868,040.00 | 1,868,040.00 | 1,868,040.00 | 1,868,040.00 | 1,868.040.00 | 1,868,040.00 | 1.016,079.00 | 1,016,079.00 | |
| 182336 | 45,251,418.19 | 44,484,409.19 | 43,717,400.19 | 42,950,391.19 | 42,183,382.19 | 41,416,373.19 | 40,649,364.19 | 39,882,335.19 | 39,115,346.19 | 38,348,337.19 | 37,581,328.19 | 45,438,313.73 | 44,568,637.73 | |
| Total Dfd. Balances | $ 68,402,671.41 | $ 71,032,378.15 | $ 75,802,468.76 | $ 79,101,285.56 | $ 82,032,307.49 | $ 83,222,672.65 | $ 83,260,392.95 | $ 83.473,338.38 | $ 83,875,521.81 | $ 84,265,429.35 | $ 83,548,951.32 | $ 83,193,511.56 | $ 86,175,622.70 | |
| Tax Rate | 40.85% | 40.85% | 40.85% | 40.85% | 40.85% | 40.85% | 40.85% | 40.85% | 40.85% | 40.85% | 40.85% | 40.85% | 40.85% | |
| Dfd Taxes | $ 27,942,491.27 | $ 29,016,726.47 | $ 30,965,308.49 | $ 32,312,875.15 | $ 33,510,197.61 | $ 33,996,461.78 | $ 34,011,870.52 | $ 34,098,858.73 | $ 34,263,150.66 | $ 34,422,427.89 | $ 34,129,746.61 | $ 33,984,549.47 | $ 35,202,741.87 | |
| Dfd Bal Excl Tax | $ 40.460,180.14 | $ 42,015,651.68 | $ 44,837,160.27 | $ 46,788,410.41 | $ 48,522.109.88 | $ 49,226,210.87 | $ 49.248,522.43 | $ 49,374,479.65 | $ 49,612,371.15 | $ 49,843,001.46 | $ 49.419,204.71 | $ 49,208,962.09 | $ 50,972,880.83 | |
| | | | | | | | | | | | | | | |
| Avg.Dfd.Bal Excl Tax | | $ 41,237,915.91 | $ 43,426,405.98 | $ 45,812.785.34 | $ 47,655,260.15 | $ 48,874,160.38 | $ 49,237,366.65 | $ 49,311,501.04 | $ 49,493,425.40 | $ 49,727,686.31 | $ 49,631.103.09 | $ 49,314,083.40 | $ 50,090,921.46 | |
| Interest Rate | | 2.86% | 2.86% | 2.86% | 2.86% | 2.86% | 2.86% | 2.86% | 2.86% | 2.86% | 2.86% | 2.86% | 2.86% | |
| Interest Income | | $ 98,284.00 | $ 103,500.00 | $ 109,187.00 | $ 113,578.00 | $ 116,483.00 | $ 117,349.00 | $ 117,526.00 | $ 117,959.00 | $ 118,518.00 | $ 118,287.00 | $ 117,532.00 | $ 119,383.00 | $ 1,367,586.00 |

**Appendix B**

Jersey Central Power & Light Company
RAC Minimum Filing Requirements

As part of the Company's annual RAC filing, the Company will provide responses to the following Minimum Filing Requirements ("MFRs"). The requests, unless noted otherwise, relate to the historical 12-month RAC period. The data shall be provided by February 15 of the calendar year following the historical 12-month RAC period.

1. The Company currently provides a vendor summary as Attachment D with its annual filing. This Attachment provides a summary of the expenditures incurred by vendor by site for the twelve-month RAC period. Hereafter, the Attachment will be supplemented with a general description of the services provided by each vendor. The data noting expenditures incurred through November are submitted to the Parties by December 31 of the filing period. The data are updated with the expenditures incurred through December and submitted to the Parties by January 31 of the year following the filing period.

