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January 15, 2016

**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 08625

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. \_\_\_\_\_

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, 2015 through March 31, 2016. For the reasons discussed in Paragraph 11 of the Petition, JCP&L is not seeking any adjustment to the current level of its Rider SRC charge at this time.

Irene Kim Asbury, Secretary

January 15, 2016

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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 ¶15 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

**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 Rider of Its Filed Tariff  
“SRC Filing”  
Service List**

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**Board of Public Utilities**

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**Rate Counsel**

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**JCP&L**

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**JCP&L (continued)**

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

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In the Matter of the Verified Petition of <b>Jersey</b>	:	BPU Docket No.
<b>Central Power &amp; Light Company</b> Constituting	:	
Its Annual Filing With Respect to the Storm	:	
Recovery Charge Rider of Its Filed Tariff	:	<b>VERIFIED PETITION</b>
("SRC Filing")	:	

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**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 -

**Gabrielle A. Figueroa, Esq.  
Windels Marx Lane & Mittendorf, LLP  
One Giralda Farms  
Madison, New Jersey 07940**

**- 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  
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, 2015 through March 31, 2016 (the "2015-16 SRC Period").

4. Based on the supporting schedules included with this filing, the data supports an increase to the SRC rate factor from the current level -- \$0.002125 per kWh -- to \$0.002173 per kWh (each excluding Sales and Use Tax or "SUT"). Such an increase in the SRC factor

would result in an increase of approximately \$990,864 per year in SRC revenues. *See* Attachment A. However, due to the comparatively small magnitude of the potential increase, the Company is proposing to continue the current level of its SRC for the April 1, 2016 through March 31, 2017 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 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. In compliance with the Storm Costs Order, this Petition constitutes JCP&L's first filing with respect to a review of the Rider SRC.

### **SRC Deferred Balance**

10. As set forth in greater detail in the Attachments to this SRC Filing, the Company projects that, at present rates, the unamortized SRC deferred balance (including interest) at March 31, 2016 will be \$207,954,012. This represents a projected under-recovery of \$2,118,161, after the application of carrying costs of \$3,419,061. *See Attachments A and B.*

### **No SRC Rate Change**

11. As noted above, the data in the Attachments to this filing supports a revised SRC factor of \$0.002173 per kWh (\$0.002325 including SUT), effective April 1, 2016. The result of this rate change would be an increase in the revenues collected through the NGC rate by approximately \$990,864 annually. However, due to the comparatively small magnitude of such an increase, JCP&L is proposing 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. Recovery of the remaining deferred 2012 Major Storm O&M costs will continue in the SRC.

### **Interest Calculation**

12. 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%. In accordance with the Storm Costs Order, 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, 2016 are calculated as \$3,419,061. *See* Attachment B.

**Attachments**

13. 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**

14. 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**

15. 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, 4<sup>th</sup> Floor, P.O. Box 003, Trenton, New Jersey 08625-0003, and upon the Department of Law & Public Safety, Division of Law, 124 Halsey Street, 5<sup>th</sup> Floor, P.O. Box 45029, Newark, New Jersey 07101.



**Conclusion**

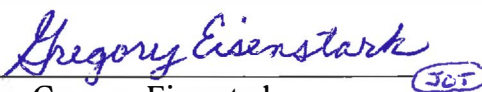
WHEREFORE, the Petitioner, Jersey Central Power & Light Company, respectfully requests that the Board issue a final decision and order:

- (1) approving for recovery all costs accumulated in the SRC deferred balance from April 1, 2015 through March 31, 2016;
- (2) continuing the Company's Rider SRC rate at \$0.002125 per kWh (excluding SUT) for the period April 1, 2016 through March 31, 2017;
- (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 15, 2016

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

By: Gregory Eisenstark   
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:

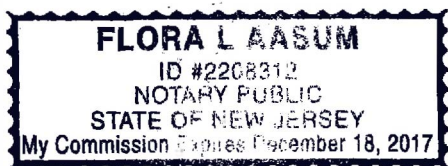
1. I am Director of Rates and Regulatory Affairs – New Jersey for Jersey Central Power & Light Company (“JCP&L”), the Petitioner named in the foregoing Verified Petition, and I am duly authorized to make this Affidavit of Verification on its behalf.

2. I have read the contents of the foregoing Verified Petition by JCP&L constituting its annual filing with respect to the Non-Utility Generation 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 15<sup>th</sup> day of January, 2016.

  
\_\_\_\_\_  
(Notary Public)

**Jersey Central Power & Light Company**  
**Summary of Deferred Storm Recovery Charge (SRC) and Interest**  
**For Period April 1, 2015 through March 31, 2016**

Line No.	Apr-15 through Mar-16	Refer to Attachment B Line No(s).
1	\$ 247,003,027	4
2	\$ -	
3	<u>\$ 247,003,027</u>	4
4	\$ (42,468,076)	1
5	<u>\$ 41,167,176</u>	2
6	\$ (1,300,900)	3
7	<u>\$ 204,534,951</u>	7
8	<u>\$ 3,419,061</u>	13
9	<u><u>\$ 207,954,012</u></u>	
<b><u>Calculation of Increase to Tariff Rider SRC:</u></b>		
10	\$ 207,954,012	
11	<u>5</u>	
12	<u>\$ 41,590,802</u>	
13	\$ 207,954,012	
14	40.85% <u>\$ 84,949,214</u>	
15	\$ 123,004,798	
16	2.66% <u>\$ 3,271,928</u> <sup>A</sup>	
17	<u>\$ 44,862,730</u>	
18	<u>20,642,992</u>	
19	<b>\$ 0.002173</b>	
20	\$ 0.002125	
21	<b>\$ 0.000048</b>	
22	<b><u>\$ 990,864</u></b>	

<sup>A</sup> Carrying Cost interest rate was derived using the 7 year treasury note rate as of January 4, 2016 of 2.06% plus 60 bps.

