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JUN 22 2015

June 19, 2015 BOARD OF PUBLIC UTILITIES
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VIA HAND DELIVERY & ELECTRONIC MAIL

Irene Kim Asbury, Secretary
New Jersey Board of Public Utilities
44 South Clinton Street, 9th Floor
PO Box 350
Trenton, New Jersey 08625-0350

Re: Universal Service Fund 2015/2016 Annual Compliance
Filing -
Jersey Central Power & Light Company
Docket No. ER 15060732

Dear Secretary Asbury:

On behalf of Jersey Central Power & Light Company (“**JCP&L**” or “**Company**”), kindly accept for filing with Board of Public Utilities (“**Board**” or “**BPU**”) in this letter form, an original and eleven (11) copies of JCP&L’s annual Universal Service Fund (“**USF**”) compliance filing to establish the appropriate recovery level for the 2015/2016 USF Program year. JCP&L joins the State’s remaining electric public utilities (together the “**EDCs**”) to propose that the current statewide electric USF charge, which includes both USF rates (“**USF Rates**”) and Lifeline rates (“**Lifeline Rates**”) (together the USF Rates and the Lifeline Rates are referred to as the “**USF Charge**”), be increased for the 2015/2016 USF Program year. JCP&L anticipates that each of the State’s electric and gas public utilities also will be making a compliance filing under the common docket number to be assigned to this proceeding. Specifically, and as further explained below, the overall increase in the statewide electric USF Charge is comprised of (i) an

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increase in the USF Rates' component of the electric USF Charge, and (ii) a decrease in the Lifeline Rates' component of the electric USF Charge factor within JCP&L's Societal Benefits Charges ("**SBC**").

This filing is in compliance with the Board's Orders dated April 30, 2003, July 16, 2003, June 30, 2004 and June 22, 2005 under docket numbers BPU Docket No. EX00020091, EO09060506 and EO09090771, which have established and refined the statewide mechanism through which funds for the USF Program are collected from customers of all of the State's electric and gas public utilities through uniform electric and gas rates in the form of the USF Charge factor within the Company's SBC.

On behalf of all of the State's electric and gas public utilities (the "**Utilities**"), Public Service Electric and Gas Company ("**Public Service**") has included in its annual USF compliance filing (the "**Public Service Compliance Filing**") a series of worksheets that illustrate, by utility and statewide, the USF program recoveries and program costs to date, including the program administrator budget, which was last authorized by the Board in its Order dated September 30, 2014 (*I/M/O The 2013/2014 Annual Compliance Filings For The Universal Service Fund ("USF") Program Factor Within The Societal Benefits Charge Rate*) in BPU Docket No. ER14060613, (the "**September 2014 USF Order**"). JCP&L hereby incorporates by reference those worksheets from the Public Service Compliance Filing as if fully set forth herein.

Based upon the results and available estimates known to date for the 2014/2015 USF Program year and the available estimates for the 2015/2016 USF Program year, which are

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detailed in the referenced worksheets from the Public Service Compliance Filing, it is proposed that the statewide electric USF Rates (including Sales and Use Tax (“*SUT*”)) should increase from \$0.001993/kWh to \$0.002245/kWh, and that the statewide electric Lifeline Rates (including SUT) should decrease from \$0.000738/kWh to \$0.000724/kWh, for the 2015/2016 USF Program year beginning on October 1, 2015. As a result, the statewide electric USF Charge (including SUT) should increase from \$0.002731/kWh to \$0.002969/kWh for the 2015/2016 USF Program year beginning on October 1, 2015. These calculations incorporate: (i) the anticipated Department of Community Affairs program administrator budget received from the BPU in the amount of \$7,413,495; and (ii) the recovery of \$74.2 million for the State’s Lifeline program, consistent with the Board’s July 16, 2003 order in BPU Docket No. EX00020091.¹

