



STATE OF NEW JERSEY
Board of Public Utilities
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ENERGY

IN THE MATTER OF THE VERIFIED PETITION OF JERSEY CENTRAL POWER & LIGHT COMPANY FOR APPROVAL OF AN INFRASTRUCTURE INVESTMENT PROGRAM (JCP&L RELIABILITY PLUS))))))	FINAL DECISION AND ORDER APPROVING STIPULATION DOCKET NO. EO18070728
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Parties of Record:

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
James C. Meyer, Esq., Riker Danzig Hyland & Perretti, on behalf of Jersey Central Power & Light Company
Steven S. Goldenberg, Esq., Giordano Halleran & Ciesla, P.A., on behalf of New Jersey Large Energy Users Coalition

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities ("Board" or "BPU") considers a Stipulation of Settlement ("Stipulation") executed by Jersey Central Power & Light Company ("JCP&L" or "Company"), Board Staff, the New Jersey Division of Rate Counsel ("Rate Counsel"), and the New Jersey Large Energy Users Coalition ("NJLEUC") (collectively, "Parties") intended to resolve the Company's requests related to the above docketed matter.

BACKGROUND

JCP&L experienced several Major Storm Events¹ in its service territory of unprecedented severity, destructive force, and customer impact including: (1) Hurricane Irene on August 27-28, 2011; (2) an unseasonable snowstorm on October 29, 2011; (3) Superstorm Sandy on October 29, 2012; (4) a nor'easter during the Superstorm Sandy restoration; and (5) three successive nor'easters: Riley, Quinn and Toby in March 2018.

¹ "Major Storm Event" is defined as a sustained impact on or interruption of utility service resulting from conditions beyond the control of the utility that affects at least ten (10) percent of the customers in an area.

On December 19, 2017, pursuant to subchapter N.J.A.C. 14:3-2A.1 et seq. ("II&R Rules"), the Board established a regulatory mechanism supporting Infrastructure Investment Programs ("IIPs"), which allows a utility to accelerate its investment in the construction, installation, and rehabilitation of certain non-revenue producing utility plant and facilities. The II&R Rules allow a utility to accelerate recovery of qualifying incremental investments, subject to the terms of the subchapter, and any other condition set forth by the Board in approving an individual utility's IIP. The II&R Rules provide for IIP costs to be recovered through a separate clause of the utility's Board approved tariff. The II&R Rules became effective on January 16, 2018.

JCP&L 2018 RELIABILITY PLUS PETITION

On July 13, 2018, the Company filed a petition with the Board seeking approval to implement its proposed Reliability Plus Infrastructure Investment Program ("Reliability Plus" or "Program"), including its cost recovery mechanism, pursuant to II&R Rules and any other provision deemed applicable by the Board. JCP&L proposed to invest \$386.8 million over a four (4) year period from 2019 through 2022, in fifteen (15) eligible electric distribution infrastructure projects. The projects were grouped into four categories: Overhead Circuit Reliability and Resiliency with an estimated capital cost of \$132.9 million; Substation Reliability Enhancement with an estimated capital cost of \$85.9 million; Distribution Automation with an estimated capital cost of \$108.4 million; and Underground System Improvements with an estimated capital cost of \$59.7 million.

The Company proposed cost recovery through a separate clause of JCP&L's tariff, Rider RP-JCP&L Reliability Plus Charge ("Rider RP"). JCP&L proposed to make semi-annual filings to recover revenue requirements for plant placed in-service, but not yet placed in rates. Based on the petition, the maximum cumulative bill impact on a typical residential customer over the Program's entire duration is approximately \$1.89 or 1.8% of the current average monthly bill. However, according to the petition, the average incremental bill impact from any individual rate adjustment over the course of the Program should be considerably lower.

In support of the petition, the Company filed direct testimonies of two witnesses: Dennis Pavagadhi and Mark Mader. Dennis Pavagadhi's testimony pertains to capital investments, benefits and savings, engineering evaluation and report and reporting. Mark Mader's testimony described the Company's cost recovery mechanism, revenue requirements, rate filings, and bill impacts.

By Order dated August 29, 2018, the Board retained the matter and designated Commissioner Upendra J. Chivukula as the presiding officer to rule on all motions and determine schedules, and directed any motions to intervene or participate be filed on or before September 21, 2018. The New Jersey Large Energy Users Coalition ("NJLEUC") filed a motion to intervene in the proceeding on August 1, 2018 and motions to participate were filed by Atlantic City Electric Company ("ACE") on September 17, 2018 and Public Service Electric and Gas Company ("PSE&G") on September 20, 2018.

On October 12, 2018, JCP&L filed an Errata to the petition, replacing certain information associated to the quantification of customer benefits from its Reliability Plus cost benefit analysis.

On November 22, 2018, Commissioner Chivukula issued a Prehearing Order setting forth a procedural schedule for the pre-filing of witness testimony, discovery, evidentiary hearings, and all other related matters. In the Prehearing Order, Commissioner Chivukula also granted all motions to intervene and participate.

Following adequate public notice in newspapers of general circulation in JCP&L's service territory, two public hearings were held on November 13, 2018, one in the afternoon in Morristown, New Jersey and one in the evening in Freehold, New Jersey. Several members of the public attended and commented on the filing. Written comments were also submitted to the Board. The comments were both in support and opposition of the filing.

