



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

ENERGY

IN THE MATTER OF THE VERIFIED PETITION OF )  
JERSEY CENTRAL POWER AND LIGHT COMPANY ) ORDER  
CONSTITUTING ITS ANNUAL FILING WITH )  
RESPECT TO THE STORM RECOVERY CHARGE )  
RIDER OF ITS FILED TARIFF ("SRC FILING") ) DOCKET NO. ER16010044

**Parties of Record:**

**Gregory Eisenstark, Esq.**, for Jersey Central Power and Light Company  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel

**BY THE BOARD:**

By petition dated January 15, 2016, Jersey Central Power and Light Company ("JCP&L" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") requesting review and approval of the amounts included in the Company's Storm Recovery Charge ("SRC") deferred balance relating 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. ("January 2016 Petition") On November 23, 2016, JCP&L amended the January 2016 Petition to request the acceleration of the amortization of the 2012 major Storm expenses to achieve full recovery by December 31, 2019 ("November 2016 Update"). By this Decision and Order, the Board considers a Stipulation ("Stipulation") entered into by JCP&L, the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") (collectively the "Parties"), requesting that the Board approve an increase in JCP&L's SRC rate.

**BACKGROUND**

By Order dated March 20, 2013, the Board issued an Order establishing a generic proceeding to review the prudence of costs incurred by New Jersey utilities in response to multiple major storm events in 2011 and 2012.<sup>1</sup> ("Storm Cost Proceeding") On June 23, 2013, JCP&L filed a petition with supporting testimony, schedules, and exhibits pursuant to the March 20 Order. In

<sup>1</sup> In re 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, BPU Docket No. AX13030196, Order dated March 20, 2013. ("March 20 Order")

the petition, the Company sought approval to recover, through base rates, all costs it incurred associated with the 2011 Major Storms (Hurricane Irene and the October snow storm), and the 2012 Major Storms (Super Storm Sandy and the November 2012 Nor'easter). The matter was assigned Docket No. EO13050391. By Order dated March 19, 2014, the Board issued an Order<sup>2</sup> approving the amount of the 2011 and 2012 Major Storm Costs that could be recovered from ratepayers. The March 2014 Order returned the 2011 Major Storm Costs to the currently pending JCP&L base rate case (Docket No. ER12111052) with the exact manner of recovery to be decided within the base rate case. (March 2014 Order at 5). The March 2014 Order also adopting a briefing schedule proposed by the parties for a determination of the mechanism for recovery of the 2012 Major Storm Costs. (ibid.)<sup>3</sup>

By Order dated March 26, 2015, the Board ordered that the 2012 Major Storm capital costs (\$333,184,830) be incorporated into the base rates established in the pending base rate case, while the O&M expenses (\$247,003,027) should be recovered on a per kilowatt hour (kWh) basis, amortized over a six year period through a new clause, "Storm Recovery Charge", to be true-up annually.<sup>4</sup> The Storm Cost 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. (Storm Cost Order at 8). The carrying costs were to 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. JCP&L was required to file its annual cost true-up petition by January 15<sup>th</sup> of each year, with rates proposed to be effective April 1 of the filing year. (ibid.) The initial SRC rate of \$0.002125 per kWh (\$0.0022274 including Sales and Use Tax ("SUT")) was implemented on April 1, 2015.

### JANUARY 2016 PETITION

By petition dated January 15, 2016, JCP&L filed the requisite filing which was assigned Docket No. ER16010044. The January 2016 Petition requested approval for recovery of all costs accumulated in the SRC deferred balance from April 1, 2015 through March 31, 2016 and a continuation of the Company's current SRC rate of \$0.002325 including SUT for the period April 1, 2016 through March 31, 2017. In addition, the January 2016 Petition requested authorization of the continued deferral by JCP&L 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 Cost Order, compounded annually on March 31 of each year.

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<sup>2</sup> In re the Board's Establishment of a Generic Proceeding to Review the Prudency of Costs Incurred by New Jersey Utilities in Response to Major Storm Events in 2011 and 2012 and In re the Board's Review of the Prudency of the Costs Incurred by Jersey Central Power and Light Company in Response to Major Storm Events of 2011 and 2012, BPU Docket Nos. AX13030196 and EO13050391, Order dated March 19, 2014. ("March 2014 Order")

<sup>3</sup> The March 2014 Order approved the following costs to be recovered by ratepayers: 1) 2011 capital costs of \$74,007,396 and 2011 O&M costs of \$81,912,314; and 2) 2012 capital costs of \$333,184,830 and 2012 O&M costs of \$247,033,027.

