



Agenda Date: 5/31/17
Agenda Item: 2E

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

ENERGY

IN THE MATTER OF THE VERIFIED PETITION OF)
JERSEY CENTRAL POWER AND LIGHT)
COMPANY CONSTITUTING ITS ANNUAL FILING)
WITH RESPECT TO THE NON-UTILITY)
GENERATION CHARGE CLAUSE OF ITS FILED)
TARIFF ("2016 NGC FILING")) DOCKET NO. ER17030306

Parties of Record:

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

BY THE BOARD:

On March 28, 2017, Jersey Central Power and Light Company ("JCP&L" or the "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") seeking review and approval of the amounts included in the Company's Non-Utility Generation Charge ("NGC") deferred balance, which among other things, relate to the amounts paid by the Company under Board-approved contracts with non-utility generators ("NUGs"), for the period January 1, 2016 through December 31, 2016. ("March 2017 Petition") By this Decision and Order, the Board considers a stipulation for provisional rates ("Stipulation") executed by JCP&L, Board Staff, and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, the "Parties"), requesting that the Board approve a decrease in the NGC on a provisional basis, subject to refund.

BACKGROUND AND PROCEDURAL HISTORY

As a result of the Board's Final Decision and Order, issued in Docket Nos. EO97070458, EO97070459, and EO97070460 ("Restructuring Order"),¹ the Company implemented unbundled rates that included a new tariff rider entitled the "Market Transition Charge," which was renamed

¹ In re Jersey Central Power and Light Company d/b/a GPU Energy – Rate Unbundling, Stranded Cost and Restructuring Filings, BPU Docket Nos. EO97070458, EO97070459, and EO97070460 (Final Decision and Order dated March 7, 2001.)

the NGC effective September 1, 2004. The NGC is designed to recover, among other things, the portion of the costs of power purchases from non-utility generators that has been deferred on JCP&L's books to the extent it was unable to recover them in full under its regulated rates and market sales.

Other specific deferred costs included Oyster Creek stranded costs, carrying costs, various transaction fees, including professional fees incurred in contract restructurings, and operating losses for the Forked River generating plant.

MARCH 2017 PETITION

On March 28, 2017, JCP&L filed the March 2017 Petition with the Board seeking review and approval of the amounts included in the Company's NGC deferred balance to the extent accumulated between January 1, 2016 through December 31, 2016. In the March 2017 Petition, the Company projected that, at present rates, the net NGC deferred balance at December 31, 2017 would be an over-recovery of \$30,836,421, after the application of over-recovered carrying costs of \$272,110. The Company proposed to decrease the composite Market Transition Charge/NGC ("MTC/NGC") factor from the current level of \$0.005012 per kWh (excluding Sales and Use Tax ("SUT")) to \$0.001527 per kWh (excluding SUT). The proposed decrease in the composite MTC/NGC factor of \$0.003485 per kWh (excluding SUT) would result in a decrease of \$69.41 million per year in NGC revenues.

STIPULATION

On May 11, 2017, the Parties entered into a stipulation for a provisional composite MTC/NGC rate. The Stipulation provides for the following:²

5. The Parties agree that, in light of the current and projected over-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.
6. The Parties agree that, upon a Board Order approving the attached Stipulation, JCP&L's Rider NGC rates shall be decreased on a provisional basis as follows:

The composite MTC/NGC factor shall be decreased from the current level of \$0.005012 per kWh (excluding SUT) to \$0.001527 per kWh (excluding SUT) effective June 10, 2017. In addition to the unsecuritized portion of the NGC, the revised composite MTC/NGC factor shall include: (1) the reduction of the OC-TBC and OC-MTC-Tax associated with the Oyster Creek to zero, which will be effective as of May 7, 2017 as provided in its final true-up letter (year 15) dated February 28, 2017; and (2) the increase in the DB-TBC and DB-MTC-Tax associated with the

² Although described in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions contained in this Order.

securitization of Deferred BGS Transition Costs to \$0.000943 per kWh (excluding SUT) and \$0.000509 per kWh (excluding SUT), respectively, which will be effective as of June 1, 2017 as provided in its annual true-up letter (year 12) dated March 16, 2017.