On December 17, 2018, Rate Counsel pre-filed the direct testimonies of David E. Peterson (cost recovery mechanism); Kevin O'Donnell (rate of return); and Charles Salamone and Maximilian Chang (cost benefit analysis, overhead circuit reliability and resiliency, substation reliability enhancement, distribution automation and underground system improvements). Rate Counsel's witnesses recommended a four (4) year \$97 million IIP for the Company.

STIPULATION

Following the review of discovery and testimony, the Parties held numerous in-person and telephonic meetings to discuss issues in this matter. Subsequently, on April 23, 2019, the Parties executed the Stipulation. The Stipulation provides the following:²

JCP&L Reliability Plus Program

15. The Parties agree that JCP&L may implement JCP&L Reliability Plus under the terms and conditions described in the Stipulation. The Program will include capital investment in the JCP&L electric distribution system, an IIP accelerated rate recovery mechanism including scheduled rate adjustment filings and other provisions described in the Stipulation. In addition, the Stipulation provides for an annual baseline capital expenditure to be made by the Company and recovered through base rates.
16. JCP&L Reliability Plus shall consist of the capital investment of up to \$97.01 million in the Company's electric distribution system beginning on June 1, 2019 and continuing through December 31, 2020. The Company shall seek recovery of that capital investment through the stipulated cost recovery mechanism that includes a revenue adjustment calculation and a process for two rate adjustments described in paragraphs 28 through 35 of the Stipulation ("JCP&L Reliability Plus Rate Mechanism").
17. The Program includes 10 incremental projects in three categories with capital investment levels up to the following amounts for which the Company shall seek to recover through the JCP&L Reliability Plus Rate Mechanism:

² Although described at some length in this Order, should there be any conflict between this summary and the Settlement, the terms of the Settlement control, subject to the findings and conclusion in this Order. Paragraphs are numbered to coincide with the Stipulation.

<u>Project</u>	<u>\$ (dollars)</u>
Overhead Circuit Reliability and Resiliency Category	\$55,127,636
Lateral Fuse Replacement with TripSaver II	\$10,382,107
Zone 2 Enhanced Vegetation Management ³	\$44,745,529
Substation Reliability Enhancement Category	\$16,124,620
Substation Enhanced Flood Mitigation	\$4,718,048
Substation Equipment Replacement (Switchgear)	\$3,693,750
Mobile Substation (Purchase One)	\$2,200,000
Modernize Protective Equipment	\$5,512,822
Distribution Automation Category	\$25,757,664
Circuit Protection and Sectionalization	\$5,237,236
Install Supervisory Control and Data Acquisition ("SCADA") Line Devices	\$15,347,560
Distribution Automation (Loop Schemes)	\$3,545,368
RTU Upgrades in Substations	\$1,627,500
JCP&L Reliability Plus total (rounded)	\$97.01 million

The Parties agree that the capital investments in these categories and projects are intended to enhance the safety, reliability and resiliency of the Company's electric distribution system. These categories and projects and the work to be performed thereunder are described in paragraphs 18 through 21 of the Stipulation.

18. Overhead Circuit Reliability and Resiliency. Projects in the Overhead Circuit Reliability and Resiliency category include the Lateral Fuse Replacement with TripSaver II ("TripSaver") project and the Zone 2 Enhanced Vegetation Management project. The TripSaver project will replace 25k to 100k lateral fuses with S&C TripSaver II cutout-mounted reclosers.
19. The Zone 2 Enhanced Vegetation Management project involves removal of overhang on selected circuits within Zone 2 of the distribution system, utilizing the same vegetation methods and practices that are currently being used in Zone 1 in accordance with the Board regulations. Zone 2 is the portion of the circuit from the first protective device to the three-phase conductor.
20. Substation Reliability Enhancement. Projects in this category include the Substation Enhanced Flood Mitigation project; the Substation Equipment Replacement (Switchgear) project; the Mobile Substation (Purchase One) project; and the Modernize Protective Equipment project. In the Substation Enhanced Flood Mitigation project, the Company will add permanent flood walls and automatic flood gates to two substations (Canoe Brook and Sussex substations) which previously have flooded, and will purchase eight additional high capacity pumps. The Substation Equipment Replacement (Switchgear)

³ If the Board adopts a final rule on zone 2 vegetation management, then the costs incurred following the implementation date of such final rule shall be recovered through base rates pursuant to paragraph 35 in the Stipulation.

project will replace distribution substation switchgear with new switchgear with modernized vacuum breakers. In the Mobile Substation (Purchase One) project, the Company will purchase one new mobile substation. The Modernize Protective Equipment project will replace existing relays with new equipment, reflecting currently available technology, as follows: (i) ABB distribution projection unit ("DPU") style relays will be replaced with single SEL-351 multi-function relays (or equivalent); and (ii) Under Frequency Load Shed ("UFLS") relays (MDF or SFF style relays) will be replaced with SEL-351 or Basler 81 relays (or equivalent).