<sup>4</sup> In re the Board's Establishment of a Generic Proceeding to Review the Prudency of Costs Incurred by New Jersey Utilities in Response to Major Storm Events in 2011 and 2012 and In re the Board's Review of the Prudency of the Costs Incurred by Jersey Central Power and Light Company in Response to Major Storm Events of 2011 and 2012, BPU Docket Nos. AX13030196 and EO13050391, Order dated March 26, 2015. ("Storm Cost Order")

As set forth in the January 2016 Petition, 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. According to JCP&L, the result of the data presented would support an increase in the revenues collected through the SRC by approximately \$990,864 annually. However, due to the comparatively small magnitude of such an increase, JCP&L proposed to leave the current SRC rate of \$0.002325 (inclusive of SUT) in effect for the period April 1, 2016 through March 31, 2017.

### **NOVEMBER 2016 UPDATE**

In an effort to improve JCP&L's Funds From Operations to Debt credit metric, as part of the discussions related to JCP&L's 2016 base rate case, the parties to that matter agreed to support the acceleration of the amortization and recovery of the deferred 2012 major storm expenses. On November 23, 2016, JCP&L filed the November 2016 Update by which JCP&L requested such acceleration of the amortization to achieve full recovery by December 31, 2019. By its Order dated December 12, 2016, the Board approved the acceleration.<sup>5</sup>

In the November 2016 Update, JCP&L also 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 update, JCP&L proposed a new SRC rate of \$0.003084 per kWh (\$0.003300 per kWh including SUT).<sup>6</sup>

Following notice in newspapers of general circulation in JCP&L's service territory, public hearings were held on this matter on December 19, 2016 in Freehold, NJ and Morristown, NJ. Several members of the public appeared and commented favorably on JCP&L's customer service and service reliability, but there were no specific comments on this petition.

### **STIPULATION**

Following discovery, the Parties met to discuss the issues in this matter. As a result, on December 27, 2017, the Parties executed a Stipulation in this matter. The Stipulation provides for the following:<sup>7</sup>

12. The Parties agree 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 carrying costs of \$3,421,160. See Attachment A to the Stipulation

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<sup>5</sup> In re 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, BPU Docket No. ER16040383, Order dated December 12, 2016.

<sup>6</sup> The rate including SUT set forth in the November 2016 Update was based on the then-current 7% tax rate.

<sup>7</sup> Although described in this Order, should there be any conflict between this summary and the stipulation, the terms of the stipulation control, subject to the findings and conclusions contained in this Order.

13. The Parties further agree that the updated schedules provided with the November 2016 Update show the Company's unamortized SRC deferred balance (including interest) at October 31, 2016 was \$183,289,150. See Attachment B-1 to the Stipulation. This balance will be reviewed in the Company's next SRC filing.
14. The Parties further agree that, as per the data in Attachments A, A-1, B, and B-1 attached to the Stipulation, 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.
15. The Parties also agree that JCP&L should 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 the Stipulation.
16. 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.
17. The Parties further agree that JCP&L will continue to file annual updates to its Rider SRC rate by January 15 with a requested effective date of April 1 of the filing year. The Company's 2017 SRC filing shall seek review and approval of the SRC deferred balance accumulated from April 1, 2016 through March 31, 2017.
18. The Parties agree that, upon the effective date of the Board's written Order approving the Stipulation, all elements of the January 2016 Petition and the November 2016 Update shall all be deemed closed and resolved.

### **DISCUSSION AND FINDING**

The Board has carefully reviewed the record to date in this proceeding, including the January 2016 Petition, the November 2016 Update and the attached Stipulation. Accordingly, the Board **HEREBY FINDS** that the Stipulation is reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, incorporating by reference its terms and conditions, as if fully set forth herein.

