



Agenda Date: 1/21/15
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)
CONSTITUTING ITS ANNUAL FILING WITH RESPECT)
TO THE NON-UTILITY GENERATION CHARGE)
CLAUSE OF ITS FILED TARIFF ("2011 NGC FILING"))

DECISION AND ORDER
APPROVING SETTLEMENT
AND STIPULATION FOR
PROVISIONAL RATES

IN THE MATTER OF THE VERIFIED PETITION OF)
JERSEY CENTRAL POWER AND LIGHT COMPANY)
CONSTITUTING ITS ANNUAL FILINGS WITH)
RESPECT TO THE NON-UTILITY GENERATION)
CHARGE CLAUSE OF ITS FILED TARIFF ("2012/2013)
NGC FILING"))

DOCKET NO. ER14101262

DOCKET NO. ER12080757

Parties of Record:

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
Gregory Eisenstark, Esq. Windels Marx Lane & Mittendorf, LLP, on behalf of Jersey Central Power & Light Company

BY THE BOARD¹:

This Order addresses a stipulation executed on January 13, 2015, by Jersey Central Power and Light Company ("JCP&L" or "Company"), the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") (collectively, "Parties") agreeing, among other things, to implement a \$19.29 million increase in JCP&L's annual Non-Utility Generation charge ("NGC") revenues.

On August 15, 2012, JCP&L filed a petition with the New Jersey Board of Public Utilities ("Board") ("2011 NGC Filing") seeking review and approval of the amounts included in the Company's NGC deferred balance, which primarily relate to amounts paid by the Company under Board-approved contracts with non-utility generators ("NUGs"), to the extent accumulated

¹ Commissioner Upendra J. Chivukula recused himself due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter.

from January 1, 2011 through December 31, 2011. JCP&L was not proposing to change the current level of its NGC which includes a non-securitized factor of the NGC which was set as a credit of \$.001149 per kWh in a stipulation to resolve the 2010 NGC filing, and was approved by the Board on February 10, 2012² ("February 2012 Order"). The securitized portion of the NGC rate was also not changing in the 2011 NGC Filing. The 2011 NCG Filing continued to show an over recovery in the amount of \$110.6 million.

On October 31, 2014, JCP&L filed a petition with the Board ("2012/2013 NGC Filing") seeking review and approval of the amounts included in the Company's NGC deferred balance, which primarily relate to amounts paid by the Company under Board-approved contracts with NUGs, to the extent accumulated during two periods: from January 1, 2012 through December 31, 2012, and from January 1, 2013 through December 31, 2014. In the filing the Company projected that, at present rates, the net NGC deferred balance at December 2014 will be an under-recovery of \$19.29 million, after the application of carrying costs of \$11.43 million. JCP&L is proposing to change the current level of its NGC which currently includes a non-securitized component of the NGC set as a credit of \$.001149 per kWh pursuant to the February 2012 Order. JCP&L is seeking approval to set its non-securitized NGC factor to \$.000205 per kWh, effective January 2015. The Company is not proposing any change to the securitized NGC factor. Therefore, the new composite NGC factor will be \$.003750 excluding SUT, resulting in an increase in the revenues collected through the NGC rate of \$19.29 million annually.

On December 10, 2014, public hearings on the 2012/2013 NGC filing were held in Morristown, New Jersey and Freehold, New Jersey. No members of the public appeared at the public hearings.

As described above, the Parties exchanged discovery and engaged in a number of meetings and discussions to review outstanding issues and explore settlement in the 2011 NGC Filing. In the interim, the Company filed the 2012/2013 NGC Filing. As a result of additional discussions, the Parties signed a stipulation ("Stipulation") whose key terms are described below.