21. Distribution Automation. The Distribution Automation category includes: the Circuit Projection and Sectionalization project; Install SCADA Line Devices project; Distribution Automation (Loop Schemes) project; and RTU Upgrades in Substations project. In the Circuit Projection and Sectionalization project, the Company will replace approximately 69 three-phase (three wire) fuses on 4.8kV circuits with Elastimold electronic reclosers with Schweitzer SEL 651 relays (or the equivalent of each) and SCADA control. In the Install SCADA Line Devices project, the Company will replace 258 existing three-phase hydraulic and electronic reclosers with Elastimold reclosers containing SEL 651 relays (or the equivalent of each) and will install communications equipment for SCADA as necessary. The Distribution Automation (Loop Schemes) project will construct distribution automation loop schemes with Elastimold reclosers and SEL 651 relays (or the equivalent of each) and will install SCADA control for real-time system monitoring and remote-control capability, targeting areas with critical customers near existing circuit ties as set forth in the Engineering Report. The remote terminal units ("RTU") Upgrades in Substations project will install additional load and voltage monitoring points at the distribution level where no points or limited points currently exist and will upgrade RTUs in substations by replacing the RTUs themselves and in some cases replacing copper-based communications with technology having superior availability, such as fiber, cellular or radio.
22. The chart in Attachment A of the Stipulation summarizes the projected JCP&L Reliability Plus capital investment per project per year and in total.
23. The Parties recognize that the initiatives included in JCP&L Reliability Plus are significant in scale and scope, and that some flexibility in budgeting each category of projects and the projects themselves is appropriate. Notwithstanding any provision of the Stipulation to the contrary, the Company shall be permitted to make adjustments in spending from the capital investment budgets set forth in Attachment A of the Stipulation for individual categories and projects, provided that the variations in a Program year do not exceed 10 percent of the total annual Program budget and provided that the overall total approved JCP&L Reliability Plus budget of \$97.01 million is not exceeded. The Company will seek Board approval for any year-to-year variances in its overall total annual JCP&L Reliability Plus budget that are anticipated to exceed 10%. Subject to these limitations, JCP&L shall have the flexibility to substitute similar projects and project components within and among the ten JCP&L Reliability Plus projects.

24. Attachment G of the Stipulation consists of Schedules detailing the components of each project in JCP&L Reliability Plus, cost estimates for each project for the first calendar year (June 1, 2019 through December 31, 2019), and estimated annual budget expenditures for calendar year 2020. For calendar year 2020, the Company will have available project cost estimates, by November 1, 2019 for that will be provided to Board Staff and Rate Counsel in the form of updated Schedules.

Baseline Capital Expenditures

25. In addition to the JCP&L Reliability Plus Program expenditures described in the Stipulation, over the Program period June 1, 2019 through December 31, 2020 the Company agrees to maintain an average annual baseline capital expenditure level of at least \$141 million based on the five-year historical distribution spending represented by the Company in the direct testimony of Dennis Pavagadhi. Although the Company shall ensure that the baseline capital spending meets or exceeds the established baseline capital spending level, on average, over the duration of JCP&L Reliability Plus in accordance with the I&R Rules, it will endeavor to meet the baseline capital spending level on a calendar year basis. The capital investments made by the Company as part of its baseline capital expenditure requirements are within the discretion of the Company and the Company shall seek recovery for these baseline capital investments in a base rate case.

Term

26. JCP&L Reliability Plus shall continue for a period of 19 months commencing on June 1, 2019 and ending December 31, 2020, except as provided in the Stipulation.
27. The Company shall have the option of seeking Board approval to extend the Program beyond the term provided in the Stipulation.

Cost Recovery for JCP&L Reliability Plus Capital Investments

28. The Parties agree that \$97.01 million of the JCP&L Reliability Plus capital investments, plus associated Allowance for Funds Used During Construction ("AFUDC"), shall be eligible to be recovered through the new JCP&L Reliability Plus Rate Mechanism, as defined in the Stipulation, on an interim basis subject to refund based on the review discussed in paragraph 31 of the Stipulation. The JCP&L Reliability Plus Rate Mechanism will be as indicated in paragraphs 28 through 35 of the Stipulation and Attachment B of the Stipulation (which provides an illustrative revenue requirement calculation). JCP&L may seek recovery of costs that have not been recovered via the JCP&L Reliability Plus Rate Mechanism in a base rate case. The Company agrees that any such additional cost included by the Company in the revenue requirement in any base rate case shall be specifically identified separately in such filing.
29. The JCP&L Reliability Plus Rate Mechanism will recover Program costs, including the return on net plant in-service. Net plant in-service, also referred to as "JCP&L Reliability Plus Rate Base," will be calculated as gross plant in

service, less associated accumulated depreciation and/or amortization, less Accumulated Deferred Income Taxes ("ADIT"). The JCP&L Reliability Plus Rate Mechanism will also recover depreciation expense for plant in-service on a book depreciation expense basis based on the depreciation rates established for each asset class in the Company's most recently approved base rate case. The book recovery of each asset class and its associated tax depreciation will be based on current depreciation rates that are set forth in Attachment C of the Stipulation, if and until those depreciation rates are adjusted in a future base rate case. Operations and maintenance expenses associated with the Program will not be included in the JCP&L Reliability Plus revenue requirement through the JCP&L Reliability Plus Rate Mechanism. The JCP&L Reliability Plus revenue requirement collected through the JCP&L Reliability Plus Rate Mechanism will also not include an expense for the recovery of JCP&L Reliability Plus-related Cost of Removal ("COR"); COR will be addressed in the manner described in paragraph 35 of the Stipulation. Uncollectible expense associated with JCP&L Reliability Plus is not included in the revenue requirement because it will be recovered along with other uncollectible expense in existing Rider UNC.

