



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

ENERGY

IN THE MATTER OF THE VERIFIED PETITION OF)
JERSEY CENTRAL POWER & LIGHT COMPANY)
FOR APPROVAL OF RATE ADJUSTMENTS)
PURSUANT TO THE JCP&L RELIABILITY PLUS)
INFRASTRUCTURE INVESTMENT PROGRAM)
(SEPTEMBER 2019 JCP&L RELIABILITY PLUS)
FILING))
DECISION AND ORDER
APPROVING STIPULATION

BPU DOCKET NO. ER19091238

Parties of Record:

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
James Meyer, Riker Danzig Scherer Hyland and Perretti LLP, on behalf of Jersey Central Power & Light Company

BY THE BOARD:

On September 16, 2019, Jersey Central Power & Light Company (“JCP&L” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) requesting authority to increase the Company’s rates related to the Board approved JCP&L Reliability Plus Infrastructure Investment Program (“Reliability Plus” or “Program”), which was approved by the Board in BPU Docket No. EO18070728. (“September 2019 Petition”). By this Order, the Board considers a stipulation of settlement (“Stipulation”) executed by JCP&L, Board Staff (“Staff”) and the New Jersey Division of Rate Counsel (“Rate Counsel”), (collectively, “Parties”) intended to resolve the Company’s requests related to the above docketed matter.

BACKGROUND

By Order dated May 8, 2019, the Board authorized JCP&L to implement Reliability Plus. The projects in the Program were intended to improve the Company’s safety, reliability and resiliency of its electric distribution system to the benefit of its customers.¹ The May 2019 Order authorized JCP&L to invest approximately \$97.01 million, plus Allowance for Funds Used During Construction over a 19 month period beginning June 1, 2019.

¹ In re the Matter of the Verified Petition of Jersey Central Power & Light Company for Approval of an Infrastructure Investment Program (JCP&L Reliability Plus), BPU Docket No. EO18070728 (May 8, 2019), (“May 2019 Order”).

The following is a breakdown of the approved categories with a breakdown of projects and investment levels included:

<u>Projects</u>	<u>\$ (dollars)</u>
Overhead Circuit Reliability and Resiliency Category	\$55,127,636
Substation Reliability Category	\$16,124,620
Distribution Automation Category	\$25,757,664
JCP&L Reliability Plus Total (rounded)	\$97.01 million

Additionally, as approved in the May 2019 Order, the Company must maintain an average baseline capital expenditure level of at least \$141 million.

SEPTEMBER 2019 PETITION

On September 16, 2019, JCP&L filed the September 2019 Petition requesting authority to increase the Company's rates in compliance with the May 2019 Order. In the September 2019 Petition, the proposed annual increase in revenue requirements was \$3,354,457 based upon the recovery of capital costs associated with the Program that were anticipated to be in service by November 30, 2019.

According to the September 2019 Petition, as of August 31, 2019, the cost for the project components, which have been completed and placed into service, was \$8,284,851 and the Company projects the cost for the project components that will be completed and placed into service totaled \$30,642,195. The Company provided an update of each of the approved projects in the three categories: (1) Overhead Circuit Reliability and Resiliency; (2) Substation Reliability; and (3) Distribution Automation.

On December 16, 2019, the Company provided an update on that status of the projects and investments through November 30, 2019 ("December Update"). According to the December Update, JCP&L spent \$32,764,964 on the project components mentioned above that were in service as of November 30, 2019. As a result of the December Update, the Company updated its proposed revenue requirement to \$3,518,287.

After publication of notice in newspapers of general circulation in the Company's service territory, public hearings were held on January 15, 2020 at 1:30 pm and 5:30 pm, in Freehold and Morristown, respectively. Several members of the public attended the hearings and spoke in support of the September 2019 Petition. Two (2) members of the public filed written comments with the Board – one objecting to the proposed rate increase because of constant rate increases, and the second cited concerns that the Program would not address the unreliable service and constant outages in his home.

Additional public hearings were held on February 11, 2020 at 1:30 pm and 5:30 pm, in Freehold and Morristown, respectively. No members of the public provided comments addressing this matter at either hearing.