THE PROPOSED STIPULATION

The Stipulation provides for the following:

Stipulation Regarding the 2011 NGC Filing

The Parties agree as follows:

² In the Matter of the Verified Petition of Jersey Central Power & Light Company Constituting Its Annual Filing With Respect to the Non-Utility Generation Charge Clause of Its Filed Tariff ("2010 NGC Filing") BPU Docket No. ER11040224; In the Matter of the Verified Petition of Jersey Central Power & Light Company Constituting Its Annual Filing With Respect to the Non-Utility Generation Charge Clause of Its Filed Tariff ("2009 NGC Filing") BPU Docket No. ER10070493; In the Matter of the Verified Petition of Jersey Central Power & Light Company Constituting Its Annual Filing With Respect to the Non-Utility Generation Charge Clause of Its Filed Tariff ("2008 NGC Filing") BPU Docket No. ER09040316; In the Matter of the Verified Petition of Jersey Central Power & Light Company Constituting Its Annual Filing With Respect to the Non-Utility Generation Charge Clause of Its Filed Tariff ("2007 NGC Filing") BPU Docket No. ER07120967 February 10, 2012.

1. As set forth in greater detail in the Attachments to the 2011 NGC Filing, the Parties agree that the Company's ending deferred NGC balance at December 31, 2011 was an over-recovery of \$109.1 million, after the application of carrying costs of \$16 million and the \$1,487,900 net loss on the sale of Forked River.
2. The Parties agree and stipulate that the deferred amounts included in the Company's NGC deferred balance, to the extent accumulated from January 1, 2011 through December 31, 2011, are reasonable, prudently-incurred, and appropriate for recovery through rates.
3. To the extent not otherwise recovered in rates, JCP&L shall also be authorized to continue to defer (i) all additional reasonable and prudent amounts paid to NUGs under Board-approved agreements, (ii) the reasonable and prudent all-in costs associated with JCP&L's interest in the Yards Creek pumped storage generating facility ("Yards Creek") and (iii) other reasonable and prudent costs previously approved by the Board for recovery through the NGC, net of related revenues received from the sale of NUG and Yards Creek output into the PJM market, incurred and deferred subsequent to December 31, 2011, together with accrued interest thereon, for review and inclusion in future annual NGC filings and recovery through related adjustments to the Company's Rider NGC, subject to the Board's review and approval.
4. Interest on the net-of-tax overall NGC deferred balance shall continue to accrue at an annual rate of 5.6%, until changed by a future Board Order. The annual compounding date is to January 1 of each year.
5. To the extent not covered by other filings with the Board, the Company will continue to make annual filings with the Board, with notice to Rate Counsel, with respect to its NGC. The NGC rate shall be adjusted if, in a future proceeding, it is determined, based on a comprehensive review, including, without limitation, an opportunity for full discovery and evidentiary hearings, that an adjustment is necessary and appropriate at the time, taking into account, among other things, the current and the anticipated level of JCP&L's NGC deferred balance. The Company will also continue to submit monthly deferred balance reports to Staff and Rate Counsel, and will include in the transmittal letter/email that accompanies those reports a statement as to the deferred MTC/NGC deferred balance, including accrued carrying costs, as of the end of the last month covered by the report. However, all rates remain subject to audit by the Board.
6. The Parties agree that upon the effective date of the Board's written Order approving this Stipulation, the 2011 NGC Filing shall all be deemed closed and fully resolved.

Stipulation Regarding Provisional Rates in the 2012-2013 NGC Filing

The Parties agree as follows:

14. The Parties also agree that, in light of the current rate credit in effect and the under-recovered balance in the Company's NGC deferred balance, it is appropriate for the Board to approve the implementation of provisional NGC rates at this time.

15. The Parties agree that, upon a Board Order approving this Stipulation, JCP&L's Rider NGC rates shall be increased on a provisional basis as follows:

The non-securitized portion of JCP&L's NGC shall be increased to a rate of \$0.000205 per kWh, excluding Sales and Use Tax ("SUT"). The securitized portion of the NGC rate will remain at \$0.003545, excluding SUT. Therefore, the new composite NGC factor will be \$0.003750 excluding SUT.

16. The Parties understand that, upon Board approval, JCP&L will implement these rate changes on a provisional basis, subject to an opportunity for a comprehensive and full review of 2012-2013 NGC Filing, including, without limitation, an opportunity for full discovery and evidentiary hearings. The rates set forth in this Stipulation shall be provisional until the Board issues a subsequent Order approving final rates in this matter.