30. The Company may file for two rate adjustments to effectuate cost recovery for JCP&L Reliability Plus capital investments through the JCP&L Reliability Plus Rate Mechanism: the first filing to request recovery of no less than 6 months of JCP&L Reliability Plus capital investments; and the second filing to request recovery of JCP&L Reliability Plus capital investments through the remainder of the Program term, provided that (1) each rate filing includes plant in-service additions during the filing period of at least 10 percent of the total amount authorized to be recovered via the JCP&L Reliability Plus Rate Mechanism, *i.e.*, of at least \$9.7 million; and (2) the Company's return on equity ("ROE") calculated in accordance with Attachment D of the Stipulation does not exceed the allowed ROE from its last base rate case by 50 basis points or more. Should plant in-service additions not exceed \$9.7 million during the filing period or should the Company's calculated ROE exceed the allowed ROE from its last base rate by 50 basis points or more, then costs associated with plant in-service additions during the filing period shall not be included and recovered through the JCP&L Reliability Plus Rate Mechanism until such time as the Company demonstrates that the two conditions in the prior sentence have been met. Based on the forecasted capital expenditures and in-service dates, a target schedule for the Initial Filings, Investment as of, Update for Actuals, and Rates Effective for rate adjustments is listed in the Stipulation. Board Staff and Rate Counsel will have the opportunity to request discovery on the information provided by the Company in its periodic IIP rate filings. The Company agrees that any party may ask in discovery for, and the Company will respond to financial information with and without adjustments to reflect its results of operations on a ratemaking basis and included annualized, normalization, and ratemaking adjustments that are consistent with current Board policy and practices. The Company may deviate from this schedule, based on unforeseen circumstances, including, but not limited to material and/or construction delays, and major storms; provided however, the Company provides notice to the parties with a full and complete explanation and it meets the filing requirements of the regulations.

JCP&L Reliability Plus Target Filing Schedule				
Filing	Initial Filing	Investment as of	Update Actuals for	Rates Effective on or before
1	September 15, 2019	November 30, 2019	December 15, 2019	March 1, 2020
2	October 15, 2020	December 31, 2020	January 15, 2021	April 1, 2021

The Company acknowledges and agrees that any unreasonable delay in the initial filing or receipt of discovery responses from the Company may push out the rate effective date. The Parties agree that rates will not be in effect until after public notice and public hearing.

31. The review of the prudence of all projects undertaken in JCP&L Reliability Plus will not take place prior to or in connection with the rate adjustments and JCP&L Rate Mechanism established in the Stipulation. The rate adjustments established in the rate filing proceedings shall be provisional and subject to refund based upon a Board finding that the Company imprudently incurred capital expenditures under the Program. The prudence review of specific capital expenditures shall take place in the first base rate case following the associated plant being placed in service in which the Company includes such capital expenditures in the base rate case. Nothing in the Stipulation will preclude any party from raising in the base rate case prudency review any objection that could have been raised in a prior IIP rate filing.
32. Revenue Requirement Calculation. In the rate adjustment proceedings provided for in paragraph 30 of the Stipulation, the revenue requirement for the investments recovered through the JCP&L Reliability Plus Rate Mechanism shall be calculated as summarized below.

JCP&L Reliability Plus Capital Investment Costs - All qualifying JCP&L Reliability Plus capital expenditures, including actual costs of engineering, design and construction, and property acquisition, including actual labor, materials, contractor costs, overhead, and capitalized AFUDC associated with the projects ("JCP&L Reliability Plus Capital Investment Costs"), will be recovered through the rate adjustments for each of the time periods described above. The JCP&L Reliability Plus Capital Investment Costs will be recorded, during construction, in a Construction Work In Progress ("CWIP") account and then in a Plant in Service account upon the respective project being deemed used and useful. The Company will follow its current policies and practices with regard to capitalizing costs, including overheads.

Net Investment - Is equal to the JCP&L Reliability Plus Capital Investment Costs that have been placed into service less the associated accumulated depreciation less the associated accumulated deferred income taxes.

Weighted Average Cost of Capital ("WACC") – JCP&L shall earn a return on its Net Investment in JCP&L Reliability Plus based on the Board-approved WACC (including the authorized return on equity and capital structure) as determined in the Company's most recent base rate case. **The Company's current pre-tax WACC is 9.16%.** Any change in the Company's WACC in a subsequent base rate case will be reflected prospectively in subsequent revenue requirement calculations and rate adjustment filings.

The rate adjustment to rates in Rider RP will be calculated using the following formula:

Revenue Requirement = [(JCP&L Reliability Plus Rate Base * Pre-Tax WACC) + Depreciation and/or Amortization Expense]. The Company will also apply the appropriate factor to collect applicable sales and use tax ("SUT").

- i. JCP&L Reliability Plus Rate Base -- The JCP&L Reliability Plus Rate Base will be calculated as Plant in Service, including CWIP transferred into service and associated AFUDC, less the associated accumulated depreciation and less associated ADIT. AFUDC will be accrued using 18 CFR Ch. 1 Pt. 101, electric Plant Instructions, (17) Allowance for Funds Used During Construction. AFUDC is accrued monthly and capitalized to CWIP until a project is placed in-service. The AFUDC rate will include the cost of equity approved in the Company's most recent base rate case.
- ii. Depreciation and/or Amortization Expense - Depreciation expense will be calculated as the JCP&L Reliability Plus Capital Investment Costs by asset class multiplied by the associated depreciation rate applied to the same asset in current base rates. The Company will apply the applicable depreciation rates from the schedule of depreciation rates set forth in Attachment C to the Stipulation. Any future changes to book or tax depreciation rates during the construction period of JCP&L Reliability Plus will be reflected in the depreciation expense calculation at the time of each subsequent rate adjustment filing.
- iii. ADIT – ADIT is calculated as book depreciation less tax depreciation, multiplied by the statutory composite federal and state income tax rate, which is currently 28.11%. Any future changes to the book or tax depreciation rates during the construction period of JCP&L Reliability Plus will be reflected in the ADIT calculation at the time of each subsequent rate adjustment filing.

