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CASE MANAGEMENT

JUN 26 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

June 25, 2019

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BOARD OF PUBLIC UTILITIES
TRENTON, NJ



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Aida Camacho-Welch, Secretary
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P.O. Box 350
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FORWARD
CASE MANAGEMENT
2019 JUN 27 P 12:07
BOARD OF PUBLIC UTILITIES
TRENTON, NJ

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 ("SRC Filing")
BPU Docket No. ER19010061

Dear Secretary Camacho-Welch:

Enclosed for filing please find a fully-executed Stipulation of Settlement in the above-referenced matter. This Stipulation of Settlement fully-resolves this matter.

Respectfully submitted,

COZEN O'CONNOR

By: Gregory Eisenstark

GE:emmc

cc: Service list

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A. Moreau, Esq
R. Greenberg, Esq
J. Peterson

LEGAL\41734145\1

**In the Matter of the Verified Petition of
Jersey Central Power & Light Company ("JCP&L") Constituting Its Annual Filing
With Respect to the Storm Recovery Charge ("SRC") Rider of Its Filed Tariff
"2018 - 2019 SRC Filing"
Docket No. ER19010061**

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**In the Matter of the Verified Petition of
Jersey Central Power & Light Company ("JCP&L") Constituting Its Annual Filing
With Respect to the Storm Recovery Charge ("SRC") Rider of Its Filed Tariff
"2018 - 2019 SRC Filing"
Docket No. ER19010061**

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RECEIVED
CASE MANAGEMENT

JUN 26 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

RECEIVED
MAIL ROOM

JUN 26 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

_____	:	STIPULATION
In the Matter of the Verified Petition of Jersey	:	OF
Central Power & Light Company Constituting	:	SETTLEMENT
Its Annual Filing With Respect to the Storm	:	
Recovery Charge Rider of Its Filed Tariff	:	
("2018-19 SRC Filing")	:	BPU Docket No. ER19010061
_____	:	

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

APPEARANCES:

Gregory Eisenstark, Esq., (Cozen O'Connor, P.C., attorneys) for the Petitioner, Jersey Central Power & Light Company

Ami Morita, Esq. (Managing Attorney) and **Maria Novas-Ruiz, Esq.** (Assistant Deputy Rate Counsel), Division of Rate Counsel (**Stefanie A. Brand, Esq.**, Director)

Renee Greenberg, Deputy Attorneys 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") is hereby made and executed as of the dates indicated below, by and among the Petitioner, Jersey Central Power & Light Company ("JCP&L" or "Company"), the Staff of the Board of Public Utilities ("Staff") and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, "Parties").

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

Background

1. 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 ("Storm Costs Order"), called for the establishment of a new Tariff Rider ("Storm Recovery Charge" or "SRC") for the recovery of \$247,003,027 of deferred Operations and Maintenance ("O&M") costs that JCP&L incurred in conjunction with the major storm events of 2012, over a six-year amortization.

2. 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 (7) -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.

3. 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.

4. 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.

2015-16 Rider SRC Filing

5. On January 15, 2016, JCP&L filed a Verified Petition and supporting Attachments, which was assigned BPU Docket No. ER16010044 ("2015-16 SRC Filing"). The purpose of the 2015-16 SRC Filing was to provide for a review and approval of the amounts included in the Company's SRC deferred balance to the extent accumulated from April 1, 2015 through March 31, 2016 ("2015-16 SRC Period").

6. As set forth in greater detail in the Attachments to the 2015-16 SRC Filing, the Company projected that, at present rates, the unamortized SRC deferred balance (including interest) at March 31, 2016 would be \$207,954,012. This represented a projected under-recovery of \$2,118,161, after the application of carrying costs of \$3,419,061.

7. The data in the Attachments to the 2015-16 SRC Filing supported a revised SRC factor of \$0.002173 per kWh (\$0.002325 including SUT), effective April 1, 2016. The result of this rate change would have been an increase in the revenues collected through the SRC rate by approximately \$990,864 annually. However, due to the comparatively small magnitude of such an increase, JCP&L proposed, in the January 15 SRC Filing to leave the current SRC factor of \$0.002125 per kWh (excluding SUT) in effect during the April 1, 2016 through March 31, 2017 period.