DISCUSSION AND FINDINGS

The Board, having reviewed the attached Stipulation and the record in this proceeding, **FINDS** that the settlement resolving the 2011 NGC Filing and setting provisional rates in the 2012/2013 NGC Filing, is reasonable, is in the public interest and is in accordance with the law. With regard to the 2011 NGC Filing, the Board **FINDS** that the costs have been fully reviewed and found to be prudent and reasonable. With regard to the 2012/2013 NGC Filing, the Board **FURTHER FINDS** that the Stipulation is in the best interests of JCP&L's ratepayers to adjust the NGC rates on a provisional basis given the non-securitized factor of the NGC is currently a credit and the over-recovery is now expected to become an under-recovery of \$19.29 million as of December 31, 2014 if this credit were to continue. This increase will assist in alleviating the impact that continuing a rate credit would impose on what appears to be an already under-recovered NGC deferred balance. The Board is **SATISFIED** that under the stipulation the parties' rights are sufficiently preserved to conduct a complete and thorough review of the filing. Therefore, the Board **HEREBY APPROVES** the attached Stipulation and incorporates its provisions as if fully stated in this Order.

Typical residential customers using 500 kWh monthly will experience a \$.50 per month, or about .7% increase in their bills. On an annual basis this would equate to an approximate \$6 increase to typical residential customers' bills.

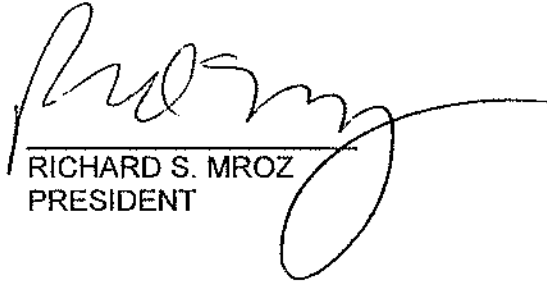
The Board **HEREBY DIRECTS** the Company to file within ten (10) days of the effective date of this Order, the appropriate revised tariff sheets consistent with the terms of this Order.

The Company's NGC costs remain subject to audit by the Board. This Decision and Order shall not preclude or prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

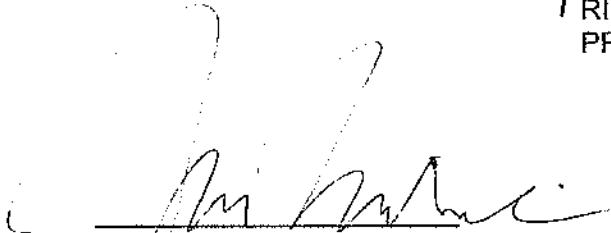
The effective date of this Order is February 2, 2015.

DATED: 1/21/15

BOARD OF PUBLIC UTILITIES
BY:



RICHARD S. MROZ
PRESIDENT



JOSEPH L. FIORDALISO
COMMISSIONER

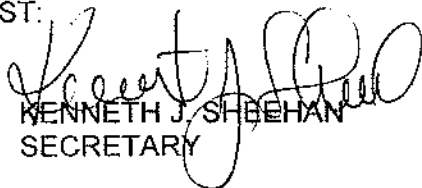


MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER

ATTEST:



KENNETH J. SHEEHAN
SECRETARY

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



IN THE MATTER OF THE VERIFIED PETITION OF JERSEY CENTRAL POWER AND LIGHT
COMPANY CONSTITUTING ITS ANNUAL FILING WITH RESPECT TO THE NON-UTILITY
GENERATION CHARGE CLAUSE OF ITS FILED TARIFF ("2011 NGC FILING")
DOCKET NO. ER12080757

IN THE MATTER OF THE VERIFIED PETITION OF JERSEY CENTRAL POWER AND LIGHT
COMPANY CONSTITUTING ITS ANNUAL FILINGS WITH RESPECT TO THE NON-UTILITY
GENERATION CHARGE CLAUSE OF ITS FILED TARIFF ("2012/2013 NGC FILING")
DOCKET NO. ER14101262

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Carmen is following up. 1/14/15)