The revenue requirement reflects the new federal corporate tax rate of 21%. Future changes to federal or state tax laws will be reflected in the revenue requirement calculations, in the first rate adjustment filing subsequent to the change. Tax depreciation uses Modified Accelerated Recovery Systems depreciation rules, including bonus depreciation if any and as applicable.

33. Tariff. The Company will recover its JCP&L Reliability Plus revenue requirements through rates set forth in tariff Rider RP-JCP&L Reliability Plus Charge ("Rider RP") which is attached to the Stipulation as Exhibit F.

34. Costs of Removal. By Order dated May 17, 2004 in the Company's 2002 base rate case (BPU Docket No. ER02080506), the Board established for the Company an Excess Cost of Removal Liability ("ECRL") that the Company is returning to customers through an annual amortization. At the end of each Program year in which JCP&L Reliability Plus-related COR has been incurred, the Company will conduct a review to determine and adjust, as necessary, the debits to the ECRL to provide JCP&L with recovery of JCP&L Reliability Plus-related COR, as follows:

- i. The Parties agree that the annual COR allowance included in JCP&L's 2016 base rate case (BPU Docket No. ER 16040383) was \$14,910,562.
- ii. If JCP&L's actual COR associated with its base capital expenditures is equal to or greater than the annual COR allowance included in its most recent base rate case, JCP&L shall debit the ECRL for the total JCP&L Reliability Plus-related COR in that Program year.

If JCP&L's actual COR associated with its base capital expenditures is less than the COR included in its most recent base rate case, JCP&L shall be permitted to debit the ECRL the total JCP&L Reliability Plus-related COR less the over-recovery of COR associated with its base capital expenditures, which difference shall not be less than \$0, in that calendar year. The over-recovery of COR associated with base capital expenditures shall be determined by subtracting the total actual COR associated with the base capital expenditures in the calendar year from the COR included in its most recent base rate case. In the case where JCP&L's actual COR associated with its base capital expenditures is less than the COR included in its most recent base rate case, the COR associated with its base capital expenditures used in future base rate proceedings shall be no more than the actual COR associated with its base capital expenditures.

- iii. Notwithstanding subparts i. and ii. of paragraph 34 of the Stipulation, JCP&L shall not be permitted to debit the ECRL by more than \$1,888,563 in total for JCP&L Reliability Plus related COR.

The Company agrees that it will not include any JCP&L Reliability Plus-related COR amounts in the calculation of a COR allowance for COR associated with its base capital expenditures in future base rate cases. The parties agree to this paragraph in consideration of the unique issues and impacts faced by JCP&L related to infrastructure investment program-related COR, including but not limited to JCP&L directly expensing its actual COR to the income statement as it is incurred and not recovering cost of removal in depreciation rates or as an addition to depreciation rates. The parties agree that the provision for recovery of IIP-related COR in the Stipulation shall not be precedential in any other proceeding or forum, except to enforce the terms of the Stipulation.

35. Zone 2 Enhanced Vegetation Management. The Company shall recover the capital investment costs of Zone 2 overhang removal in the Zone 2 Enhanced Vegetation Management project via the JCP&L Reliability Plus Rate Mechanism, except that, should the Board adopt a final rule requiring electric distribution utilities to perform Zone 2 overhang removal as part of base vegetation management, then costs incurred for Zone 2 overhang removal following the implementation date of such final rule shall be recovered through base rates. To the extent that the costs of Zone 2 overhang removal for future periods are not recovered through the JCP&L Reliability Plus Rate Mechanism, the Company's Zone 2 overhang removal will not be subjected to the Board's reporting rules (including N.J.A.C. 14:3-2A.5(e)) that are applicable to accelerated infrastructure investment programs and will not be subject to the reporting provisions of the Stipulation.

Rate Design

36. For Service Classifications RS, RT/RGT and GS (which are residential and small commercial rate classes), the rate will be a per kWh rate by each rate class. For Service Classifications GST, GP and GT (which are larger commercial and industrial rate classes), the rate will be a per kW rate by each rate class. For all lighting classes, the rate will be a per fixture rate. Subject to the preceding sentences of paragraph 36 of the Stipulation: (i) the allocation of JCP&L Reliability Plus revenue requirements among rate classes for each filing period will be based on the rate design methodology used to establish the Company's base rates in its 2016 base rate case in BPU Docket No. ER16040383 and (ii) in the event an alternative rate design methodology is adopted in a future base rate case during the term of JCP&L Reliability Plus, then the rate design to be used to allocate the JCP&L Reliability Plus revenue requirements among rate classes for each subsequent rate filing period shall also be addressed and determined in that base rate case.

Base Rate Case Filing Requirement

37. The Company agrees to file a base rate case no later than June 1, 2024, five (5) years from the start date of the Program. Notwithstanding any other provision of the Stipulation, should the Company file a base rate case prior to the conclusion of the term of JCP&L Reliability Plus, it may elect to include (i.e., roll into base rates) eligible JCP&L Reliability Plus investments in such a base rate case. The JCP&L Reliability Plus Rate Mechanism and related rate adjustment filings and tariff Rider RP will be used to recover all JCP&L Reliability Plus capital investments up to \$97.01 million, except for JCP&L Reliability Plus investments previously rolled into base rates. This treatment will continue until the conclusion of the Company's base rate case following the conclusion of JCP&L Reliability Plus. After such base rate filing the Company will recover all approved JCP&L Reliability Plus investments in base rates.