In accordance with the Board’s direction in its above-referenced June 22, 2005 Order, JCP&L has included with this compliance filing a draft tariff reflecting the proposed increase in the USF Charge to be effective October 1, 2015 (attached as Exhibit A hereto setting forth the further details regarding the implementation of these changes to the USF Charge). Additionally, JCP&L has filed herewith the enclosed proposed form of Public Notice of Filing and Public Hearing (attached as Exhibit B hereto). This form of public notice sets forth the requested rate

¹ Based upon the results and available estimates known to date for the 2014/2015 USF program year and the available estimates known to date for the 2015/2016 USF Program year, it is anticipated that the statewide USF Rates should increase to collect \$176.0 million of USF program costs on a statewide basis, and that the statewide Lifeline Rates should decrease to collect \$74.2 million of Lifeline program costs on a statewide basis. \$154.1 million of the total estimated statewide USF program costs of \$176.0 million would be recovered through electric rates and the remaining portion of \$21.9 million would be recovered through gas rates. Also, it is anticipated that \$49.7 million of the statewide Lifeline program costs of \$74.2 million would be recovered through electric rates and the remaining portion of \$24.5 million would be recovered through gas rates.

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changes and will be served on the County Executives and Clerks of all municipalities, and will be placed in newspapers having a circulation, within JCP&L's electric service territories upon the receipt, scheduling and publication of hearing dates.

Once effective and implemented, the proposed increase in the USF Charge will mean that a typical JCP&L residential customer using (i) 500 kilowatt hours per month would see an increase in the monthly electric bill from \$69.45 to \$69.57 or \$0.12 (approximately 0.2%).

In addition, consistent with (i) the Order dated June 21, 2010 (*I/M/O Recovery of Administrative Costs Expended by Utilities Under Universal Services Funds Program*, BPU Docket No. EO09090771, (hereinafter the "**June 2010 USF Order**")) authorizing recovery of each utility's administrative costs ("**Administrative Costs**") through the USF Rates and Lifeline Rates, and (ii) the Company's 2014/2015 USF filing, which sought recovery of the Company's 2014/2015 Administrative Costs, which were approved under the September 2014 USF Order, the Company's Administrative Costs for the period July 1, 2014 through March 31, 2015 are incorporated in the calculations set forth in the worksheets for the 2015/2016 USF Program year attached to the Public Service Compliance Filing and incorporated herein.²

² Consistent with the June 2010 USF Order, in this filing JCP&L seeks recovery for 2014/2015 Administrative Costs through March 31, 2015 since such costs were not recovered in the Company's base rates prior to April 1, 2015. See June 2010 USF Order at 4. Since April 1, 2015, the Company has begun recovering such costs through its new base rates, which were implemented pursuant to the Board's Order dated March 26, 2015 in BPU Docket No. ER12111052 (*In the Matter of the Verified Petition of Jersey Central Power & Light Company for Review and Approval of Increases in and Other Adjustments to Its Rates and Charges for Electric Service, and for Approval of Other Proposed Tariff Revisions in Connection Therewith; and for Approval of an Accelerated Reliability Enhancement Program*).

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The Company respectfully joins in the request of the State's electric and gas utilities as set forth in the Public Service Compliance Filing that, consistent with the Board's Order dated October 20, 2010 in BPU Docket No. ER10060436 (at page 9) and the Board's September 2014 USF Order, each utility fully recover its Administrative Costs in 2015/2016 USF Rates and Lifeline Rates in the month following Board approval of such rates from funds disbursed to the utilities by the USF Trust Fund maintained by the New Jersey State Department of Treasury. The Company concurs in the representation set forth in the Public Service Compliance Filing that recovery of the Administrative Costs by the State's electric and gas utilities in this manner will not delay or diminish credits received by USF and Lifeline customers in the State of New Jersey.