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

In the Matter of the Verified Petition of **Jersey
Central Power & Light Company** Constituting
Its Annual Filing With Respect to the Non-Utility
Generation Charge Clause of Its Filed Tariff ("**2011
NGC Filing**")

and

In the Matter of the Verified Petition of **Jersey
Central Power & Light Company** Constituting Its
Annual Filings With Respect to the Non-Utility
Generation Charge Clause of Its Filed Tariff
("**2012/2013 NGC Filing**")

**STIPULATION
OF
SETTLEMENT**

BPU Docket No. ER12080757

**STIPULATION
FOR
PROVISIONAL RATES**

BPU Docket No. ER14101262

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

APPEARANCES:

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

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

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

This Stipulation of Settlement and Stipulation for Provisional Rates (collectively,
the "Stipulation") is hereby made and executed as of the ____ day of January, 2015, by and
among the Petitioner, Jersey Central Power & Light Company ("JCP&L" or the "Company"), the
Staff of the Board of Public Utilities ("Staff") and the New Jersey Division of Rate Counsel
("Rate Counsel") (collectively, the "Parties").

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

Background with Respect to the 2011 NGC Filing

On August 15, 2012, JCP&L filed with the Board a Verified Petition, including supporting schedules, under Docket No. ERI2080757 ("2011 NGC Filing"), seeking review and approval of the deferred amounts included in the Company's Non-Utility Generation Charge ("NGC") deferred balance, which primarily relate to amounts paid by the Company under Board-approved contracts with non-utility generators ("NUGs"), to the extent accumulated from January 1, 2011 through December 31, 2011. JCP&L did not propose any change to its NGC rate. Following the filing of the Verified Petition, the Parties engaged in discovery and exchanged additional information during informal discussions and meetings.

Stipulation Regarding the 2011 NGC Filing

The undersigned Parties DO HEREBY STIPULATE AND AGREE as follows:

1. As set forth in greater detail in the Attachments to the 2011 NGC Filing, the Parties agree that the Company's ending deferred NGC balance at December 31, 2011 was an over-recovery of \$109.1 million, after the application of carrying costs of \$16 million and the \$1,487,900 net loss on the sale of Forked River.

2. The Parties agree and stipulate that the deferred amounts included in the Company's NGC deferred balance, to the extent accumulated from January 1, 2011 through December 31, 2011, are reasonable, prudently-incurred, and appropriate for recovery through rates.

3. To the extent not otherwise recovered in rates, JCP&L shall also be authorized to continue to defer (i) all additional reasonable and prudent amounts paid to NUGs under Board-

approved agreements, (ii) the reasonable and prudent all-in costs associated with JCP&L's interest in the Yards Creek pumped storage generating facility ("Yards Creek") and (iii) other reasonable and prudent costs previously approved by the Board for recovery through the NGC, net of related revenues received from the sale of NUG and Yards Creek output into the PJM market, incurred and deferred subsequent to December 31, 2011, together with accrued interest thereon, for review and inclusion in future annual NGC filings and recovery through related adjustments to the Company's Rider NGC, subject to the Board's review and approval.

4. Interest on the net-of-tax overall NGC deferred balance shall continue to accrue at an annual rate of 5.6%, until changed by a future Board Order. The annual compounding date is to January 1 of each year.

5. To the extent not covered by other filings with the Board, the Company will continue to make annual filings with the Board, with notice to Rate Counsel, with respect to its NGC. The NGC rate shall be adjusted if, in a future proceeding, it is determined, based on a comprehensive review, including, without limitation, an opportunity for full discovery and evidentiary hearings, that an adjustment is necessary and appropriate at the time, taking into account, among other things, the current and the anticipated level of JCP&L's NGC deferred balance. The Company will also continue to submit monthly deferred balance reports to Staff and Rate Counsel, and will include in the transmittal letter/email that accompanies those reports a statement as to the deferred MTC/NGC deferred balance, including accrued carrying costs, as of the end of the last month covered by the report. However, all rates remain subject to audit by the Board.

6. The Parties agree that upon the effective date of the Board's written Order approving this Stipulation, the 2011 NGC Filing shall all be deemed closed and fully resolved.