Filing/Reporting Requirements

38. Minimum Filing Requirements ("MFRs"). Each JCP&L Reliability Plus rate filing to adjust Rider RP rates shall include the MFRs that are set forth in Attachment D of the Stipulation.

39. Periodic Reports. The Company will provide semi-annual status reports not later than the months of September 2019 and March 2020 to Board Staff and Rate Counsel containing the information set forth in Attachment E of the Stipulation.

On April 24, 2019, Participant PSE&G submitted a letter indicating that it does not object to the Stipulation.

DISCUSSION AND FINDINGS

In evaluating a proposed settlement, the Board must review the record, balance the interests of the ratepayers and the shareholders, and determine whether the settlement represents a reasonable disposition of the issues that will enable the Company to provide its customers in this State with safe, adequate, and proper service at just and reasonable rates. The IIR Rules were created to provide a rate recovery mechanism that encourages and supports all necessary accelerated construction, installation, and rehabilitation of certain utility plants and equipment. **The Board believes that IIRs are important for continued system safety, reliability, resiliency, and sustained economic growth. After carefully considering the record in this proceeding and the terms of the Stipulation, the Board is persuaded that the current settlement satisfies these goals.**

The Board agrees that replacement of aging infrastructure, as well as the implementation of certain investments in the Company's system, if properly executed, should mitigate potential damage to the system, as well as enhance public safety and result in increased long-term reliability.

With respect to the stipulated cost recovery mechanism, the Board is persuaded that the mechanism proposed in the Stipulation allows the Company rate recovery for all expenditures related to plant that have been placed in service, but on a provisional basis, subject to refund. These costs will be subject to review in the next base rate case, which the Company has committed to filing no later than five years after the Board's approval of the Program's start date. The Board, in its discretion, may require JCP&L to file its next base rate case within a shorter period. The Board believes the cost recovery mechanism adopted in the Stipulation strikes an effective balance between giving the Company a reasonable opportunity to earn its allowed rate of return over the life of the investment while still protecting ratepayers from paying more than reasonably necessary. **No rates will be charged to customers until the facilities for which the rates are being charged are in service.** The Stipulation also mandates the Company to maintain certain reporting requirements, which provides for additional protection to ratepayers.

Based on the Board's careful review and consideration of the record in this proceeding, the Board **HEREBY FINDS** the Stipulation to be reasonable and in accordance with the law, striking an appropriate balance between the needs of customers and of the Company.

Accordingly, the Board **HEREBY ADOPTS** the Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as though fully set forth herein, subject to any terms and conditions set forth in this Order.

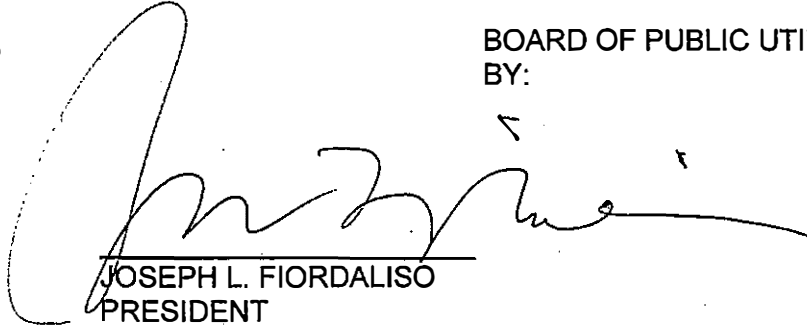
The Board **HEREBY RATIFIES** the decisions made by Commissioner Chivukula during the pendency of this proceeding for the reasons stated in his decisions and Orders.

The Company's costs, including those related to the Program, 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.

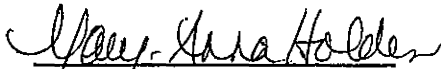
The effective date of this Order is May 18, 2019.

DATED: 5/8/19

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
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 & LIGHT
COMPANY FOR APPROVAL OF AN INFRASTRUCTURE INVESTMENT PROGRAM
(JCP&L RELIABILITY PLUS)

DOCKET NO. EO18070728

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April 23, 2019

Via FedEx and E-Mail

Hon. Aida Camacho-Welch
Secretary of the Board
Board of Public Utilities
44 South Clinton Avenue, Suite 314
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Re: I/M/O the Verified Petition of Jersey Central Power
& Light Company for Approval of an Infrastructure
Investment Program (JCP&L Reliability Plus)
BPU Docket No. EO18070728

Dear Secretary Camacho-Welch:

Jersey Central Power & Light (“JCP&L” or the “Company”) hereby encloses for filing an original and eleven copies of a Stipulation of Settlement executed by the Parties in the above-captioned matter. The confidential (unredacted) version of Attachment G will be filed under separate cover.

Kindly stamp the extra copy “filed” and return in the enclosed postage paid envelope.