WHEREFORE, based on the foregoing, JCP&L respectfully requests that the Board issue an Order (1) approving (a) the proposed increase in the statewide electric USF Charge (including SUT) to \$0.002969/kWh for the 2015/2016 program year which begins on October 1, 2015, and (b) the implementation of such proposed statewide electric USF Rates and Lifeline Rates by JCP&L, including a proposed increase in the USF Rates' component and a proposed decrease in the Lifeline Rates' component thereof, as contained in the proposed tariff sheets appended hereto as Exhibit A, effective for electric service rendered on and after October 1, 2015, as provided for in the Board's above-referenced July 16, 2003 and June 22, 2005 Orders, and (2) authorizing the inclusion in rates, consistent with the June 2010 USF Order and the September 2014 USF Order, of JCP&L's Administrative Costs from July 1, 2014 through March 31, 2015, as set forth in the worksheets for the 2015/2016 USF Program year attached to the

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Public Service Compliance filing, and full recovery thereof in the month following such Board approval.

Kindly stamp one copy of this letter filing as "filed" and return the undersigned in the enclosed, self-addressed stamped envelope.

Respectfully submitted,



Michael J. Connolly

MJC/gs

cc: S. Cheong – FirstEnergy Service Company - New Jersey Rates
Attached Service List (with hard copies mailed or delivered only to * designated recipients)

JUN 22 2015

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Exhibit A

Proposed Tariff

JERSEY CENTRAL POWER & LIGHT COMPANY

BPU No. 11 ELECTRIC - PART III

XX Rev. Sheet No. 41
Superseding XX Rev. Sheet No. 41

Rider SBC Societal Benefits Charge

APPLICABILITY: Rider SBC provides a charge applicable to all KWH usage of any Full Service Customer or Delivery Service Customer. The charges that may be included in calculating the SBC include nuclear plant decommissioning costs (Rider NDC), demand side management costs (Rider DSF), manufactured gas plant remediation costs (Rider RAC), uncollectible costs (Rider UNC), and universal service fund costs (Rider USF), in accordance with the New Jersey Electric Discount and Energy Competition Act. The current SBC includes the following charges per KWH:

		<u>Including SUT</u>
Rider DSF	\$0.003517	\$0.003763
Rider NDC	\$0.000000	\$0.000000
Rider RAC	\$0.000130	\$0.000139
Rider UNC	\$0.000592	\$0.000633
Rider USF	\$0.002775	\$0.002969

Carrying costs on unamortized balances of demand side management costs, nuclear decommissioning costs, manufactured gas plant remediation costs, uncollectible costs and universal service fund costs shall be calculated in accordance with the terms of Rider DSF, Rider NDC, Rider RAC, Rider UNC and Rider USF, respectively.

Effective October 1, 2015, the SBC shall be applied to all KWH usage for billing purposes as follows:

Total SBC:	\$0.007014	<u>Including SUT</u> \$0.007504
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Beginning January 1, 2011, with the exception of universal service fund costs component, all over- and under-recoveries of individual SBC components are to be applied to under- or over-recoveries of other SBC components as of each December 31.

Issued:

Effective: October 1, 2015

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

Issued by James V. Fakult, President
300 Madison Avenue, Morristown, NJ 07962-1911

JERSEY CENTRAL POWER & LIGHT COMPANY

BPU No. 11 ELECTRIC - PART III

XX Rev. Sheet No. 46
Superseding XX Rev. Sheet No. 46

**Rider USF
Universal Service Fund Costs Recovery**

APPLICABILITY: Rider USF provides a charge for costs associated with the state-mandated Universal Service Fund ("USF") to assist certain customers as defined by the BPU. The USF is included in the Societal Benefits Charge and is applicable to all KWH usage of any Full Service Customer or Delivery Service Customer.

Effective October 1, 2015, the USF provided below consists of an USF rate of \$0.002098 per KWH and a Lifeline rate of \$0.000677 per KWH (\$0.002245 per KWH and \$0.000724 per KWH including SUT, respectively), pursuant to the BPU Order dated (Docket No.).