The Board **HEREBY APPROVES** an SRC rate of \$0.003084 (excluding SUT) until such time as the next annual filing is reviewed. Based on the Stipulation, a typical residential customer using 768 kWh per month will see an increase in their monthly bill of \$0.79, or 0.7%.

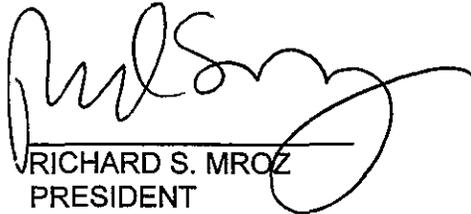
These changes shall become effective as of February 1, 2017. The Board **HEREBY ORDERS** JCP&L to file revised tariff sheets conforming to the terms of the Stipulation prior to February 1, 2017.

The Company's costs will remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

The effective date of this Order is January 25, 2017.

DATED: 1/25/17

BOARD OF PUBLIC UTILITIES  
BY:



RICHARD S. MROZ  
PRESIDENT



JOSEPH L. FIORDALISO  
COMMISSIONER



MARY-ANNA HOLDEN  
COMMISSIONER



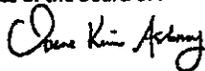
DIANNE SOLOMON  
COMMISSIONER



UPENDRA J. CHIVUKULA  
COMMISSIONER

ATTEST:   
IRENE KIM ASBURY  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
in the files of the Board of Public Utilities



**IN THE MATTER OF THE VERIFIED PETITION OF JERSEY CENTRAL POWER AND LIGHT  
COMPANY CONSTITUTING ITS ANNUAL FILING WITH RESPECT TO THE STORM  
RECOVERY CHARGE RIDER OF ITS FILED TARIFF ("SRC FILING")  
DOCKET NO. ER16010044**

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December 27, 2016

*Via Hand Delivery*

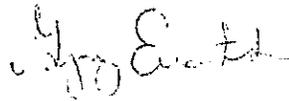
Irene Kim Asbury, Secretary  
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Re: In the Matter of the Verified Petition of **Jersey Central Power & Light Company** Constituting Its Annual Filing With Respect to the Storm Recovery Charge Rider of Its Filed Tariff ("**SRC Filing**")  
**BPU Docket No. ER16010044**

Dear Secretary Asbury:

Enclosed for filing on behalf of Jersey Central Power & Light Company is a fully-executed Stipulation of Settlement in the above-referenced matter. An original and ten (10) copies are enclosed for filing. The Stipulation of Settlement fully-resolves all issue in this matter.

Respectfully submitted,



Gregory Eisenstark

Enclosure

c: Division of Rate Counsel (w/ encl.)  
Bal. of Service list (w/ encl., via email only)

**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”  
Docket No. ER16010044  
Service List**

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

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")	: : : : : : : : : :	<b>STIPULATION OF SETTLEMENT</b>  BPU Docket No. ER16010044
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**TO THE HONORABLE BOARD OF PUBLIC UTILITIES:**

APPEARANCES:

**Gregory Eisenstark, Esq.**, (Windels, Marx, Lane & Mittendorf, L.L.P., attorneys) for the Petitioner, Jersey Central Power & Light Company

**Ami Morita, Esq.** (Managing Attorney) and **Diane Schulze, Esq.** (Assistant Deputy Rate Counsel), Division of Rate Counsel (**Stefanie A. Brand, Esq.**, Director)

**Alex Moreau and Renee Greenberg**, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (**Christopher S. Porrino**, 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 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-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.

5. On January 15, 2016, JCP&L filed a Verified Petition and supporting Attachments, which was assigned BPU Docket No. ER16010044 (“January 15 SRC Filing”). The purpose of the January 15 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 January 15 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 represents 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 January 15 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.<sup>1</sup>

8. On November 23, 2016, JCP&L filed an Amendment to the January 15 SRC Filing (“Amendment”). The genesis of the Amendment was a settlement term in the Company’s then-pending base rate case.<sup>1</sup> 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,

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<sup>1</sup> *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.*

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.<sup>2</sup>

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 SUT<sup>3</sup>) 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. Following the filing of the Verified Petition, the Parties engaged in discovery and exchanged additional information during informal discussions and settlement meetings.

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<sup>2</sup> *Id.*, Stipulation of Settlement dated November 29, 2016, Para. 18.