**Jersey Central Power & Light**  
**2012 Storm Cost Regulatory Asset Deferral and Carrying Cost Calculation**  
**Approval per BPU Docket No. AX13030196**

Line No.	ACTUAL Apr 2015	ACTUAL May 2015	ACTUAL Jun 2015	ACTUAL Jul 2015	ACTUAL Aug 2015	ACTUAL Sep 2015
Calculation of Monthly Deferral Cost:						
1 Current Month SRC Revenue	(1,359,563)	(3,000,773)	(3,711,289)	(4,369,754)	(4,724,024)	(4,569,687)
2 LESS AMORTIZATION	3,430,598	3,430,598	3,430,598	3,430,598	3,430,598	3,430,598
3 Amount (Over)/Under Recovered	2,071,036	429,825	(280,691)	(939,156)	(1,293,426)	(1,139,089)
4 Beginning Balance	\$ 247,003,027	\$ 245,643,465	\$ 242,642,692	\$ 238,931,403	\$ 234,561,649	\$ 229,837,625
5 Amortization	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)
6 Monthly Deferral	2,071,036	429,825	(280,691)	(939,156)	(1,293,426)	(1,139,089)
7 Ending Balance	<u>\$ 245,643,465</u>	<u>\$ 242,642,692</u>	<u>\$ 238,931,403</u>	<u>\$ 234,561,649</u>	<u>\$ 229,837,625</u>	<u>\$ 225,267,938</u>
8 Avg Bal	\$ 246,323,246	\$ 244,143,078	\$ 240,787,047	\$ 236,746,526	\$ 232,199,637	\$ 227,552,781
9 Less: Dfd Taxes	100,623,046	99,732,447	98,361,509	96,710,956	94,853,552	92,955,311
10 Ending Bal After Tax	\$ 145,700,200	\$ 144,410,631	\$ 142,425,538	\$ 140,035,570	\$ 137,346,085	\$ 134,597,470
11 Return Rate	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%
12 Carrying Cost	\$ 305,970	\$ 303,262	\$ 299,094	\$ 294,075	\$ 288,427	\$ 282,655
13 Cumulative Carrying Cost	<u>\$ 305,970</u>	<u>\$ 609,232</u>	<u>\$ 908,326</u>	<u>\$ 1,202,401</u>	<u>\$ 1,490,828</u>	<u>\$ 1,773,483</u>
Tax Rate	40.85%					
2015 Rate of Return	2.52%					
2016 Rate of Return (at 1/4/16)	2.66%					

**Jersey Central Power & Light**  
**2012 Storm Cost Regulatory Asset Deferral and Carrying Cost Calculation**  
**Approval per BPU Docket No. AX13030196**

Line No.	ACTUAL	ACTUAL	FORECAST	FORECAST	FORECAST	FORECAST	YTD
	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	Mar 2016
Calculation of Monthly Deferral Cost:							
1 Current Month SRC Revenue	(3,501,817)	(2,912,906)	(3,768,537)	(3,749,969)	(3,439,952)	(3,359,805)	(42,468,076)
2 LESS AMORTIZATION	3,430,598	3,430,598	3,430,598	3,430,598	3,430,598	3,430,598	41,167,176
3 Amount (Over)/Under Recovered	(71,219)	517,692	(337,939)	(319,371)	(9,354)	70,793	(1,300,900)
4 Beginning Balance	\$ 225,267,938	\$ 221,766,121	\$ 218,853,215	\$ 215,084,677	\$ 211,334,708	\$ 207,894,756	\$ 247,003,027
5 Amortization	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)	(41,167,176)
6 Monthly Deferral	(71,219)	517,692	(337,939)	(319,371)	(9,354)	70,793	(1,300,900)
7 Ending Balance	\$ 221,766,121	\$ 218,853,215	\$ 215,084,677	\$ 211,334,708	\$ 207,894,756	\$ 204,534,951	\$ 204,534,951
8 Avg Bal	\$ 223,517,029	\$ 220,309,668	\$ 216,968,946	\$ 213,209,693	\$ 209,614,732	\$ 206,214,853	
9 Less: Dfd Taxes	91,306,706	89,996,499	88,631,814	87,096,160	85,627,618	84,238,767	
10 Ending Bal After Tax	\$ 132,210,323	\$ 130,313,169	\$ 128,337,132	\$ 126,113,533	\$ 123,987,114	\$ 121,976,086	
11 Return Rate	2.52%	2.52%	2.52%	2.66%	2.66%	2.66%	
12 Carrying Cost	\$ 277,642	\$ 273,658	\$ 269,508	\$ 279,552	\$ 274,838	\$ 270,380	\$ 3,419,061
13 Cumulative Carrying Cost	\$ 2,051,125	\$ 2,324,783	\$ 2,594,291	\$ 2,873,843	\$ 3,148,681	\$ 3,419,061	\$ 3,419,061
Tax Rate	40.85%						
2015 Rate of Return	2.52%						
2016 Rate of Return (at 1/4/16)	2.66%						