USF = \$0.002775 per KWH (\$0.002969 per KWH including SUT)

Universal Service Fund costs shall accrue interest on any over or under recovered balances of such costs at the interest rate based on a two-year constant maturity Treasuries as published in the Federal Reserve Statistical Release on the first day of each month (or the closest day thereafter on which rates are published), plus sixty basis points, but shall not exceed the Company's overall rate of return as approved by the BPU. Such interest rate shall be reset each month. The interest calculation shall be based on the net of tax beginning and end average monthly balance, consistent with the methodology in the Board's Final Order dated May 17, 2004 (Docket No. ER02080506 et al.), accrue monthly with an annual roll-in at the end of each reconciliation period.

Issued:

Effective: October 1, 2015

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

Issued by James V. Fakult, President
300 Madison Avenue, Morristown, NJ 07962-1911

Exhibit B

**Proposed Public Notice of Filing
And Public Hearings**

**NOTICE
TO THE CUSTOMERS OF
JERSEY CENTRAL POWER & LIGHT COMPANY**

**Notice of a Filing
and Notice of Public Hearings**

**In the Matter of the 2015/2016 Annual Compliance Filing
for an Increase in the Statewide Electric and Gas
Permanent Universal Service Fund (USF) Program Factors
within the Electric and Gas Societal Benefits Charges (SBC) Rates
Pursuant to *N.J.S.A. 48:2-21* and *N.J.S.A. 48:21.1***

Docket No. _____

TAKE NOTICE that, on June 19, 2015, Jersey Central Power & Light Company (“JCP&L”) made a compliance filing providing supporting documentation for changes in the Universal Service Fund (“USF”) and Lifeline components of the electric Societal Benefits Charges (“SBC”). This requested change in electric USF/Lifeline components is made pursuant to Orders of the New Jersey Board of Public Utilities (“Board” or “BPU”) and includes the recovery of funding for the USF Program through uniform statewide rates.

The USF Program was established by the Board in 2003, pursuant to the Electric Discount and Energy Competition Act, *N.J.S.A. 48:3-49, et seq.* (“EDECA”), to provide funds to assist qualifying low-income individuals in paying their energy bills. The State of New Jersey’s Department of Community Affairs (“DCA”) is the Administrator of the USF Program and the New Jersey Department of Human Services (“DHS”) is the Administrator of the Lifeline programs. DCA and DHS authorize the disbursement of benefits to eligible customers in the respective programs.

Based upon the results and available estimates known to date for the 2014/2015 USF program year and the available estimates known to date for the 2015/2016 USF Program year, it is anticipated that the statewide USF rates (“USF Rates”) should increase to collect \$176.0 million of USF program costs on a statewide basis, and that the statewide Lifeline rates (“Lifeline Rates”) should decrease to collect \$74.2 million of Lifeline program costs on a statewide basis. \$154.1 million of the total estimated statewide USF program costs of \$176.0 million would be recovered through electric rates and the remaining portion of \$21.9 million would be recovered through gas rates. Also, it is anticipated that \$49.7 million of the statewide Lifeline program costs of \$74.2 million would be recovered through electric rates and the remaining portion of \$24.5 million would be recovered through gas rates.

The Board in its June 22, 2005 Universal Service Fund Order directed that the filing requirements for rate setting, including notice of filing, notice of public hearings, and tariffs, should be made by July 1, 2006, and each year thereafter. In accordance with that Order, JCP&L made a filing with the Board on June 19, 2015, requesting to change its current USF/Lifeline program charges, as described below, to become effective on October 1, 2015.

