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January 12, 2018

Via Hand Delivery

Irene Kim Asbury, Secretary
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton, NJ 086257

RECEIVED
JAN 12 2018
BOARD OF PUBLIC UTILITIES
SECRETARY'S OFFICE
CMS

BOARD OF PUBLIC UTILITIES

JAN 12 2018

MAIL RECEIVED

Re: In the Matter of the Verified Petition of **Jersey Central Power & Light Company** Constituting Its Annual Filing With Respect to the Storm Recovery Charge Rider of Its Filed Tariff ("**2017-18 SRC Filing**")

BPU Docket No. ER18010031

Dear Secretary Asbury:

On behalf of the Petitioner, Jersey Central Power & Light Company ("JCP&L" or the "Company"), enclosed herewith for filing with the Board of Public Utilities (the "Board") are the original and 11 copies of JCP&L's Verified Petition and supporting Attachments in the above-captioned matter relating to the Storm Recovery Charge ("SRC") clause of JCP&L's filed Tariff.

As noted in the Verified Petition (at ¶3), the purpose of this filing is to provide for a review and approval of the amounts included in the Company's SRC deferred balance, which relates to the recovery of Board-approved 2012 Major Storm deferred operations and maintenance ("O&M") costs, to the extent accumulated from April 1, 2017 through March 31,

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Irene Kim Asbury, Secretary
January 12, 2018
Page 2


2018. For the reasons discussed in ¶17 of the Petition, JCP&L is not seeking any adjustment to the level of its Rider SRC charge at this time.

I hereby confirm that copies of this letter and the enclosed Verified Petition and supporting Attachments are this day being duly served by hand delivery or overnight express delivery upon the Director, Division of Rate Counsel, and upon the Department of Law & Public Safety, Division of Law, as set forth in ¶21 of the Verified Petition. Copies of all such documents are also being transmitted by hand delivery, overnight express delivery or regular United States mail to the balance of the persons named in the attached Service List for this proceeding.

Kindly stamp the enclosed additional copy of this filing letter with the date and time of receipt by your office and with the docket number assigned thereto, and return to the undersigned in the self-addressed postage paid return envelope provided.

Your anticipated courtesies and cooperation are deeply appreciated.

Respectfully submitted,



Gregory Eisenstark

Enclosures

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

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JAN 12 2018

BOARD OF PUBLIC UTILITIES
SECRETARY'S OFFICE

CMS

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

BOARD OF PUBLIC UTILITIES

JAN 12 2018

MAIL RECEIVED

In the Matter of the Verified Petition of **Jersey
Central Power & Light Company** Constituting
Its Annual Filing With Respect to the Storm
Recovery Charge Rider of Its Filed Tariff
("2017-18 SRC Filing")

:
: BPU Docket No.

VERIFIED PETITION

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

Petitioner, Jersey Central Power & Light Company (the "Petitioner", the "Company" or "JCP&L"), an electric public utility company of the State of New Jersey subject to the regulatory jurisdiction of the Board of Public Utilities (the "Board"), and maintaining offices at 300 Madison Avenue, Morristown, New Jersey 07962-1911, in support of its above-captioned Verified Petition, respectfully shows:

1. JCP&L is a New Jersey electric public utility primarily engaged in the purchase, transmission, distribution and sale of electric energy and related utility services to more than 1,000,000 residential, commercial and industrial customers located within 13 counties and 236 municipalities of the State of New Jersey.

2. Copies of all correspondence and other communications relating to this proceeding should be addressed to:

**Gregory Eisenstark, Esq.
Windels Marx Lane & Mittendorf, LLP
120 Albany Street Plaza
New Brunswick, New Jersey 08901**

- and -

**Mark A. Mader
Sally J. Cheong
James E. O'Toole
Jersey Central Power & Light Company
300 Madison Avenue
Morristown, New Jersey 07962-1911**

- and -

**Carol Pittavino
Timothy Zupko
Jersey Central Power & Light Company
800 Cabin Hill Drive
Greensburg, Pennsylvania 15601**

- and -

**Lauren Lepkoski, Esq.
FirstEnergy Corp.
2800 Pottsville Pike
Reading, PA 19612-6001**

Purpose of Filing

3. The purpose of this filing is to provide for a review and approval of the amounts included in the Company's Storm Recovery Charge ("SRC") deferred balance, which relates to the recovery of Board-approved 2012 Major Storm deferred operations and maintenance ("O&M") costs, to the extent accumulated from April 1, 2017 through March 31, 2018 (the "2017-18 SRC Period").

4. Based on the supporting schedules included with this filing, the data supports a decrease to the SRC rate factor of \$0.000049 per kWh. Such a decrease in the SRC factor would result in a decrease of approximately \$994,485 per year in SRC revenues. *See* Attachment A. However, due to the comparatively small magnitude of the potential decrease, the Company is proposing no change to the Rider SRC rate for the April 1, 2018 through March 31, 2019 period.

