



## New Jersey Board of Public Utilities

### NEWS RELEASE

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### **JCP&L Ordered to File a Base Rate Case**

TRENTON, NJ – The New Jersey Board of Public Utilities (“Board”) today voted unanimously to order Jersey Central Power & Light (“JCP&L”) to file a base rate case in response to a request from the New Jersey Division of the Rate Counsel. The rate case will require JCP&L to justify its earnings and address concerns regarding the company’s performance since 2005, the date of its last rate case.

“Today’s action by the Board requires JCP&L to make a base rate filing which will allow the Board, Rate Counsel and other interested parties to evaluate whether the Company is providing safe, adequate and proper service at just and reasonable rates,” said N.J. Board of Public Utilities President Bob Hanna.

The New Jersey Division of the Rate Counsel petitioned the Board to require JCP&L to file a base rate case, raising concerns that JCP&L is earning an unreasonable rate of return for electric services while emphasizing that six years has elapsed since JCP&L last received Board rate approval.

In the petition, Rate Counsel argues that, without a base rate case, JCP&L customers have not had the opportunity to review the company’s revenues and expenses to ensure that JCP&L is making the necessary capital improvements required to provide safe, adequate, and reliable utility service. In contrast, claims Rate Counsel, all of the State’s other major electric, gas, and water public utilities were subject to such a review through a base rate case within the last two years.

In addition, Rate Counsel raises service reliability issues related to JCP&L’s performance during Hurricane Irene in August 2011 and the subsequent October 2011 snow storm, including concerns that the company is not investing a sufficient amount in its utility infrastructure. Similar concerns were raised during public hearings held by the Board to investigate the utility’s response to Hurricane Irene and during an investigation of JCP&L’s infrastructure after underground fires and explosions occurred in Morristown, NJ.

JCP&L responded that Rate Counsel's petition contains several significant errors and inaccuracies, and improperly focuses on the overall rate of return rather than the return on equity. JCP&L also argues that its current return on equity is consistent with the financial community's expectations for similar utilities.

After consideration of the arguments and evidence presented, the Board determined that it was appropriate to direct JCP&L to file a base rate case to allow for a full review of this matter. The Board is expected to issue a schedule for the proceeding in the near future.

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