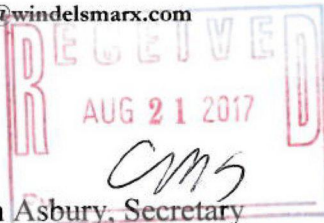


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August 21, 2017

BOARD OF PUBLIC UTILITIES

AUG 21 2017

MAIL RECEIVED

Irene Kim Asbury, Secretary  
Board of Public Utilities  
44 South Clinton Avenue, Suite 314  
P.O. Box 350  
Trenton, NJ 08625

Re: **In the Matter of the Verified Petition of Jersey Central Power & Light Company ("JCP&L") Seeking (1) Review and Approval of Its Deferred Balances Relating to, and an Adjustment of, the Societal Benefits Charge Clause of Its Filed Tariff; & (2) Review and Approval of Its Deferred Balance Relating to the System Control Charge Clause of Its Filed Tariff ("2016 SBC/SCC Filing")**

BPU Docket No. ER 17080894

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 Societal Benefits Charge ("SBC") clause and the System Control Charge ("SCC") clause of JCP&L's filed Tariff.

As noted in the Verified Petition (at ¶3), the purpose of this filing is to provide for: (1) a review and approval of the deferred amounts included in the Company's Demand Side Factor ("DSF"), Uncollectible Accounts Charge ("UNC") and Nuclear Decommissioning Costs ("NDC") components of the Company's SBC to the extent accumulated from January 1, 2016 through December 31, 2016; and (2) a review and approval of the deferred amounts included in the Company's SCC to the extent accumulated from January 1, 2016 through December 31, 2016. For the reasons discussed in Paragraphs 21 through 24 of the Petition, JCP&L is proposing decreases

CMS

Legal

DAG

RPA

T. Walker

S. Peterson

Energy

**In the Matter of the Verified Petition of Jersey Central Power & Light Company ("JCP&L")  
Seeking (1) Review and Approval of Its Deferred Balances Relating to, and an Adjustment of, the  
Societal Benefits Charge Clause of Its Filed Tariff; & (2) Review and Approval of Its Deferred Balance  
Relating to the System Control Charge Clause of Its Filed Tariff**

**("2016 SBC/SCC Filing")**

**Docket No. \_\_\_\_\_**

**Service List**

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**JCP&L (continued)**

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

AUG 21 2017

MAIL RECEIVED

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In the Matter of the Verified Petition of **Jersey  
Central Power & Light Company** Seeking (1)  
Review and Approval of Its Deferred Balances  
Relating to, and an Adjustment of, the Societal  
Benefits Charge Clause of Its Filed Tariff; and  
(2) Review and Approval of Its Deferred Balance  
Relating to the System Control Charge Clause of  
Its Filed Tariff ("**2016 SBC/SCC Filing**")

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:  
: 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 O'Toole  
Jersey Central Power & Light Company  
300 Madison Avenue  
Morristown, New Jersey 07962-1911**

**-and-**

**Carol Pittavino  
FirstEnergy Service Company  
800 Cabin Hill Drive  
Greensburg, PA 15601**

**- and -**

**Lauren Lepkoski, Esq.  
First Energy Service Company  
Legal Department  
2800 Pottsville Pike  
Reading, PA 19612-6001**

**Purpose of Filing**

3. The purpose of this filing is to provide for a review by the Board, the Board's Staff ("Staff"), and the Division of Rate Counsel ("Rate Counsel"), and approval by the Board, of the deferred balances accumulated with respect to the Demand Side Factor ("DSF"), Uncollectible Accounts Charge ("UNC") and Nuclear Decommissioning Costs ("NDC") components of the Company's Societal Benefits Charge ("SBC"), in each case to the extent accumulated from January 1, 2016 through December 31, 2016. This filing also provides for a final review and approval of the deferred balance accumulated with respect to the Company's

System Control Charge (“SCC”) clause at December 31, 2016, along with the proposal to eliminate Rider SCC from JCP&L’s Tariff.

4. For the reasons discussed in Paragraphs 21 through 24 below, JCP&L is proposing decreases to its Rider DSF and Rider UNC Charges. As discussed in Paragraphs 18 and 19 below, JCP&L is not proposing changes to its Rider NDC Charge, which is currently set at zero. In addition, for the reasons discussed in Paragraph 25 below, JCP&L is proposing to eliminate its Rider SCC, which is currently set at zero.