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

### Stipulation

The undersigned Parties DO HEREBY STIPULATE AND AGREE as follows:

12. The Parties agree 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 carrying costs of \$3,421,160. See Attachment A.

13. The Parties further agree 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. See Attachment B-1. This balance will be reviewed in the Company's next SRC filing.

14. The Parties further agree that, as per the data in Attachments A, A-1, B, and B-1 attached hereto, 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.

15. The Parties also agree that JCP&L should 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.

16. 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 this Stipulation of Settlement.

17. The Parties further agree that JCP&L will continue to file annual updates to its Rider SRC rate by January 15 with a requested effective date of April 1 of the filing year. The Company's 2017 SRC filing shall seek review and approval of the SRC deferred balance accumulated from April 1, 2016 through March 31, 2017.

18. The Parties agree that, upon the effective date of the Board's written Order approving this Stipulation, all elements of the January 15 Rider SRC Filing and the Amendment shall all be deemed closed and resolved.

### Conclusion

19. 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.

20. 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.

21. 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

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Attorney for Staff of the Board of Public  
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By:   
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By:   
Alex Mofeau  
Deputy Attorney General

Dated: 12-22-2016

Dated: 12-23-2016

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

By:   
Diane Schulze, Esq.  
Assistant Deputy Rate Counsel

Dated: 12-27-16

**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	Total Unamortized Balance of Deferred O&M at April 1, 2015	\$ 247,003,027	4
2	Balance of Carrying Charge on Unamortized Balance of Deferred O&M at April 1, 2015	\$ -	
3	Total Unamortized Balance of Deferred O&M Including Carrying Charge at April 1, 2015 (line 1 + line 2)	\$ 247,003,027	4
4	Tariff Rider SRC Net Revenue Recovery (April 1, 2015 through March 31, 2016)	\$ (42,062,215)	1
5	12 months SRC Amortization Expense Incurred (April 1, 2015 through March 31, 2016)	\$ 41,167,176	2
6	(Over)/Under-Recovery of SRC Costs through March 31, 2016 (line 4 + line 5)	\$ (895,039)	3
7	Total Unamortized Balance of Deferred O&M Excluding Carrying Charge (line 1 - line 5 + line 6)	\$ 204,940,812	7
8	Carrying Cost on Unamortized Balance of Deferred O&M (April 1, 2015 through March 31, 2016)	\$ 3,421,160	13
9	Total Unamortized Balance of Deferred O&M Including Carrying Charge at March 31, 2016 (line 7 + line 8)	<u>\$ 208,361,972</u>	
<b><u>Calculation of Increase to Tariff Rider SRC:</u></b>			
10	Total Unamortized Balance of Deferred O&M Including Carrying Charge at March 31, 2016	\$ 208,361,972	
11	Remaining recovery period (years)	<u>5</u>	
12	12 months of Unamortized Balance of Deferred O&M Amortization (line 10 / line 11)	<u>\$ 41,672,394</u>	
13	Average Unamortized Balance April 1, 2016 through March 31, 2017	\$ 187,525,775	
14	Deferred taxes on Unamortized Balance of Deferred O&M	40.85% \$ 76,604,279	
15	Unamortized Balance of Deferred O&M after tax (line 13 - line 14)	\$ 110,921,496	
16	Forecasted Carrying Cost on Unamortized Balance of Deferred O&M	2.66% \$ 2,950,512 A	
17	Total Calculated Annual Revenue Recovery Effective 4/1/2016 (Line 12 + Line 16)	<u>\$ 44,622,906</u>	
18	Forecasted Jurisdictional MWh Sales for 4/1/2016 - 3/31/2017	<u>20,642,992</u>	
19	Calculated Tariff Rider SRC (\$ per KWh) Before SUT (Line 17 / Line 18)	\$ 0.002162	
20	Current Tariff Rider SRC (\$ per KWh) Before SUT	\$ 0.002125	
21	Calculated Change to Tariff Rider SRC (\$ per KWh) Before SUT effective 4/1/2016	<u>\$ 0.000037</u>	
22	Calculated Rider SRC Revenue Increase Effective 4/1/2016 (Line 18 X Line 21)	<u>\$ 763,791</u>	