STIPULATION

Throughout the course of the proceeding, the Parties engaged in discovery. Following the review of discovery and testimony, the Parties executed the Stipulation on February 12, 2020 resolving

all of the issues related to the September 2019 Petition. The Stipulation provides for the following:²

1. The Parties agree that the Board shall approve the rates provided in the Update to Schedule CP-2, which is attached to the Stipulation as Attachment 1. The Company shall file Rider RP, Original Tariff Sheet No. 62, which was provided in Update to Schedule CP-3 and is attached to the Stipulation as Attachment 2, and implement the rates set forth therein, which are the rates including Sales and Use Tax that are also set forth in Attachment 1 of the Stipulation.
2. The monthly impact of the proposed rates to the typical residential customer that uses 768 kWh per month is an increase of \$0.16 or approximately 0.16%.
3. Pursuant to the terms of the May 2019 Order, the Company shall implement the rates discussed in paragraph 1 of the Stipulation and set forth in Attachment 2 of the Stipulation effective March 1, 2020.
4. The rate adjustments, established herein, shall be provisional and subject to refund. The prudence of Program expenditures shall be determined in the Company's next base rate case. Nothing in the Stipulation will preclude any party from raising in the next rate base rate case any objection that could have been raised in the Program's cost recovery filings.

DISCUSSION AND FINDINGS

The Board carefully reviewed the record in this proceeding, including the September 2019 Petition, the December Update, and the attached Stipulation. The Board **HEREBY FINDS** the Stipulation to be reasonable and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as though fully set forth herein, subject to any terms and conditions set forth in this Order.

The Board **HEREBY AUTHORIZES** the Company to recover the rate adjustments reflected in the Stipulation, on a provisional basis, subject to refund with interest and review for prudence in a future JCP&L base rate case. As a result of the Stipulation, an average residential customer using 768 kilowatt-hours per month would see an increase in their monthly bill of \$0.16, or approximately 0.16%.

The Board **HEREBY ORDERS** JCP&L to file revised tariff sheets conforming to the terms of the Stipulation prior to March 1, 2020.

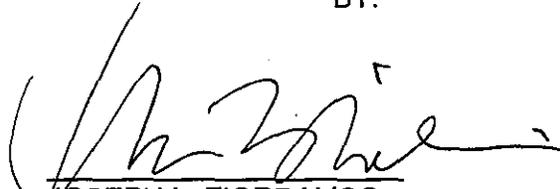
The Company's costs, including those related to the Program, will remain subject to audit by the Board. This Decision and Order shall not preclude, nor prohibit, the Board from taking any actions determined to be appropriate as a result of any such audit.

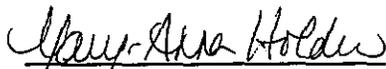
² Although described at some length in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusion in this Order. Paragraphs are numbered to coincide with the Stipulation.

The effective date of this Order is February 29, 2020.

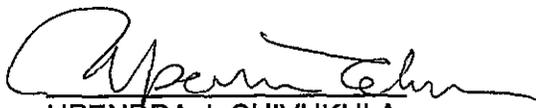
DATED: 2/19/20

BOARD OF PUBLIC UTILITIES
BY:

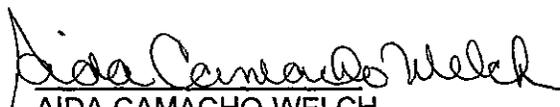

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COMMISSIONER


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 APPROVAL OF RATE ADJUSTMENTS PURSUANT TO THE JCP&L RELIABILITY PLUS
INFRASTRUCTURE INVESTMENT PROGRAM (SEPTEMBER 2019 JCP&L RELIABILITY PLUS RATE
FILING) - DOCKET NO. ER19091238

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February 12, 2020

Via FedEx

Hon. Aida Camacho-Welch
Secretary
Board of Public Utilities
44 South Clinton Avenue
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Re: I/M/O the Verified Petition of Jersey Central Power & Light Company for Approval of Rate Adjustments Pursuant to the JCP&L Reliability Plus Infrastructure Investment Program (September 2019 JCP&L Reliability Plus Rate Filing)
BPU Docket No. ER19091238