### **Procedural History**

5. Pursuant to the Board’s Final Order dated May 17, 2004 (“Deferred Balances Order”) issued in connection with JCP&L’s “2002 Deferred Balances Petition” in Docket No. ER02080507, together with the Board’s Order dated June 8, 2006 in Docket Nos. EX02060363 and EA02060365 with respect to the Phase II Audit of JCP&L’s Deferred Balances (“Phase II Audit Order”), all issues relating the CED, DSF, UNC and NDC deferred balances through July 31, 2003, i.e., the end of the restructuring Transition Period, were determined and resolved. In the Phase II Audit Order (at 8-9), the Board formally accepted the associated Audit Report of Mitchell & Titus LLP, which found that JCP&L had complied, in all material respects, with relevant Board Orders regarding its deferred balances, with no findings of imprudence noted. In addition, in accordance with the Deferred Balances Order, through December 31, 2011, all over-recoveries in any components of the SBC were netted annually against the Company’s under-recovered balances in other SBC components and/or against the Non-Utility Generation Charge (“NGC”) deferred balance.

6. On December 2, 2005, the Company filed its “2005 NGC Filing” in Docket No. ER05121018 seeking review of its NGC deferred balance for the period from August 1, 2003 through December 31, 2005 and approval of an adjustment to the level of its NGC. This proceeding was settled and resolved in a Stipulation of Settlement dated November 8, 2006 by and among JCP&L, Board Staff and Rate Counsel, which Stipulation of Settlement was approved by Board Order dated December 6, 2006 (“2006 NGC Order”). In the 2006 NGC Order (at 5, ¶10), the Board directed that:

To the extent not covered by other filings with the Board (as is currently the case with Riders USF and RAC), the Company will make annual filings with the Board, with notice to Rate Counsel, with respect to each component of its Societal Benefits Charge in the last quarter of each year, commencing in 2007. Any forecasted data included in such filings for the last months of the year in question will be updated with actual figures during the course of each proceeding.

7. In accordance with the above Board directive, insofar as it relates to the CED, DSF, UNC and NDC components of the SBC, the Company submitted its 2007 SBC/SCC Filing on December 21, 2007 covering the period from August 1, 2003 through December 31, 2007, which was assigned to Docket No. ER07120968, and submitted its 2008 SBC/SCC Filing on March 13, 2009, which was assigned to Docket No. ER09030202.

8. On February 19, 2010, JCP&L filed with the Board a Verified Petition, including supporting schedules, under Docket No. ER10020130 ("2009 SBC/SCC and RAC Filing"), seeking (1) review and approval of its deferred balances relating to, and an adjustment of certain components of, the SBC clause of its filed Tariff, (2) review and approval of its deferred balance relating to the SCC clause of its filed Tariff, and (3) review and approval of costs incurred for environmental remediation of manufactured gas plant sites pursuant to the



Remediation Adjustment Clause (“RAC”) of its filed Tariff and the imposition, for the first time, of a RAC charge.

9. A Stipulation of Settlement dated June 2, 2011, which was approved by Board Order dated June 15, 2011 in Docket Nos. ER07120968, ER09030202, and ER10020130, resolved various elements of the Company’s 2007 SBC/SCC Filing, 2008 SBC/SCC Filing, and 2009 SBC/SCC and RAC Filing. Pursuant to the Board Order dated June 15, 2011, effective July 1, 2011, JCP&L reduced its Rider CED charge to zero, which reduced CED rates by approximately \$6.2 million annually; (ii) reduced its Rider NDC charge to zero, which reduced NDC rates by approximately \$22.0 million annually; (iii) increased its Rider DSF charges to recover an additional approximately \$19.9 million annually; and (iv) increased its Rider UNC charge to recover an additional approximately \$5.7 million annually. The net effect of these changes was to reduce the SBC (exclusive of the RAC) by approximately \$2.6 million annually and to eliminate Rider CED, effective July 1, 2011.

10. On July 22, 2011, JCP&L filed with the Board a Verified Petition, including supporting schedules, under Docket No. ER11070439 ("2010 SBC/SCC Filing"), seeking (1) review and approval of its deferred balances relating to, and an adjustment of certain components of, the SBC clause of its filed Tariff, and (2) review and approval of its deferred balance relating to the SCC clause of its filed Tariff. The Petition did not propose any changes to the Company’s SBC or SCC rates.