A 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 Company**  
**Summary of Deferred Storm Recovery Charge (SRC) and Interest**  
**For Period April 1, 2016 through January 31, 2017**

Line No.		Apr-16 through Jan-17	Refer to Attachment B Line No(s).
1	Total Unamortized Balance of Deferred O&M at April 1, 2016	\$ 204,940,812	7
2	Balance of Carrying Charge on Unamortized Balance of Deferred O&M at April 1, 2016	\$ 3,421,180	
3	Total Unamortized Balance of Deferred O&M Including Carrying Charge at April 1, 2016 (line 1+ line 2)	<u>\$ 208,361,972</u>	4
4	Tariff Rider SRC Net Revenue Recovery (April 1, 2016 through January 31, 2017)	\$ (37,613,133)	1
5	10 months SRC Amortization Expense Incurred (April 1, 2016 through January 31, 2017)	<u>\$ 34,305,980</u>	2
6	(Over)/Under-Recovery of SRC Costs through January 31, 2017 (line 4 + line 5)	\$ (3,307,153)	3
7	Total Unamortized Balance of Deferred O&M Excluding Carrying Charge (line 2 - line 5 + line 6)	<u>\$ 170,748,839</u>	7
8	Carrying Cost on Unamortized Balance of Deferred O&M (April 1, 2016 through January 31, 2017)	<u>\$ 2,489,907</u>	13
9	Total Unamortized Balance of Deferred O&M Including Carrying Charge at January 31, 2017 (line 7 + line 8)	<u><u>\$ 173,238,746</u></u>	
<b>Calculation of Increase to Tariff Rider SRC:</b>			
10	Total Unamortized Balance of Deferred O&M Including Carrying Charge at January 31, 2017	\$ 173,238,746	
11	Remaining recovery period (months)	<u>35</u>	
12	12 months of Unamortized Balance of Deferred O&M Amortization (line 10 / line 11)	<u>\$ 59,396,136</u>	
13	Average Unamortized Balance February 1, 2017 through January 31, 2018	\$ 143,540,678	
14	Deferred taxes on Unamortized Balance of Deferred O&M	40.85% \$ 58,636,367	
15	Unamortized Balance of Deferred O&M after tax (line 13 - line 14)	<u>\$ 84,904,311</u>	
16	Forecasted Carrying Cost on Unamortized Balance of Deferred O&M	2.66% \$ 2,258,455	A
17	Total Calculated Annual Revenue Recovery Effective 2/1/2017 (Line 12 + Line 16)	<u>\$ 61,654,591</u>	
18	Forecasted Jurisdictional MWh Sales for 2/1/2017 - 1/31/2018	<u>19,994,640</u>	
19	Calculated Tariff Rider SRC (\$ per KWh) Before SUT (Line 17 / Line 18)	<u>\$ 0.003084</u>	
20	Current Tariff Rider SRC (\$ per KWh) Before SUT	<u>\$ 0.002125</u>	
21	Calculated Change to Tariff Rider SRC (\$ per KWh) Before SUT effective 2/1/2017	<u>\$ 0.000959</u>	
22	Calculated Rider SRC Revenue Increase Effective 2/1/2017 (Line 18 X Line 21)	<u><u>\$ 19,174,860</u></u>	