Procedural History

5. The Board's Final Decision and Order dated March 26, 2015 in *I/M/O the Board's Establishment of a Generic Proceeding to Review the Prudence of Costs Incurred by New Jersey Utility Companies in Response to Major Storm Events in 2011 and 2012* and *I/M/O the Board's Review of the Prudence of the Costs Incurred by Jersey Central Power & Light Company in Response to Major Storm Events in 2011 and 2012*, Docket Nos. AX13030196 and EO13050391 (the "Storm Costs Order"), called for the establishment of a new Tariff Rider (the SRC) for the recovery of \$247,003,027 of deferred O&M costs that JCP&L incurred in conjunction with major storm events of 2012, over a six-year amortization.

6. The Storm Costs Order also provided that the SRC rate shall include carrying costs on the unamortized balance of the deferred O&M costs associated with the 2012 major storm events. The Storm Costs Order further provided that such carrying costs shall be calculated on a monthly basis at an interest rate equal to the rate on seven-year constant maturity Treasuries, as shown in the Federal Reserve Statistical Release on or closest to January 1 of each year, plus sixty basis points, compounded annually as of March 31 of each year.

7. The initial SRC rate of \$0.002125 per kWh (\$0.002274 per kWh including Sales and Use Tax ("SUT")) became effective for service rendered on and after April 1, 2015.

8. Furthermore, the Storm Costs Order provided that the calculated SRC rate shall be prepared by the Company and filed with the BPU annually by January 15 with a requested effective date of April 1 of the filing year. The Storm Cost Order also provided that the first such filing shall be made by January 15, 2016 with actual and projected data for the 12-month period ending March 31, 2016.

9. On January 15, 2016, JCP&L filed its initial Verified Petition and supporting attachments with respect to a review of the Rider SRC (“2015-16 SRC Filing”). In the 2015-16 SRC Filing, JCP&L proposed no change to the Rider SRC rate.

10. The parties to that matter (the Division of Rate Counsel (“Rate Counsel”) and Board of Public Utilities Staff (“Board Staff”) exchanged discovery regarding the 2015-16 SRC Filing.

11. On November 23, 2016, JCP&L filed an Amendment to the 2015-16 SRC Filing (“Amendment”). The genesis of the Amendment was a settlement term in the Company’s then-pending base rate case. In a Stipulation of Settlement in the base rate case, the signatory parties agreed as follows with respect to the SRC:

In an effort to improve JCP&L’s Funds From Operations to Debt credit metric, the Parties agree that it is appropriate for JCP&L to accelerate its amortization and recovery of 2012 major storm expenses that are recovered via the Storm Recovery Charge (“SRC”) to achieve full recovery by December 31, 2019. The Parties agree and recommend that the revisions to the SRC shall become effective for service rendered on and after February 1, 2017. The Parties agree to support the Company’s above-described amendment filed in its pending Rider SRC case in Docket No. ER16010044.

12. In the Amendment, JCP&L requested the acceleration of the amortization of the 2012 major storm expenses that are recovered via the SRC to achieve full recovery by December 31, 2019. Also, the Company explained that acceleration of the amortization and recovery of the deferred 2012 major storm expenses will help to improve JCP&L’s Funds From Operations to Debt credit metric, which in turn will strengthen the Company’s overall credit profile. In addition, JCP&L updated its deferred SRC balance to include actual data through October 31, 2016 (and forecasted data through January 31, 2017). As a result of the

Amendment, JCP&L proposed to increase its Rider SRC rate of \$0.002125 per kWh (\$0.002274 per kWh including SUT) to \$0.003084 per kWh (\$0.003300 per kWh including SUT).

13. Thereafter, the parties to the 2015-16 SRC Filing executed a Stipulation of Settlement, which was filed with the Board on December 27, 2016. The Stipulation of Settlement called for, *inter alia*, the implementation of the revised Rider SRC rate of \$0.003084 per kWh (\$0.003300 per kWh including SUT) effective February 1, 2017 and also provided that, all elements of the 2015-16 SRC Filing and the Amendment shall all be deemed closed and resolved. By Order dated January 25, 2017, the Board approved the Stipulation of Settlement for the 2015-16 SRC Filing.

14. On January 17, 2017, JCP&L filed a Verified Petition and supporting attachments with respect to a review of the Rider SRC (“2016-17 SRC Filing”). Although the Company’s schedules supported a small increase in the Rider SRC rate, JCP&L proposed no change to the Rider SRC rate in the 2016-17 SRC Filing.