11. On August 15, 2012, JCP&L filed with the Board a Verified Petition, including supporting schedules, under Docket No. ER12080756 ("2011 SBC/SCC Filing"), seeking (1) review and approval of its deferred balances relating to, and an adjustment of certain components of, the SBC clause of its filed Tariff, and (2) review and approval of its deferred

balance relating to the SCC clause of its filed Tariff. The 2011 SBC/SCC Filing proposed an increase in the Company's Rider DSF rate to recover an additional \$14.6 million on an annual basis. The 2011 SBC/SCC Petition also proposed an increase in the Company's Rider UNC rate to recover an additional \$997,000 on an annual basis. The 2011 Petition did not propose any change to the Company's SCC rates.

12. A Stipulation of Settlement dated July 14, 2014, which was approved by Board Order dated August 20, 2014 in Docket Nos. ER10020130, ER11070439, and ER12080756, resolved the 2009 SCC filing, as well as the 2010 and 2011 SBC/SCC filings ("August 20, 2014 Order"). Pursuant to the Board's August 20, 2014 Order, effective September 1, 2014, JCP&L: (i) increased its Rider DSF rate by approximately \$14.6 million on an annual basis; (ii) increased its Rider UNC rate by approximately \$997,000 on an annual basis; (iii) left its Rider NDC rate at zero; and (iv) left its Rider SCC rate at the same level. The net effect of these changes was to increase the SBC (exclusive of the RAC) by approximately \$15.6 million annually.

13. On March 26, 2015, JCP&L filed with the Board a Verified Petition, including supporting schedules, under Docket No. ER15030382 ("2012-2013-2014 SBC/SCC Filing"), seeking (1) review and approval of its deferred balances relating to, and an adjustment of certain components of, the Societal Benefits Charge ("SBC") clause of its filed Tariff, and (2) review and approval of its deferred balance relating to the System Control Charge ("SCC") clause of its filed Tariff, in each case to the extent accumulated from January 1, 2012 through December 31, 2014. The 2012-2013-2014 SBC/SCC Filing proposed an increase in the Company's Rider DSF rate to recover an additional \$17.24 million on an annual basis. The 2012-2013-2014 SBC/SCC Filing also proposed a decrease in the Company's Rider UNC rate of



filing for review of Rider SCC costs contemporaneously with its next Rider SBC filing. In furtherance of that agreement, the Rider SCC aspects are included in this 2016 SBC/SCC Filing, although, as noted above, the Company is not seeking an adjustment of its Rider SCC charge in connection with this filing. In addition, pursuant to the Board's June 15, 2011 Order in Docket No. ER10010034, JCP&L transferred cost recovery for the IDER pilot program from the SCC to Rider RRC (the "RGGI Recovery Charge") effective July 1, 2011.

17. Also in regard to the SCC, the August 20, 2014 Order approved a provision in the July 14, 2014 Stipulation of Settlement in which the Parties agreed that it is appropriate for JCP&L to continue to apply the over collections in Rider SCC, if any, to Rider RRC – RGGI Recovery Charge ("Rider RRC") until such time as the Rider RRC rate is reset pursuant to a BPU Order, at which time the Rider SCC rate will then be reset to zero. Effective September 1, 2016, the Company's Rider RRC rate was reset pursuant to the Board's August 24, 2016 Order in Docket Nos. ER14080869 and ER15090995, and the Rider SCC rate was reset to zero.

## **SBC Components**

### **Rider NDC**

18. As noted above, pursuant to the Deferred Balances Order and the Phase II Audit Order, all amounts included in the NDC component of the Company's deferred balances through July 31, 2003 have already been addressed and resolved. Pursuant to the Board's June 15, 2011 Order, all amounts included in the NDC component of the Company's deferred balances through December 31, 2009 have been fully-resolved. Pursuant to the Board's August 20, 2014 Order, all amounts included in the NDC component of the Company's deferred balances through December 31, 2011 have been fully-resolved, and Rider NDC is currently set at



zero. Pursuant to the Board-approved Stipulation of Settlement, JCP&L has agreed to include Rider NDC information in its annual SBC filings, although the Company is not seeking an adjustment to the level of its Rider NDC charge in this filing.

19. A full updated decommissioning study for Three Mile Island Unit 2 (“TMI-2”) was completed in February 2015 and was provided in response to discovery in both the 2012-2013-2014 SBC/SCC Filing and the 2015 SBC/SCC Filing. The TMI-2 decommissioning has been postponed until 2034, so as to coincide with the expiration of the operating license for Three Mile Island Unit 1. The Company currently estimates, based on the 2015 study and estimated escalation and fund earnings rates, that at this time an increase in the Rider NDC rate to collect an additional \$143,227 annually would be required to fund its share of TMI-2 decommissioning costs. *See* Attachment A-3 of this Petition. However, rather than implement a relatively small increase, the Company is proposing to leave the Rider NDC rate at zero at this time. The Company will retain Rider NDC as part of its filed Tariff (without any current charge thereunder) in the event that in the future actual results vary from the assumptions or there is a change in assumptions.