A 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	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	
	Apr 2015	May 2015	Jun 2015	Jul 2015	Aug 2015	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	\$ 245,643,465	\$ 242,642,692	\$ 238,931,403	\$ 234,561,649	\$ 229,837,625	\$ 225,267,938
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	\$ 305,970	\$ 609,232	\$ 908,326	\$ 1,202,401	\$ 1,490,828	\$ 1,773,483
	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	ACTUAL	ACTUAL	ACTUAL	ACTUAL	YTD
	Oct	Nov	Dec	Jan	Feb	Mar	Mar
	2015	2015	2015	2016	2016	2016	2016
Calculation of Monthly Deferral Cost:							
1	(3,501,817)	(2,912,906)	(3,337,141)	(3,613,216)	(3,598,670)	(3,363,375)	(42,062,215)
2	3,430,598	3,430,598	3,430,598	3,430,598	3,430,598	3,430,598	41,167,176
3	(71,219)	517,692	93,457	(182,618)	(168,072)	67,223	(895,039)
4	\$ 225,267,938	\$ 221,766,121	\$ 218,853,215	\$ 215,516,073	\$ 211,902,857	\$ 208,304,187	\$ 247,003,027
5	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)	(41,167,176)
6	(71,219)	517,692	93,457	(182,618)	(168,072)	67,223	(895,039)
7	\$ 221,766,121	\$ 218,853,215	\$ 215,516,073	\$ 211,902,857	\$ 208,304,187	\$ 204,940,812	\$ 204,940,812
8	\$ 223,517,029	\$ 220,309,668	\$ 217,184,644	\$ 213,709,465	\$ 210,103,522	\$ 206,622,499	
9	91,306,706	89,996,499	88,719,927	87,300,316	85,827,289	84,405,291	
10	\$ 132,210,323	\$ 130,313,169	\$ 128,464,717	\$ 126,409,149	\$ 124,276,233	\$ 122,217,208	
11	2.52%	2.52%	2.52%	2.66%	2.66%	2.66%	
12	\$ 277,642	\$ 273,658	\$ 269,776	\$ 280,207	\$ 275,479	\$ 270,915	\$ 3,421,160
13	\$ 2,051,125	\$ 2,324,783	\$ 2,594,559	\$ 2,874,766	\$ 3,150,245	\$ 3,421,160	\$ 3,421,160
	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 Apr 2015	ACTUAL May 2015	ACTUAL Jun 2015	ACTUAL Jul 2015	ACTUAL Aug 2015	ACTUAL Sep 2015
Calculation of Monthly Deferral Cost:						
1	(1,359,563)	(3,000,773)	(3,711,289)	(4,369,754)	(4,724,024)	(4,569,687)
2	3,430,598	3,430,598	3,430,598	3,430,598	3,430,598	3,430,598
3	2,071,036	429,825	(280,691)	(939,156)	(1,293,426)	(1,139,089)
4	\$ 247,003,027	\$ 245,643,465	\$ 242,642,692	\$ 238,931,403	\$ 234,561,649	\$ 229,837,625
5	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)
6	2,071,036	429,825	(280,691)	(939,156)	(1,293,426)	(1,139,089)
7	\$ 245,643,465	\$ 242,642,692	\$ 238,931,403	\$ 234,561,649	\$ 229,837,625	\$ 225,267,938
8	\$ 246,323,246	\$ 244,143,078	\$ 240,787,047	\$ 236,746,526	\$ 232,199,637	\$ 227,552,781
9	100,623,046	99,732,447	98,361,509	96,710,956	94,853,552	92,955,311
10	\$ 145,700,200	\$ 144,410,631	\$ 142,425,538	\$ 140,035,570	\$ 137,346,085	\$ 134,597,470
11	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%
12	\$ 305,970	\$ 303,262	\$ 299,094	\$ 294,075	\$ 288,427	\$ 282,655
13	\$ 305,970	\$ 609,232	\$ 908,326	\$ 1,202,401	\$ 1,490,828	\$ 1,773,483
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 Oct 2015	ACTUAL Nov 2015	ACTUAL Dec 2015	ACTUAL Jan 2016	ACTUAL Feb 2016	ACTUAL Mar 2016	YTD Mar 2016
Calculation of Monthly Deferral Cost:							
1	(3,501,817)	(2,912,906)	(3,337,141)	(3,613,216)	(3,598,670)	(3,363,375)	(42,062,215)
2	3,430,598	3,430,598	3,430,598	3,430,598	3,430,598	3,430,598	41,167,176
3	(71,219)	517,692	93,457	(182,618)	(168,072)	67,223	(895,039)
4	\$ 225,267,938	\$ 221,766,121	\$ 218,853,215	\$ 215,516,073	\$ 211,902,857	\$ 208,304,187	\$ 247,003,027
5	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)	(41,167,176)
6	(71,219)	517,692	93,457	(182,618)	(168,072)	67,223	(895,039)
7	\$ 221,766,121	\$ 218,853,215	\$ 215,516,073	\$ 211,902,857	\$ 208,304,187	\$ 204,940,812	\$ 204,940,812
8	\$ 223,517,029	\$ 220,309,668	\$ 217,184,644	\$ 213,709,465	\$ 210,103,522	\$ 206,622,499	
9	91,306,706	89,996,499	88,719,927	87,300,316	85,827,289	84,405,291	
10	\$ 132,210,323	\$ 130,313,169	\$ 128,464,717	\$ 126,409,149	\$ 124,276,233	\$ 122,217,208	
11	2.52%	2.52%	2.52%	2.66%	2.66%	2.66%	
12	\$ 277,642	\$ 273,658	\$ 269,776	\$ 280,207	\$ 275,479	\$ 270,915	\$ 3,421,160
13	\$ 2,051,125	\$ 2,324,783	\$ 2,594,559	\$ 2,874,766	\$ 3,150,245	\$ 3,421,160	\$ 3,421,160
	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.	( Interest Compounding)						
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	
	Apr 2016	May 2016	Jun 2016	Jul 2016	Aug 2016	Sep 2016	
Calculation of Monthly Deferral Cost:							
1	Current Month SRC Revenue	(3,064,404)	(2,875,885)	(3,644,335)	(4,307,525)	(4,987,609)	(4,585,463)
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	366,194	554,713	(213,737)	(876,927)	(1,557,011)	(1,154,865)
4	Beginning Balance	\$ 208,361,972	\$ 205,297,568	\$ 202,421,682	\$ 198,777,348	\$ 194,469,823	\$ 189,482,214
5	Amortization	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)
6	Monthly Deferral	366,194	554,713	(213,737)	(876,927)	(1,557,011)	(1,154,865)
7	Ending Balance	\$ 205,297,568	\$ 202,421,682	\$ 198,777,348	\$ 194,469,823	\$ 189,482,214	\$ 184,896,751
8	Avg Bal	\$ 206,829,770	\$ 203,859,625	\$ 200,599,515	\$ 196,623,585	\$ 191,976,019	\$ 187,189,483
9	Less: Dfd Taxes	84,489,961	83,276,657	81,944,902	80,320,734	78,422,204	76,466,904
10	Ending Bal After Tax	\$ 122,339,809	\$ 120,582,968	\$ 118,654,613	\$ 116,302,851	\$ 113,553,815	\$ 110,722,579
11	Return Rate	2.66%	2.66%	2.66%	2.66%	2.66%	2.66%
12	Carrying Cost	\$ 271,187	\$ 267,292	\$ 263,018	\$ 257,805	\$ 251,711	\$ 245,435
13	Cumulative Carrying Cost	\$ 271,187	\$ 538,479	\$ 801,497	\$ 1,059,302	\$ 1,311,013	\$ 1,556,448