2. Identify the three MGP sites with the highest level of expenditures during the prior RAC period. For each identified site, provide a copy of the latest work plan, remediation report, or major work product submitted to the NJDEP. The copies should include the narrative portion of the report or work plan but need not include the technical supporting workpapers, charts and tables.

3. For each of the same three MGP sites, provide all correspondence between the Company and the NJDEP concerning submissions for the site, reply comments, and other major items which have a material impact on remediation activities and associated costs incurred by the Company. The correspondence should span the twelve-months preceding December 31st of the most recent RAC period.

4. For each of the same three MGP sites, provide expense documentation for any contractor or supplier whose invoices for the RAC period exceed $250,000 in aggregate. The expense documentation should include descriptions of services rendered, applicable invoices, and any tracking of invoiced charges vs. budgets. The expense detail need not include expense reports or time sheets, but it should include supporting documentation for any subcontractor and third party expenses totaling $100,000 or more for the period.

5. For each of the same three MGP sites, provide a narrative description and organization chart for that site, showing the vendors and project control structure for the remediation effort. The response should show what entities supervise all significant contractors and subcontractors and which Company personnel are involved in site and remediation supervision and control.

6. Provide a detailed narrative describing Company activities and any reimbursements related to insurance claims or potentially responsible parties' liabilities for all of the Company's MGP sites. The narrative, with supporting documentation, should cover the prior RAC period. In addition, the Company will provide a listing of all insurance reimbursements received from each insurance company through the end of the year covered by the filing,

but need not disclose any insurance company's identity.

7. Provide copies of any RAC audit reports or related materials prepared by the Board's Audit Staff, FERC, or the Company's internal or external auditors during the previous twelve months. To the degree applicable, please also provide any materials prepared in response to the audits or in compliance with any audit findings.

8. Provide a narrative concerning all material events, whether related to NJDEP mandates or not, which could have an impact on the Company's ultimate MGP remediation liability, with claimed confidential information provided pursuant to a confidentiality agreement. The narrative should encompass all sites, whether or not active remediation efforts on the site are under way.

9. Provide schedules and supporting workpapers and documents, which show the reconciliation of the prior period RAC expenditures and recoveries as well as the derivation of the deferred tax credit and the interest accrual on any unamortized balances.

10. Provide the Company's bid evaluation studies, reports, workpapers or other material related to the two largest MGP remediation contracts awarded during the previous RAC period. The response should include the criteria utilized for bid evaluation and the comparisons between the terms and conditions offered by the competitive bidders.

11. Provide documentation relating to the two largest supplemental contract amendments authorized by the Company during the previous RAC period. The response should provide the contractor's request for supplemental funding, the reasons cited for the request, and the Company's evaluation and action taken concerning the request.

12. Provide documentation relating to any instances during the previous RAC period where the Company sought to modify, change, or eliminate the NJDEP site remediation requirements for any of its MGP sites. The response should provide copies of any such Company requests, the NJDEP responses, and the ultimate outcome concerning the requests.

13. Provide a calculation of the carrying costs that the Company seeks to recover in this filing, including workpapers and supporting documentation.

14. The Company currently provides a schedule that summarizes the expenditures incurred by major cost category by site on a quarterly basis. These data are, and will continue to be, reported as Attachment C with its annual filing.

15. For each of the Company's MGP sites, provide a schedule showing the status of the remediation effort and estimated dates for the completion of remaining milestones, along with a discussion of major remediation problems. The Parties understand that the timeframes to complete the remediation efforts are subject to a great deal of uncertainty due to factors beyond the Company's control.

16. Provide an update concerning the status of discussions with the NJDEP concerning its NRD initiative as well as any other NRD-related activities, with claimed confidential information provided pursuant to a confidentiality agreement. Such update will include information about NRD-related expenditures during the prior RAC period and related documentation, as well as total NRD-related expenses deferred to date.

17. Provide information about unreasonable delays in remediation efforts caused by the inability to obtain requisite approvals, clearances or other rights from the NJDEP, local authorities or property owners, or other circumstances that are unduly impeding remediation efforts. The Company will address issues that are outside of the ordinary experience for these matters.