Dear Secretary Camacho-Welch:

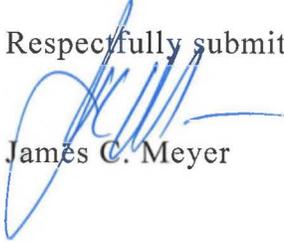
On behalf of the Petitioner, Jersey Central Power & Light (“JCP&L” or the “Company”), enclosed herewith for filing with the Board of Public Utilities (“Board”) in the above-captioned matter, please find an original and eleven copies of a Stipulation of Settlement executed by the parties. It is anticipated by the parties that this matter will be addressed at the February 19, 2020 Agenda Meeting.

Copies of the Stipulation are also being transmitted by e-mail to all persons named in the attached Service List for this proceeding and by mail to designees.

Kindly stamp the enclosed extra copy of the Stipulation as “filed” and return same to the undersigned in the enclosed self-addressed postage-paid return envelope.

Thank you for your courtesy and cooperation.

Respectfully submitted,


James C. Meyer

cc: Attached Service List
5112127v1

Service List [December 23, 2019]

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*Receives two hard copies of pleadings; #Only receives filed pleadings-no discovery; ▲ Receives one hard copy of discovery.

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5073805v1

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

In the Matter of the Verified Petition of **Jersey Central Power & Light Company** For Approval of Rate Adjustments Pursuant to the JCP&L Reliability Plus Infrastructure Investment Program (September 2019 JCP&L Reliability Plus Rate Filing) :
: BPU Docket No. ER19091238

STIPULATION OF SETTLEMENT

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

APPEARANCES:

James C. Meyer, Esq. and **Edward K. DeHope, Esq.**, (Riker Danzig Scherer Hyland & Perretti, LLP, attorneys), for the Petitioner, Jersey Central Power & Light Company

Lauren Lepkoski, Esq., FirstEnergy Service Company, for the Petitioner, Jersey Central Power & Light Company

Brian O. Lipman, Esq. (Litigation Manager), **Ami Morita, Esq.** (Managing Attorney), **James Glassen, Esq.** (Assistant Deputy Rate Counsel), **Maria Novas-Ruiz, Esq.**, (Assistant Deputy Rate Counsel), and **T. David Wand, Esq.**, (Assistant Deputy Rate Counsel), Division of Rate Counsel (**Stefanie A. Brand, Esq.**, Director)

Matko Ilic, 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 (“Stipulation” or “Settlement”) is made as of February 12, 2020 by and among the Petitioner, Jersey Central Power & Light Company (“JCP&L” or the “Company”), the New Jersey Division of Rate Counsel (“Rate Counsel”), and the Staff of the New Jersey Board of Public Utilities (“Staff”), the only parties to this proceeding (collectively the “Parties”). On September 16, 2019, the Company filed a Petition (“September 2019 Petition”) with the Board seeking approval of rate adjustments to provide for recovery of costs

associated with the JCP&L Infrastructure Investment Program (“JCP&L Reliability Plus” or the “Program”) incurred through and including November 30, 2019.

The September 2019 Petition sought approval for rate changes to provide for cost recovery associated with the JCP&L Reliability Plus. The Board approved JCP&L Reliability Plus in its Order dated May 8, 2019, in BPU Docket No. EO18070728 (“JCP&L Reliability Plus Order”). The Board’s JCP&L Reliability Plus Order adopted a stipulation (“April 2019 Stipulation”) that authorized the request for rate increases in the September 2019 Petition. Paragraph 30 of the April 2019 Stipulation established that revenue requirements associated with Program investments that are placed into service through and including November 30, 2019, would go into rates effective on or before March 1, 2020. The Stipulation provided a schedule for the initial filing for such rates by September 15, 2019, and the update for actual data through November 30, 2019 by December 15, 2019.¹

JCP&L’s September 2019 Petition sought authority to establish rates to recover an annualized increase in electric revenue requirement of approximately \$3.4 million. The proposed revenue requirement increase is associated with JCP&L Reliability Plus investment costs. The annualized increase in revenue requirement was supported by Attachment 2, Schedule CP-1 attached to the September 2019 Petition, which was based upon actual expenditures in-service through August 31, 2019 and a forecast through November 30, 2019.