#### **Riders DSF and UNC**

20. As noted above, pursuant to the Deferred Balances Order, the Phase II Audit Order, the Board’s June 15, 2011 Order, and the Board’s July 26, 2017 Order, all amounts included in the DSF and UNC components of the Company’s deferred balances through December 31, 2015 have already been addressed and resolved. Moreover, JCP&L is unaware of any substantive issues with respect to the DSF and UNC clauses.

21. As set forth in greater detail in certain of the Attachments to this 2016 SBC/SCC Filing (see, particularly, Attachments A-1, A-2, B-1, B-2, and C), the total incremental

under-recovered DSF component of the Company's deferred balances, accumulated from January 1, 2016 through December 31, 2016, amounts to \$5,893,735, plus carrying costs that accrued during that period of \$1,349. The total incremental over-recovered UNC component of the Company's deferred balances, accumulated from January 1, 2016 through December 31, 2016, amounts to \$3,698,837, plus carrying costs accrued during that period of \$8,036 (in all cases without giving effect to the annual application of any over-recoveries to reduce under-recovered balances in other components of the Company's SBC). Pursuant to the Board-approved Stipulation of Settlement in the Company's 2009 SBC case, JCP&L is proposing to continue to credit over-recoveries in one component of the SBC to other components of the SBC (other than USF).

22. Insofar as the DSF is concerned, by Order dated September 30, 2008 in Docket No. EO07030203, the Board set JCP&L's Clean Energy Program ("CEP") funding levels for 2009, 2010, 2011 and 2012 at \$48.2 million, \$52.9 million, \$62.8 million and \$74.6 million, respectively. By Order dated November 20, 2012 in Docket Nos. EO07030203 and EO11100631V, the Board changed the funding year for the CEP from January 1 – December 31 to align with a state fiscal year (FY) of July 1 through June 30, and approved a six-month funding level for the period January 1, 2013 through June 30, 2013 to transition to a state fiscal year by keeping the funding at the same BPU-approved level of \$35.675 million as for the period January 1, 2012 through June 30, 2012. By the BPU Orders dated June 20, 2013 in Docket No. EO11050324V and dated June 30, 2014 in Docket No. EO11100631V, the Board set JCP&L's CEP funding levels for FY 2014 and FY 2015 at \$66.3 million each. By its Orders in Docket Nos. QO16040352, dated June 29, 2016, and QO17050464, dated June 30, 2017, the BPU set

### **Interest Calculation**

27. In accordance with the Deferred Balances Order, interest currently accrues monthly on the DSF, UNC and NDC components of JCP&L's deferred balances at a rate equal to the monthly rate actually incurred on short-term debt, or in the event no short-term debt is outstanding, the rate available on equivalent temporary cash investments. Interest also accrues monthly on the SCC at the same rate. During the 2016 calendar year covered by this filing, this rate was compounded annually on January 1 of each year on all components of the SBC and on August 1 for the SCC.<sup>2</sup>

### **Attachments**

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

Attachments:

Attachments A-1, A-2, and A-3	Summary of Relevant Deferred Balance Components as of December 31, 2016 for the DSF, UNC and NDC, respectively
Attachments B-1 and B-2	Calculation of Relevant Deferred Expenses and Accrued Interest by Month for the DSF and UNC, respectively
Attachment C	Summary of SCC Deferred Balance as of December 31, 2016
Attachment D	Calculation of SCC Deferred Expenses and Accrued Interest by Month
Attachment E	Current and Proposed Tariff Sheets

### **Public Notice and Service**

29. 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

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<sup>2</sup> Pursuant to the Board's June 15, 2011 Order, commencing on January 1, 2012, interest on all elements of the SBC are now compounded annually on January 1 of each year.



- (7) authorizing the continued annual netting of all over-recoveries in any SBC component (other than the USF) against the Company's under-recovered balances in other SBC components (other than the USF) by application thereto of net over-recoveries, if any, in the SBC components other than USF; and
- (8) granting such other and further relief as the Board shall deem just, lawful and proper.

Respectfully submitted,

Dated: August 21, 2017

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 insofar as it relates to the review and approval of its deferred balances relating to the Demand Side Factor, Uncollectible Costs, and Nuclear Decommissioning Costs components of the Societal Benefits Charge clause of its filed Tariff, and to the System Control 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 21<sup>st</sup> day of Aug, 2017.



(Notary Public)