8. 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.¹ In a Stipulation of Settlement in the base rate case, the signatory parties agreed as follows with respect to the SRC:

¹ *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 ("2016 Base Rate Filing"), et al.*, BPU Docket No. ER16040383, et al.

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. ER16010044.²

9. 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 current Rider SRC rate of \$0.002125 per kWh (\$0.002274 per kWh including SUT³) to \$0.003084 per kWh (\$0.003300 per kWh including SUT).

10. On December 19, 2016, public hearings on the proposed Rider SRC rate increase were held in Freehold, New Jersey (1:30 p.m.) and Morristown, New Jersey (6:30 p.m.). Several members of the public appeared and commented favorably on JCP&L's customer service and service reliability.

11. Thereafter, the Parties engaged in settlement discussions that led to the execution of a Stipulation of Settlement in the 2015-16 SRC Filing and Amendment. That Stipulation included, *inter alia*, the following provisions:

- A. The Parties agreed that the Company's unamortized SRC deferred balance (including interest) at March 31, 2016 was \$208,361,972. This represented an under-recovery of \$2,526,121, after the application of

² *Id.*, Stipulation of Settlement dated November 29, 2016, Para. 18.

³ The rate including SUT set forth in the Amendment was based on the then-current 7% tax rate.

carrying costs of \$3,421,160.

- B. The Parties further agreed that the updated schedules provided with the Amendment show the Company's unamortized SRC deferred balance (including interest) at October 31, 2016 was \$183,289,150. The Parties agreed that this balance will be reviewed in the Company's next SRC filing.
- C. The Parties further agreed that the Company should be permitted to set its SRC factor to \$0.003084 per kWh (\$0.003300 per kWh including SUT), effective February 1, 2017, and that the result of such a rate change would be an increase in the revenues collected through the SRC rate by approximately \$19.2 million annually.
- D. The Parties also agreed that JCP&L should use the average net-of-tax SRC deferred balance for the purpose of calculating interest thereon, and that this methodology was reflected in the Attachments to the Stipulation.

12. In an Order dated January 25, 2017, the Board approved the Stipulation of Settlement for the 2015-16 SRC Filing, and revised rates became effective on February 1, 2017.

2016-17 Rider SRC Filing

13. On January 17, 2017, JCP&L filed a Verified Petition and supporting Attachments, which was assigned BPU Docket No. ER17010039 ("2016-17 SRC Filing"). The purpose of the 2016-17 SRC Filing was to provide for a review and approval of the amounts included in the Company's SRC deferred balance to the extent accumulated from April 1, 2016 through March 31, 2017 ("2016-17 SRC Period").

14. As set forth in greater detail in the Attachments to the 2016-17 SRC Filing, the Company projected that the unamortized SRC deferred balance (including interest) at March 31, 2017 would be \$164,396,598. This represented a projected under-recovery of \$117,539, after the application of carrying costs of \$2,976,358.

15. The data in the Attachments to the 2016-17 SRC Filing supported an increase in the SRC factor of \$0.000026 per kWh (\$0.000028 including SUT), effective April 1, 2017. The

result of this rate change would be an increase in the revenues collected through the SRC rate by approximately \$518,848 annually. However, due to the comparatively small magnitude of such an increase, JCP&L proposed to continue the SRC factor of \$0.003084 per kWh (excluding SUT) in effect during the April 1, 2017 through March 31, 2018 period.

16. In response to discovery requests, the Company updated the Attachments to the 2016-17 SRC Filing for actual data through March 31, 2017. Based on the updated data, the unamortized SRC deferred balance (including interest) at March 31, 2017 was \$165,146,218. This represented a projected under-recovery of \$857,843, after the application of carrying costs of \$2,977,663.