15. JCP&L responded to discovery on the 2016-17 SRC Filing. Thereafter, the parties executed a Stipulation of Settlement, which JC&L filed with the Board on December 1, 2017. On December 19, 2017, the Board issued an Order approving the Stipulation of Settlement for the 2016-17 SRC Filing.

SRC Deferred Balance

16. As set forth in greater detail in the Attachments to this SRC Filing, the Company projects that the unamortized SRC deferred balance (including interest) at March 31, 2018 will be \$105,092,902, including carrying costs of \$2,361,041. This represents a projected over-recovery of \$1,447,612. *See* Attachments A and B.

No SRC Rate Change

17. As noted above, the data in the Attachments to this filing supports a decrease in the SRC factor of \$0.000049 per kWh (\$0.000052 including SUT), effective April 1, 2018. The result of this rate change would be a decrease in the revenues collected through the SRC rate by approximately \$994,485 annually. However, due to the comparatively small magnitude of such a decrease, JCP&L is proposing to continue the SRC factor of \$0.003084 per kWh (excluding SUT) in effect during the April 1, 2018 through March 31, 2019 period. Recovery of the remaining deferred 2012 Major Storm O&M costs will continue in the SRC.

Interest Calculation

18. In accordance with the Storm Costs Order, interest accrued on the SRC deferred balance at the rate of 2.52% per annum until January 2016, when it increased to 2.66% through December 2016. As of January 2017, the interest rate on the deferred balance increased to 2.86%. *See* Attachment B. In accordance with the Storm Costs Order and the Company's Tariff, carrying costs were calculated on a monthly basis at an interest rate equal to the rate on seven-year constant maturity Treasuries, as shown in the Federal Reserve Statistical Release on or closest to January 1 of each year, plus sixty basis points, compounded annually as of March 31 of each year. Total accrued carrying costs through March 31, 2018 are calculated as \$2,631,041. *See* Attachment B.

Attachments

19. Attached hereto and made a part of this Verified Petition are the following

Attachments:

Attachment A	Summary of SRC Deferred Balance
Attachment B	Calculation of Interest on SRC Deferred Balance

Public Notice and Service

20. Because JCP&L is not proposing a rate increase in this filing, the Company does not believe that any public notices need be published or served pursuant to N.J.A.C. 14:1-5.12(b)1&3, (c) and (d), nor is there any requirement for any public hearings in the Company's service area.

Service of Petition

21. Copies of this Verified Petition and of all supporting Attachments thereto have been or will be duly served by overnight express delivery at the time of the filing hereof upon the Director, Division of Rate Counsel, 140 East Front Street, 4th Floor, P.O. Box 003, Trenton, New Jersey 08625-0003, and upon the Department of Law & Public Safety, Division of Law, 124 Halsey Street, 5th Floor, P.O. Box 45029, Newark, New Jersey 07101.

Conclusion

WHEREFORE, the Petitioner, Jersey Central Power & Light Company, respectfully requests that the Board issue a final decision and order:

- (1) approving for recovery all costs accumulated in the SRC deferred balance from April 1, 2017 through March 31, 2018;
- (2) continuing the Company's Rider SRC rate at \$0.003084 per kWh (excluding SUT) for the period April 1, 2018 through March 31, 2019;
- (3) authorizing the continued deferral by the Petitioner of the costs accumulated in the SRC deferred balance with the continuing accrual of interest on the unamortized balance at the rate provided for in the Storm Costs Order as described above, compounded annually on March 31 of each year, all in accordance with the terms of Petitioner's Rider SRC; and

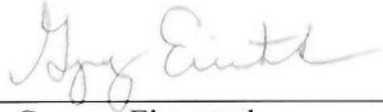
- (4) granting such other and further relief as the Board shall deem just, lawful and proper.

Respectfully submitted,

Dated: January 12, 2018

WINDELS MARX LANE & MITTENDORF, LLP
Attorneys for Petitioner,
Jersey Central Power & Light Company

By: _____



Gregory Eisenstark
120 Albany Street Plaza
New Brunswick, New Jersey 08901
(732) 448-2537

AFFIDAVIT
OF
VERIFICATION

Mark A. Mader, being duly sworn upon his oath, deposes and says:

1. I am Director of Rates and Regulatory Affairs – New Jersey for Jersey Central Power & Light Company (“JCP&L”), the Petitioner named in the foregoing Verified Petition, and I am duly authorized to make this Affidavit of Verification on its behalf.

2. I have read the contents of the foregoing Verified Petition by JCP&L constituting its annual filing with respect to the Storm Recovery Charge clause of its filed Tariff, and I hereby verify that the statements of fact and other information contained therein are true and correct to the best of my knowledge, information and belief.



Mark A. Mader

Sworn to and subscribed before me
this 12th day of January, 2018.



(Notary Public)