The proposed statewide charges for electric customers are as follows:

Universal Service/Lifeline Fund Components of Societal Benefits Charge				
	Present	Present (Incl. Sales and Use Tax)	Proposed	Proposed (Incl. Sales and Use Tax)
USF-Electric per kWh	\$0.001863	\$0.001993	\$0.002098	\$0.002245
Lifeline-Electric per kWh	\$0.000690	\$0.000738	\$0.000677	\$0.000724

The above requests will not result in any profit to JCP&L. The revenues received under the proposed USF and Lifeline program factors are designed to permit JCP&L to recover its costs associated with these programs only. Actual program costs will be reconciled with the revenues received through the USF and Lifeline program charges in the next scheduled annual USF and Lifeline compliance filing to be made on or before July 1, 2016.

If approved by the Board, the effect of the proposed changes in the electric USF/Lifeline Program charges on a typical residential electric bill is illustrated below:

Impact of the proposed USF and Lifeline charges on typical residential electric bills:					
Monthly kWh Usage	Annual kWh Usage	Present Annual Bill (1)	Proposed Annual Bill (2)	Proposed Annual Increase	Proposed % Increase
500	6,000	\$ 833.36	\$ 834.78	\$ 1.43	0.2%
1,000	12,000	\$ 1,725.21	\$ 1,728.07	\$ 2.86	0.2%
1,500	18,000	\$ 2,637.46	\$ 2,641.74	\$ 4.28	0.2%

(1) Based on Residential Full Service (RS) rates in effect June 1, 2015

(2) Based on Residential Full Service (RS) rates in effect June 1, 2015 with proposed changes.

As set forth in the above chart, based on JCP&L's June 19, 2015 filing, a typical residential electric customer using 500 kilowatt hours per month, and 6,000 kilowatt hours on an annual basis, would see an increase in the annual bill from \$833.36 to \$834.78 or \$1.43 or approximately 0.2%.

In addition, in Orders issued June 21, 2010 and October 20, 2010, the Board, among other things, authorized recovery by the utilities of USF-related administrative costs as of July 31, 2009 and its administrative costs since July 31, 2009 through the USF Rates and Lifeline Rates requested in the July 1, 2010 compliance filings. The Board also authorized the utilities, including JCP&L, to provide, in subsequent annual USF compliance filings, details regarding the utilities' USF-related administrative costs for the prior year for inclusion in the USF Rates and Lifeline Rates. Accordingly, JCP&L has provided detailed information regarding its USF-related administrative costs for the period July 1, 2014 through March 31, 2015 and has requested the full recovery of these annual administrative costs in rates effective October 1, 2015.

Actual results regarding USF expenditures and recoveries could be significantly affected by program changes, participation rates, and/or sales volumes.

The Board has the statutory authority to establish the USF Rates and Lifeline Rates at levels it finds just and reasonable. Therefore, the Board may establish the USF Rates and Lifeline Rates at levels other than those proposed by JCP&L's June 19, 2015 filing. As a result, the above described charges may increase or decrease based upon the Board's decision.

Copies of JCP&L's June 19, 2015 filing are available for review at JCP&L's offices at 300 Madison Avenue, Morristown, New Jersey and at the Board's offices at 44 South Clinton Avenue, 9th Floor, Trenton, New Jersey 08625-0350.

The following dates, times and locations for public hearings have been scheduled on the above filing so that members of the public may present their views.

[] xx, 2015
4:30 P.M. and 5:30 P.M.
Morris County Administration & Records Building
Public Meeting Room
5th Floor, 10 Court Street
Morristown, New Jersey 07963

[] xx, 2015
4:30 P.M. and 5:30 P.M.
Freehold Township Municipal Building
Room 114
One Municipal Plaza
Freehold, New Jersey 07728

In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, including interpreters, listening devices or mobility assistance, 48 hours prior to the above hearings. Customers may file written comments with the Secretary of the New Jersey Board of Public Utilities at 44 South Clinton Avenue, 9th Floor, Post Office Box 350, Trenton, New Jersey 08625-0350, ATTN: Irene Kim Asbury whether or not they attend the public hearings or they may send comments by e-mail to the BPU at usf.rates@bpu.state.nj.us.