Notice of the Company’s Petition, including the date, time and place of public hearings, was placed in newspapers having a circulation with the Company’s electric service territory. In accordance with that notice, two public hearings were held on January 15, 2020, one in Freehold Township, New Jersey, and one in Morristown, New Jersey. Seven individuals provided

¹ September 15, 2019 and December 15, 2019 are Sundays, such that the initial filing and update for actuals were due by September 16, 2019 and December 16, 2019, respectively.

comments at the public hearings in support of the filing. In addition, two (2) members of the public filed written comments with the Board – one objecting to the proposed rate increase, and the second citing concerns that the Program would not address his service concerns. A second notice of the Company’s Petition, including the date, time and place of public hearings, was placed in newspapers having a circulation with the Company’s electric service territory, and was served on the Clerks of the municipalities, the Clerks of the Board of Chosen Freeholders, and the County Executives within the Company’s electric service territories. In accordance with that notice, two public hearings were held on February 11, 2020, one in Freehold Township, New Jersey, and one in Morristown, New Jersey. No members of the public attended the February 11, 2020 public hearings.

On December 16, 2019, the Company provided updated schedules in this matter (the “Update”), which replaced the projected data in the original schedules with actual data through November 30, 2019, reflecting the updated annualized increase to electric revenue requirements associated with JCP&L Reliability Plus investment costs. As a result of the Update, the Company’s proposed revenue requirement increased from \$3,354,457 to \$3,518,287.

Upon review of the September 2019 Petition, updates thereto, and responses to discovery, the Parties HEREBY STIPULATE AND AGREE AS FOLLOWS:

1. The Parties agree that the Board shall approve the rates provided in the Update to Schedule CP-2, which is attached hereto as Attachment 1. The Company shall file Rider RP, Original Tariff Sheet No. 62, which was provided in the Update to Schedule CP-3 and is attached hereto as Attachment 2, and implement the rates set forth therein, which are the rates including Sales and Use Tax that are also set forth in Attachment 1.

2. The monthly impact of the proposed rates to the typical residential customer that uses 768 kWh per month is an increase of \$0.16 or approximately 0.16%.

3. Pursuant to the terms of the JCP&L Reliability Plus Order, the Company shall implement the rates discussed in paragraph 1 and set forth in Attachment 2 effective March 1, 2020.

4. The rate adjustments, established herein, shall be provisional and subject to refund. The prudence of Program expenditures shall be determined in the Company's next base rate case. Nothing herein will preclude any party from raising in the next rate base rate case any objection that could have been raised in the Program's cost recovery filings.

5. This Stipulation represents a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by the Board, any party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. More particularly, in the event that this Stipulation is not adopted in its entirety by the Board in any applicable Order, then any Party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation has not been signed.

6. The Parties agree that they consider the Stipulation to be binding on them for all purposes herein.

7. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceedings. Except as expressly provided herein, the Company, Board Staff and Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or

supposed to underlie any agreement provided herein, in total or by specific item. The Parties further agree that this Stipulation is in no way binding on them in any other proceeding, except to enforce the terms of this Stipulation.

8. 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.

WHEREFORE, the Parties 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, and without modification, in accordance with the terms hereof.