## Tax Rate

2015 Rate of Return

2016 Rate of Return (at 1/4/16)

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

Line No.	ACTUAL	FORECAST	FORECAST	FORECAST	YTD
	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Jan 2017
Calculation of Monthly Deferral Cost:					
1	(3,404,250)	(3,318,287)	(3,729,107)	(3,696,269)	(37,613,133)
2	3,430,598	3,430,598	3,430,598	3,430,598	34,305,980
3	26,348	112,311	(298,509)	(265,671)	(3,307,153)
4	\$ 184,896,751	\$ 181,492,501	\$ 178,174,215	\$ 174,445,108	\$ 208,361,972
5	(3,430,598)	(3,430,598)	(3,430,598)	(3,430,598)	(34,305,980)
6	26,348	112,311	(298,509)	(265,671)	(3,307,153)
7	\$ 181,492,501	\$ 178,174,215	\$ 174,445,108	\$ 170,748,839	\$ 170,748,839
8	\$ 183,194,626	\$ 179,833,358	\$ 176,309,661	\$ 172,596,973	
9	74,835,005	73,461,927	72,022,497	70,505,863	
10	\$ 108,359,621	\$ 106,371,431	\$ 104,287,164	\$ 102,091,110	
11	2.66%	2.66%	2.66%	2.66%	
12	\$ 240,197	\$ 235,790	\$ 231,170	\$ 226,302	\$ 2,489,907
13	\$ 1,796,645	\$ 2,032,435	\$ 2,263,605	\$ 2,489,907	\$ 2,489,907

Tax Rate

2015 Rate of Return

2016 Rate of Return (at 1/4/16)