7. The total revenue decrease associated with the decrease in the composite MTC/NGC factor will be approximately \$69.41 million on an annual basis.
8. The Parties understand that, upon Board approval, JCP&L will implement this rate change on a provisional basis, subject to an opportunity for a comprehensive and full review of the 2016 NGC Filing, including, without limitation, an opportunity for full discovery and evidentiary hearings. The composite MTC/NGC factor set forth in the attached Stipulation shall be provisional until the Board issues a subsequent Order approving final rates in this matter.

DISCUSSION AND FINDING

The Board has carefully reviewed the record to date in this proceeding, including the petition and the attached Stipulation, which allows the Company to recover costs on a provisional basis. The Board **FINDS** that the Stipulation is reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein.

The Board **HEREBY APPROVES**, on a provisional basis, subject to refund with interest on any net NGC over-recovered balance, a decrease in the composite MTC/NGC factor from the current level of \$0.005012 per kWh (excluding SUT) to \$0.001527 per kWh (excluding SUT). These changes shall become effective for service rendered on or after June 10, 2017. For an average JCP&L residential customer using approximately 768 kWh per month, this change would represent a decrease of \$2.90 or approximately 2.5%.

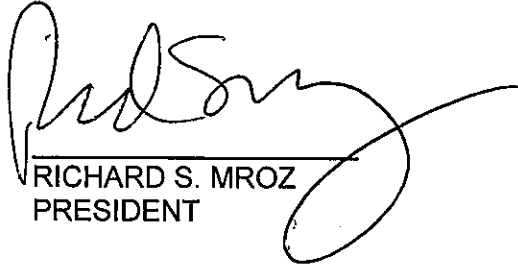
The Board **HEREBY DIRECTS** the Company to file the appropriate revised tariff sheets conforming to the terms of this Order by June 10, 2017.

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

The effective date of this Order is June 5, 2017.

DATED: 5/31/17

BOARD OF PUBLIC UTILITIES
BY:



RICHARD S. MROZ
PRESIDENT



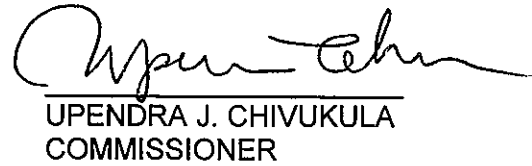
JOSEPH L. FIORDALISO
COMMISSIONER



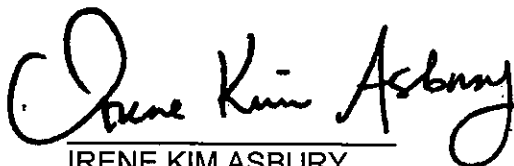
MARY-ANNA HOLDEN
COMMISSIONER



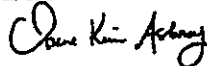
DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 
IRENE KIM ASBURY
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 CONSTITUTING ITS ANNUAL FILING WITH RESPECT TO THE NON-UTILITY
GENERATION CHARGE CLAUSE OF ITS FILED TARIFF ("2016 NGC FILING")
DOCKET NO. ER17030306

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May 12, 2017

Irene K. Asbury, Secretary
Board of Public Utilities
44 South Clinton Avenue, 3rd Fl., Ste. 314
P.O. Box 350
Trenton, NJ 08625

Re: 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 ("**2016 NGC Filing**")
BPU Docket No. ER17030306

Dear Secretary Asbury:

Enclosed herewith for filing with the Board of Public Utilities are the original and 11 copies of a Stipulation for Provisional Rates ("Stipulation") in the above-referenced matter. The Stipulation has been executed by all parties to this matter.