Background with Respect to the 2012/2013 NGC Filing

7. On October 31, 2014, JCP&L filed with the Board a Verified Petition, including supporting schedules, under Docket No. ER14101262 ("2012/2013 NGC Filing"), seeking review and approval of the deferred amounts included in the Company's Non-Utility Generation Charge ("NGC") deferred balance, which primarily relate to amounts paid by the Company under Board-approved contracts with non-utility generators ("NUGs"), to the extent accumulated from January 1, 2012 through December 31, 2012 (the "2012 NGC Period") and from January 1, 2013 through December 31, 2013 (the "2013 NGC Period"). In the Verified Petition, JCP&L proposed to increase the non-securitized portion of the NGC rate factor from the current level -- a credit of \$0.001149 per kWh -- to \$0.000205 per kWh (excluding Sales and Use Tax or "SUT"). The proposed increase in the NGC rate would result in an increase in revenues of approximately \$19.29 million on an annual basis. The impact of the proposed increase on a residential customer using 500 kWh per month would be an increase of approximately 0.7%, or \$0.50 per month.

8. As set forth in greater detail in the Attachments to the 2012/2013 NGC Filing, the net NGC deferred balance at December 31, 2012 amounted to an over-recovery of \$64.20 million, after the application of carrying costs of \$12.76 million.

9. As set forth in greater detail in the Attachments to the 2012/2013 NGC Filing, the net NGC deferred balance at December 31, 2013 amounted to an over-recovery of \$14.67 million, after the application of carrying costs of \$11.57 million.

10. As of November 30, 2014, the Company's actual net NGC deferred balance was an under-recovery of \$14.17 million, after the application of carrying costs of \$11.38 million. See Attachment A to this Stipulation.

11. As set forth in greater detail in the Attachments to the 2012/2013 NGC Filing, the Company projects that, at present rates, the net NGC deferred balance at December 31, 2014 will be an under-recovery of \$19.29 million, after the application of carrying costs of \$11.43 million.

12. On December 10, 2014, public hearings on the 2012/2013 NGC filing were held in Morristown, New Jersey and Freehold, New Jersey. No members of the public appeared at the public hearings.

13. Following the filing of the Verified Petition, the Parties engaged in informal discussions and meetings.

Stipulation Regarding Provisional Rates in the 2012-2013 NGC Filing

The undersigned Parties DO HEREBY STIPULATE AND AGREE as follows:

14. The Parties also agree that, in light of the current rate credit in effect and the under-recovered balance in the Company's NGC deferred balance, it is appropriate for the Board to approve the implementation of provisional NGC rates at this time.

15. The Parties agree that, upon a Board Order approving this Stipulation, JCP&L's Rider NGC rates shall be increased on a provisional basis as follows:

The non-securitized portion of JCP&L's NGC shall be increased to a rate of \$0.000205 per kWh, excluding Sales and Use Tax ("SUT"). The securitized portion of the NGC rate will remain at \$0.003545, excluding SUT. Therefore, the new composite NGC factor will be \$0.003750 excluding SUT.

16. The Parties understand that, upon Board approval, JCP&L will implement these rate changes on a provisional basis, subject to an opportunity for a comprehensive and full review of the 2012-2013 NGC Filing, including, without limitation, an opportunity for full

discovery and evidentiary hearings. The rates set forth in this Stipulation shall be provisional until the Board issues a subsequent Order approving final rates in this matter.

Conclusion

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

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

19. 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.

20. 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.

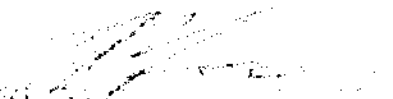
WHEREFORE, the Parties hereto have duly executed and do respectfully submit this Stipulation to the Board, and recommend that the Board issue an Order adopting and approving this Stipulation in its entirety in accordance with the terms hereof.

Jersey Central Power & Light Company

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

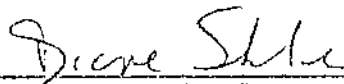
Dated: Jan 1, 2015

John J. Hoffman
Acting Attorney General of New Jersey
Attorney for
Staff of the Board of Public Utilities

By: 
Alex Mercau
Deputy Attorney General

Dated: January 13, 2015

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

By: 
Diane Schulze, Esq.
Assistant Deputy Rate Counsel

Dated: 1-14-15