Respectfully


James C. Meyer

cc: (Via email with hard copy mailed to designees)
Hon. Upendra J. Chivukula, Commissioner and Presiding Officer
Attached Service List

5039960v1

Service List [April 15, 201]

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BPU Docket No. EO18070728

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4990267v1

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

In the Matter of the Verified Petition of Jersey	:
Central Power & Light Company For	:
Approval of An Infrastructure Investment	:
Program (JCP&L Reliability Plus)	:

BPU Docket No. EO18070728

STIPULATION OF SETTLEMENT

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

APPEARANCES:

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Joseph F. Accardo Jr. Esq., and **Danielle Lopez, Esq.**, for participant Public Service Electric and Gas Company

Philip J. Passanante, Esq. for participant Atlantic City Electric Company

This Stipulation of Settlement (“Stipulation” or “Settlement”) is made as of April 23, 2019 by and among the Petitioner, Jersey Central Power & Light Company (“JCP&L” or the

“Company”), the New Jersey Division of Rate Counsel (“Rate Counsel”), the Staff of the New Jersey Board of Public Utilities (“Staff”) and the New Jersey Large Energy Users Coalition (“NJLEUC”) (referred to herein individually as a “Party” and collectively as the “Parties”) to resolve JCP&L’s Petition in this docket and to join in recommending that the New Jersey Board of Public Utilities (“Board”) issue a Final Decision and Order approving this Stipulation without modification.

BACKGROUND

1. On December 19, 2017, the Board adopted new rules for utility “Infrastructure Investment and Recovery” that became effective on January 16, 2018 and are codified at N.J.A.C. 14:3-2A.1 et seq. (“II&R Rules”). The II&R Rules, *inter alia*, authorize a utility to petition the Board for approval of an Infrastructure Investment Program (“IIP”) that includes accelerated investment in certain projects that enhance safety, reliability and/or resiliency. The II&R Rules also provide for accelerated rate recovery of IIP costs through a separate clause of the utility’s Board-approved tariff with a prudence review in a subsequent base rate case.

2. In March 2018, the Company experienced three successive nor’easters: Riley, Quinn and Toby. The extensive damage to the Company’s electric distribution system and customer outages from these major storm events are detailed in the Company’s Petition (defined in ¶3 below). The Company also experienced extensive damage to its system and customer outages from unprecedented weather events in 2011 and 2012, including Hurricane Irene, an October snowstorm and Superstorm Sandy, including tree-caused damage.

3. On July 13, 2018, JCP&L filed a verified petition (Exhibit JC-1) with the Board (“Petition” or “JCP&L Reliability Plus filing”) seeking approval to implement its JCP&L Reliability Plus Infrastructure Investment Program (“JCP&L Reliability Plus” or “Program”),

including a proposed cost recovery mechanism, pursuant to the II&R Rules and any other provision deemed applicable by the Board. The Company's Petition, among other things, proposed to implement multiple capital projects to enhance safety, reliability and resiliency in both non-storm and storm conditions. Specifically, the Company sought approval of a four-year program consisting of \$386.8 million of capital investments for electric distribution infrastructure projects in four Program categories: Overhead Circuit Reliability and Resiliency, Substation Reliability Enhancement, Distribution Automation, and Underground System Improvements.

4. The Company proposed to recover the revenue requirements associated with plant placed into service under JCP&L Reliability Plus through rate filings that would adjust rates set forth in a separate clause of its tariff.

5. In support of and as part of the Petition, the Company filed the direct testimony of Dennis Pavagadhi and the direct testimony of Mark A. Mader. The Pavagadhi testimony addresses, among other things, the proposed JCP&L Reliability Plus capital investments (Projects), benefits and savings, an Engineering Evaluation and Report, and reporting. The Pavagadhi testimony included: Appendix A (Qualifications); Appendix B (JCP&L Reliability Plus Engineering Evaluation and Report ("Engineering Report")) including 286 pages of schedules ("Schedules") detailing the components of the proposed Projects); Schedule DP-1 (JCP&L Annual Baseline Spending Level Calculation, including Capital Summary and Base Capital by Major Project Category (DP-1A) and Base Capital Similar to JCP&L Reliability Plus (DP-1B)); Schedule DP-2 (JCP&L Capital Expenditure Summary 2013-2022 Identified By Major Categories); and Schedule DP-3 (JCP&L Reliability Plus Net Plant in Service 2019-2022). Mr. Mader's testimony addresses the proposed cost recovery mechanism, revenue requirements, rate

filings and bill impacts. Mr. Mader's testimony included attached: Appendix A (Qualifications); Schedule MAM-1 (Weighted Average Cost of Capital); Schedule MAM-2 (Revenue Requirements For JCP&L Reliability Plus Rate Filings); Schedule MAM-3 (Rate Derivation and Proof of Revenues); Schedule MAM-4 (Bill Impact Summary); and Schedule MAM-5 (Proposed Tariff Sheet for Rider RP).

6. By Order dated August 29, 2018, the Board retained this matter, designated Commissioner Chivukula as the Presiding Officer to rule on all motions and determine schedules, directed that any motions to intervene or participate be filed on or before September 21, 2018, and specified the manner of service of documents.

7. A motion to intervene was filed by NJLEUC. Motions to participate were filed by Public Service Electric and Gas Company ("PSE&G") and Atlantic City Electric Company ("ACEC").

8. Commissioner Chivukula issued a Prehearing Order dated November 22, 2018, setting forth a procedural schedule for the pre-filing of witness testimony, discovery, evidentiary hearings and other matters. In the Order, he granted all the motions to intervene and participate.