JERSEY CENTRAL POWER & LIGHT COMPANY

By: 

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Assistant Deputy Rate Counsel

RP Rate Derivation and Proof of Revenues

Proposed Rider RP for Recovery Period March 1, 2020 through March 31, 2021

RP Revenue Requirement - Monthly \$293,191
 RP Revenue Requirement for 12 Months \$3,518,287

RP Allocation (1)

	TOTAL	RS	RT/RGT	GS	GST	GP	GT	LTG
Non Customer-related Distribution Revenues	\$ 517,256,161	\$ 262,598,194	\$ 6,378,234	\$ 182,242,425	\$ 13,118,862	\$ 28,404,688	\$ 18,787,113	\$ 5,726,645
% of Non Customer-related Revenues	100.0%	50.8%	1.2%	35.2%	2.5%	5.5%	3.6%	1.1%
RP Revenue Requirements Allocation	\$3,518,287	\$1,786,148	\$43,384	\$1,239,581	\$89,232	\$193,204	\$127,787	\$38,952
<u>Projected 12 Months Units for Recovery (2)</u>								
Total kWh		9,022,591,875	209,942,318	6,639,525,853				
Total kW					1,340,685	3,871,593	4,746,861	
Total # of Fixture								2,544,109
RP Rate (\$/kWh)		\$0.000198	\$0.000207	\$0.000187				
RP Rate (\$/kWh with SUT)		\$0.000211	\$0.000221	\$0.000199				
RP Rate (\$/kW)					\$0.07	\$0.05	\$0.03	
RP Rate (\$/kW with SUT)					\$0.07	\$0.05	\$0.03	
RP Rate (\$/Fixture)								\$0.02
RP Rate (\$/Fixture with SUT)								\$0.02

Proof of Revenues

RP Revenue Recovered through RP Rates	\$3,552,238	\$1,786,473	\$43,458	\$1,241,591	\$93,848	\$193,580	\$142,406	\$50,882
Difference from RP Revenue Requirements	\$33,951	\$326	\$74	\$2,010	\$4,616	\$376	\$14,619	\$11,931
\$/kWh, \$/kW or \$/Fixture		\$0.0000000	\$0.0000004	\$0.0000003	\$0.003	\$0.000	\$0.003	\$0.005

Note:

(1) Based on Distribution Revenue (excluding Customer Charge/Fixture Charge) per JCP&L "2016 Base Rate Filing" in Docket No. ER16040383 Order dated December 12, 2016

(2) Forecast From March 2020 to February 2021

JERSEY CENTRAL POWER & LIGHT COMPANY

BPU No. 12 ELECTRIC - PART III

Original Sheet No. 62

Rider RP JCP&L Reliability Plus Charge

APPLICABILITY: Rider RP provides for full and timely recovery of revenue requirements associated with reliability infrastructure investment projects subject to the Infrastructure Investment and Recovery regulations pursuant to N.J.A.C. 14:3-2A.1 et seq. and as approved by the BPU Order dated May 8, 2019 in Docket No. EO18070728.

The JCP&L Reliability Plus (RP) Charge is applicable to Service Classifications RS (Residential Service), RT (Residential Time-of-Day), RGT (Residential Geothermal & Heat Pump), GS (General Service Secondary), GST (General Service Secondary Time-of-Day), GP (General Service Primary), GT (General Service Transmission), OL (Outdoor Lighting), SVL (Sodium Vapor Street Lighting), MVL (Mercury Vapor Street Lighting), ISL (Incandescent Street Lighting) and LED (LED Street Lighting) and for all usage (KWH, KW or per Fixture) of any Full Service Customer or Delivery Service Customer, as follows:

<u>Service Classification</u>	<u>RP Charge (Including SUT)</u>	
RS	\$0.000211	per KWH
RT/RGT	\$0.000221	per KWH
GS	\$0.000199	per KWH
GST	\$0.07	per KW
GP	\$0.05	per KW
GT	\$0.03	per KW
Lighting (OL, SVL, MVL, SVL and LED)	\$0.02	per Fixture

The Company will make periodic filings to reset the RP Charges. The initial recovery period will include actual capital investments with in-service dates between June 1, 2019 and November 30, 2019 and will be filed no later than September 15, 2019 with an effective date on or before March 1, 2020. All subsequent filings will adhere to the Company's recovery periods as approved in the above referenced BPU Order and in accordance with N.J.A.C. 14:3-2A.1 et seq.

 Issued:

Effective:

Filed pursuant to Order of Board of Public Utilities
Docket No. dated

Issued by James V. Fakult, President
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