17. Following the filing of the Verified Petition, the Parties engaged in discovery and exchanged additional information during informal discussions and settlement meetings, which led to the execution of a Stipulation of Settlement in the 2016-17 SRC Filing and Amendment. That Stipulation included, *inter alia*, the following provisions:

- A. The Parties agreed that the Company's unamortized SRC deferred balance (including interest) at March 31, 2017 was \$165,146,218. This represents a projected under-recovery of \$857,843, after the application of carrying costs of \$2,977,663.
- B. The Parties further agreed that the data in the updated Attachments for the 2016-17 SRC filing support an increase in the SRC factor of \$0.000040 per kWh (\$0.000043 including SUT), effective April 1, 2017. The result of this rate change would have been an increase in the revenues collected through the SRC rate by approximately \$798,228 annually. However, due to the comparatively small magnitude of such an increase, the Parties agreed that it was appropriate for JCP&L to continue the SRC factor of \$0.003084 per kWh (excluding SUT) in effect during the April 1, 2017 through March 31, 2018 period.
- C. The Parties also agreed that JCP&L should continue to use the average net-of-tax

SRC deferred balance for the purpose of calculating interest thereon, and that this methodology was reflected in the Attachments to the Stipulation.

18. In an Order dated December 19, 2017, the Board approved the Stipulation in the 2016-17 Rider SRC filing.

2017-18 Rider SRC Filing

19. On January 12, 2018, JCP&L filed a Verified Petition and supporting Attachments, which was assigned BPU Docket No. ER18010031 ("2017-18 SRC Filing"). The purpose of the 2017-18 SRC Filing was to provide for a review and approval of the amounts included in the Company's SRC deferred balance to the extent accumulated from April 1, 2017 through March 31, 2018 ("2017-18 SRC Period").

20. As set forth in greater detail in the Attachments to the 2017-18 SRC Filing, the Company projected that the unamortized SRC deferred balance (including interest) at March 31, 2018 would be \$105,092,902, including carrying costs of \$2,361,041. This represents a projected over-recovery of \$1,447,612.

21. The data in the Attachments to the 2017-18 SRC Filing supported 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 have been 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 proposed to continue the SRC factor of \$0.003084 per kWh (excluding SUT) in effect during the April 1, 2018 through March 31, 2019 period.

22. In response to discovery requests, the Company updated the Attachments to the 2017-18 SRC Filing for actual data through March 31, 2018. Based on the updated data, the unamortized SRC deferred balance (including interest) at March 31, 2018 was \$104,300,731.

This represented an over-recovery of \$2,239,783 after the application of carrying costs of \$2,381,377.

23. Following the filing of the Verified Petition, the Parties engaged in discovery and exchanged additional information during informal discussions and settlement meetings, which led to the execution of a Stipulation of Settlement in the 2017-18 SRC Filing. That Stipulation included, *inter alia*, the following provisions:

- A. The Parties agreed that the Company's unamortized SRC deferred balance (including interest) at March 31, 2018 was \$104,300,731. This represented an over-recovery of \$2,239,783 after the application of carrying costs of \$2,381,377
- B. The Parties further agreed that the data in the updated Attachments for the 2017-18 SRC filing support a decrease in the SRC factor of \$0.000069 per kWh (not including SUT), effective April 1, 2018. The result of this rate change would have been a decrease in the revenues collected through the SRC rate by approximately \$1.4 million annually. However, due to the comparatively small magnitude of such a decrease, the Parties agreed that it is appropriate for JCP&L to continue the SRC factor of \$0.003084 per kWh (excluding SUT) in effect during the April 1, 2018 through March 31, 2019 period.
- C. The Parties also agreed that JCP&L should continue to use the average net-of-tax SRC deferred balance for the purpose of calculating interest thereon, and that this methodology was reflected in the Attachments to the Stipulation.

24. In an Order dated August 29, 2018, the Board approved the Stipulation in the 2017-18 Rider SRC filing.

2018-19 Rider SRC Filing

25. On January 15, 2019, JCP&L filed a Verified Petition and supporting Attachments, which was assigned BPU Docket No. ER19010061 ("2018-19 SRC Filing"). The purpose of the 2018-19 SRC Filing is to provide for a review and approval of the amounts

included in the Company's SRC deferred balance to the extent accumulated from April 1, 2018 through March 31, 2019 ("2018-19 SRC Period").

26. As set forth in greater detail in the Attachments to the 2018-19 SRC Filing, the Company projected that the unamortized SRC deferred balance (including interest) at March 31, 2019 would be \$41,340,612, including carrying costs of \$1,552,829. This represents a projected over-recovery of \$4,354,415.