Your anticipated courtesies and cooperation are deeply appreciated.

Respectfully submitted,



Gregory Eisenstark

Enclosure

cc: Service List (w/enclosure – by Hand Delivery, UPS or regular mail)

**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 ("NGC") of Its Filed Tariff
"2016 NGC Filing"**

BPU Docket No. ER17030306

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**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 (“NGC”) of Its Filed Tariff
“2016 NGC Filing”
BPU Docket No. ER17030306**

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Background

1. On March 28, 2017, JCP&L filed with the Board a Verified Petition, including supporting schedules, under Docket No. ER17030306 ("2016 NGC Filing"), seeking review and approval of the deferred amounts included in the Company's Non-Utility Generation Charge ("NGC") deferred balance, which, among other things, relate to amounts paid by the Company under Board-approved contracts with non-utility generators ("NUGs"), to the extent accumulated from January 1, 2016 through December 31, 2016 (the "2016 NGC Period"). In the Verified Petition, JCP&L proposed to decrease the composite MTC/NGC factor from the current level of \$0.005012 per kWh (excluding Sales and Use Tax ("SUT")) to \$0.001527 per kWh (excluding SUT) effective June 1, 2017. The proposed decrease in the composite MTC/NGC factor of \$0.003485 per kWh (excluding SUT) would result in a decrease of \$69.41 million per year in NGC revenues. The impact of the proposed decrease on a residential customer using 768 kWh per month would be a decrease of approximately 2.5%, or \$2.90 per month.

2. As set forth in greater detail in the Attachments to the 2016 NGC Filing, the net NGC deferred balance at December 31, 2016 amounted to an under-recovery of \$6,816,123, after the application of under-recovered carrying costs of \$12,875,784. In addition, JCP&L projected that, at present rates, the net NGC deferred balance at December 31, 2017 will be an over-recovery of \$30,836,421, after the application of over-recovered carrying costs of \$272,110.

3. As of March 31, 2017, the net NGC deferred balance amounted to an over-recovery of \$3,226,770 after the application of the under-recovered carrying costs of \$15,323.

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

Stipulation for Provisional Rates

5. The Parties agree that, in light of the current and projected over-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.

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

The composite MTC/NGC factor shall be decreased from the current level of \$0.005012 per kWh (excluding SUT) to \$0.001527 per kWh (excluding SUT) effective June 10, 2017. In addition to the unsecuritized portion of the NGC, the revised composite MTC/NGC factor shall include: (1) the reduction of the OC-TBC and OC-MTC-Tax associated with the Oyster Creek to zero, which will be effective as of May 7, 2017 as provided in its final true-up letter (year 15) dated February 28, 2017; and (2) the increase in the DB-TBC and DB-MTC-Tax associated with the securitization of Deferred BGS Transition Costs to \$0.000943 per kWh (excluding SUT) and \$0.000509 per kWh (excluding SUT), respectively, which will be effective as of June 1, 2017 as provided in its annual true-up letter (year 12) dated March 16, 2017.

7. The total revenue decrease associated with the decrease in the composite MTC/NGC factor will be approximately \$69.41 million on an annual basis.

8. The Parties understand that, upon Board approval, JCP&L will implement this rate change on a provisional basis, subject to an opportunity for a comprehensive and full review of the 2016 NGC Filing, including, without limitation, an opportunity for full discovery and evidentiary hearings. The composite MTC/NGC factor set forth in this Stipulation shall be provisional until the Board issues a subsequent Order approving final rates in this matter.

Conclusion

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

10. 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.

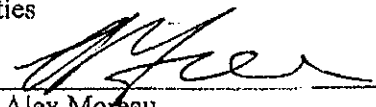
11. This Stipulation may be executed in any number of counterparts, each of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties.

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

Jersey Central Power & Light Company

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Attorney for Staff of the Board of Public
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Dated: May 11, 2017

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Dated: 5-11-17