27. The data in the Attachments to the 2018-19 SRC Filing supported a decrease in the SRC factor of \$0.000367 per kWh (\$0.000391 including SUT), effective April 1, 2019. The result of this rate change would have been a decrease in the revenues collected through the SRC rate by approximately \$5.63 million annually. However, due to the comparatively small magnitude of such a decrease, JCP&L proposed to continue the SRC factor of \$0.003084 per kWh (excluding SUT) in effect during the April 1, 2019 through the end of the Rider SRC, which is scheduled to end as of December 31, 2019.

28. In addition, because Rider SRC was scheduled to end as of December 31, 2019, JCP&L also proposed a procedure for the conclusion of Rider SRC. The Company proposed to monitor the deferred Rider SRC balance throughout calendar year 2019. The Company also proposed that, when it becomes apparent that the balance will be fully recovered in the current month, the Company would reduce the Rider SRC rate to zero on the appropriate date, with advance notice to the Board and Rate Counsel. Thereafter, JCP&L would make a final Rider SRC true-up filing and apply any net ending over/under-recovered balance in the Rider SRC deferred balance to the largest under-recovered component of the Rider SBC deferred balance.

29. In response to discovery requests, the Company updated the Attachments to the 2018-19 SRC Filing for actual data through March 31, 2019. Based on the updated data, the

unamortized SRC deferred balance (including interest) at March 31, 2019 was \$40,975,335. This represents an over-recovery of \$4,719,688 after the application of carrying costs of \$1,551,126.

30. Following the filing of the Verified Petition, the Parties engaged in discovery and exchanged additional information during informal discussions, and now agree to Stipulate as follows:

STIPULATED MATTERS

31. The Parties agree that the Company's unamortized SRC deferred balance (including interest) at March 31, 2019 was \$40,975,335. This represents an over-recovery of \$4,719,688 after the application of carrying costs of \$1,551,126. *See* Attachments A-1 and B-1.

32. The Parties further agree that the data in the updated Attachments for the 2018-19 SRC filing supported a decrease in the SRC factor of \$0.000391 per kWh (not including SUT), effective April 1, 2019. The result of this rate change would be a decrease in the revenues collected through the SRC rate by approximately \$6 million annually. However, the Parties agree that it is appropriate for JCP&L to continue the SRC factor of \$0.003084 per kWh (excluding SUT) in effect and end the collection earlier than December 31, 2019. *See* Attachment A-1.

33. The Parties also agree that JCP&L should continue to use the average net-of-tax SRC deferred balance for the purpose of calculating interest thereon, and that this methodology is reflected in the Attachments to this Stipulation.

34. The Parties also agree that JCP&L shall reduce the Rider SRC rate to zero as of December 1, 2019.

35. The Parties also agree that recovery of the remaining deferred 2012 Major Storm

O&M costs, together with accrued interest thereon, will continue in the SRC, under the terms set forth in the Board's Storm Costs Order as modified by the Stipulation of Settlement approved by the Board's January 27, 2017 order, until the SRC is reduced to zero on December 1, 2019. If the collection ends with an over-recovery, then JCP&L will accrue interest to the benefit of customers.

36. The Parties further agree that JCP&L will make a final Rider SRC true-up filing with the Board by January 31, 2020. In conjunction with the final true-up filing, JCP&L will apply any net ending over/under-recovered balance in the Rider SRC deferred balance to the largest under-recovered component of the Rider SBC deferred balance.

37. The Parties agree that, upon the effective date of the Board's written Order approving this Stipulation, all elements of the 2018-19 SRC Filing shall all be deemed closed and resolved.

Conclusion

38. 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.


39. 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.

40. 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. The Parties understand that the Board's written Order approving this Stipulation shall become effective in accordance with N.J.S.A. 48:2-40.

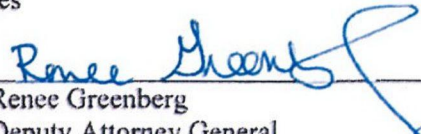
WHEREFORE, the Parties hereto have duly executed and do respectfully submit this Stipulation to the Board, and recommend that the Board issue a Final Decision and Order adopting and approving this Stipulation in its entirety in accordance with the terms hereof.

Jersey Central Power & Light Company

By: 
Gregory Eisenstark, Esq.
Cozen O'Connor, P.C.

Dated: 6-25-2019

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Staff of the Board of Public
Utilities

By: 
Renee Greenberg
Deputy Attorney General

Dated: 6-25-2019

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

By: 
Maria Novas-Ruiz, Esq.
Assistant Deputy Rate Counsel

Dated: 6/25/2019

Jersey Central Power & Light Company
Summary of Deferred Storm Recovery Charge (SRC) and Interest
For Period April 1, 2018 through March 31, 2019
Actual Data through March 2019

Line No.	Apr-18 through Mar-19	Refer to Attachment B Line No(s).
1	Total Unamortized Balance of Deferred O&M at April 1, 2018	\$ 101,919,354 7
2	Balance of Carrying Charge on Unamortized Balance of Deferred O&M at April 1, 2018	\$ 2,381,377 13
3	Total Unamortized Balance of Deferred O&M Including Carrying Charge at April 1, 2018 (Line 1+ Line 2)	\$ 104,300,731 4
4	Tariff Rider SRC Net Revenue Recovery (April 1, 2018 through March 31, 2019)	\$ (64,876,522) 1
5	12 months SRC Amortization Expense Incurred (April 1, 2018 through March 31, 2019)	\$ 58,605,708 2
6	(Over)/Under-Recovery of SRC Costs through March 31, 2019 (Line 4 + Line 5)	\$ (6,270,814) 3
7	Total Unamortized Balance of Deferred O&M Excluding Carrying Charge (Line 3 - Line 5 + Line 6)	\$ 39,424,209 7
8	Carrying Cost on Unamortized Balance of Deferred O&M (April 1, 2018 through March 31, 2019)	\$ 1,551,126 13
9	Total Unamortized Balance of Deferred O&M Including Carrying Charge at March 31, 2019 (Line 7 + Line 8)	\$ 40,975,335
Calculation of Decrease to Tariff Rider SRC:		
10	Total Unamortized Balance of Deferred O&M Including Carrying Charge at March 31, 2019 (Line 9)	\$ 40,975,335
11	Remaining recovery period (months) through December 31, 2019	9
12	Annual SRC Amortization (Line 10 / Line 11 X 9 Months)	\$ 40,975,335
13	Average Unamortized Balance April 1, 2019 through December 31, 2019	\$ 20,487,667
14	Deferred taxes on Unamortized Balance of Deferred O&M	28.11% \$ 5,759,083 A
15	Unamortized Balance of Deferred O&M after tax (Line 13 - Line 14)	\$ 14,728,584
16	Forecasted Carrying Cost on Unamortized Balance of Deferred O&M	3.16% \$ 349,067 B
17	Total Calculated Annual Revenue Recovery Effective 4/1/2019 (Line 12 + Line 16)	\$ 41,324,402
18	Forecasted Jurisdictional MWh Sales for 4/1/2019 - 12/31/2019	15,343,023
19	Calculated Tariff Rider SRC (\$ per KWh) Before SUT (Line 17 / Line 18)	\$ 0.002693
20	Current Tariff Rider SRC (\$ per KWh) Before SUT	\$ 0.003084 C
21	Calculated Change to Tariff Rider SRC (\$ per KWh) Before SUT effective 4/1/2019	\$ (0.000391) D
22	Calculated Rider SRC Revenue Decrease Effective 4/1/2019 (Line 18 X Line 21)	\$ (5,999,122)

A The calculation of the tax composite rates are provided as follows:	Effective through 12/31/2017	Effective 01/1/2018
	State	9%
	Federal	35%
	Composite	40.85%

- B Carrying Cost interest rate was derived using the 7-year constant maturity treasury note rate as of January 2, 2019 of 2.56% plus 60 bps.
- C SRC rate of \$0.003084 was effective February 1, 2017, which was derived based upon the Stipulation of Settlement in the Company's 2016 Base Rate Case. The Stipulation of Settlement was executed in NJBPU Docket No. ER16040383 dated December 12, 2016. The Parties supported the Company's acceleration of the SRC to reach full recovery by December 31, 2019 in the Company's SRC case in Docket No. ER16010044.
- D The Company is not seeking a rate change in this annual SRC filing.