9. On October 12, 2018, JCP&L filed an Errata to the JCP&L Reliability Plus filing replacing certain information relating to the quantification of customer benefits from JCP&L Reliability Plus estimated in the Company's cost benefit analysis. In addition, in its response to interrogatory RCR-E-93 Attachments A and B, the Company provided updated Schedule DP-1B to Pavagadhi Testimony (Base Capital Similar to JCP&L Reliability Plus) and Schedule DP-2 to Pavagadhi testimony (JCP&L Capital Expenditure Summary 2013-2022 Identified By Major Categories). In addition, in its response to S-JCP&L-RP-ENG-4, the Company provided replacement pages 131-132 to the Schedules. Accordingly, under cover letter dated December

11, 2018, JCP&L filed with the Board and served upon the Parties replacement pages to the JCP&L Reliability Plus filing to reflect the changes in the Errata and the updated Schedules referenced in this paragraph.

10. Pursuant to the Prehearing Order, on December 17, 2018 Rate Counsel pre-filed the direct testimony of Charles Salamone, Maximilian Chang, David E. Peterson and Kevin O'Donnell.

11. Notice of the JCP&L Reliability Plus filing, including a statement of the maximum dollar amount the Company sought to recover and the estimated rate impact, combined with the notice of the dates, times and places of the public hearings scheduled thereon, was served by mail upon the municipal clerks, the clerks of the Board of Chosen Freeholders, and where appropriate, the County Executive Officers of all counties and municipalities located in the Company's service territory. Such notice was duly mailed following the scheduling of the dates, times and places of the public hearings thereon. A listing of the aforementioned public officials was contained in Attachment 4 to the Affidavit of Publication and Proof of Service marked as Exhibit PH-1 at the public hearings.

12. Following the timely publication of appropriate notices in newspapers of general circulation throughout the Company's service territory, and in accordance with N.J.A.C. 14:3-2A.5(d), public hearings on the JCP&L Reliability Plus filing were held on November 13, 2018 at 1:30 p.m. in Freehold New Jersey and on November 13, 2018 at 5:30 p.m. in Morristown, New Jersey. Several members of the public attended and commented on the filing and written comments were also submitted to the Board.

13. During the course of this proceeding, the Parties engaged in extensive discovery. The Company has provided written and documentary information in response to approximately

245 comprehensive interrogatories and informal discovery requests (many with subparts) addressing all of the Company's proposals, the Petition, and the pre-filed direct testimony, including the Engineering Report and the cost benefit analysis addressed therein. In addition, an in-person technical/discovery conference was held on November 8, 2018.

14. The Parties held in-person settlement conferences on November 15, November 29, December 7, 2018, January 14, 2019 and April 2, 2019, as well as further telephonic conferences. As a result of settlement discussions and negotiations, the Parties now agree to the within Stipulation.

STIPULATED MATTERS

In consideration of the foregoing recitals and mutual promises and covenants set forth herein, the undersigned Parties DO HEREBY STIPULATE AND AGREE as follows:

JCP&L Reliability Plus Program

15. The Parties agree that JCP&L may implement JCP&L Reliability Plus under the terms and conditions described herein. The Program will include capital investment in the JCP&L electric distribution system, an IIP accelerated rate recovery mechanism including scheduled rate adjustment filings and other provisions described herein. In addition, this Stipulation provides for an annual baseline capital expenditure to be made by the Company and recovered through base rates.

16. JCP&L Reliability Plus shall consist of the capital investment of up to \$97.01 million in the Company's electric distribution system beginning on June 1, 2019 and continuing through December 31, 2020. The Company shall seek recovery of that capital investment through the stipulated cost recovery mechanism that includes a revenue adjustment calculation and a process for two rate adjustments described in paragraphs 28 through 35 ("JCP&L Reliability Plus Rate Mechanism").

17. The Program includes ten incremental projects in three categories with capital investment levels up to the following amounts for which the Company shall seek to recover through the JCP&L Reliability Plus Rate Mechanism:

<u>Project</u>	<u>\$ (dollars)</u>
Overhead Circuit Reliability and Resiliency Category	\$55,127,636
Lateral Fuse Replacement with TripSaver II	\$10,382,107
Zone 2 Enhanced Vegetation Management ¹	\$44,745,529
Substation Reliability Enhancement Category	\$16,124,620
Substation Enhanced Flood Mitigation	\$4,718,048
Substation Equipment Replacement (Switchgear)	\$3,693,750
Mobile Substation (Purchase One)	\$2,200,000
Modernize Protective Equipment	\$5,512,822
Distribution Automation Category	\$25,757,664
Circuit Protection and Sectionalization	\$5,237,236
Install Supervisory Control and Data Acquisition (“SCADA”) Line Devices	\$15,347,560
Distribution Automation (Loop Schemes)	\$3,545,368
RTU Upgrades in Substations	\$1,627,500
JCP&L Reliability Plus total (rounded)	\$97.01 million

The Parties agree that the capital investments in these categories and projects are intended to enhance the safety, reliability and resiliency of the Company’s electric distribution system.

¹ If the Board adopts a final rule on zone 2 vegetation management, then the costs incurred following the implementation date of such final rule shall be recovered through base rates pursuant to paragraph 35 herein.

These categories and projects and the work to be performed thereunder are described in paragraphs 18 through 21 below.

18. Overhead Circuit Reliability and Resiliency. Projects in the Overhead Circuit Reliability and Resiliency category include the Lateral Fuse Replacement with TripSaver II (“TripSaver”) project and the Zone 2 Enhanced Vegetation Management project. The TripSaver project will replace 25k to 100k lateral fuses with S&C TripSaver II cutout-mounted reclosers.

19. The Zone 2 Enhanced Vegetation Management project involves removal of overhang on selected circuits within Zone 2 of the distribution system, utilizing the same vegetation methods and practices that are currently being used in Zone 1 in accordance with the Board regulations. Zone 2 is the portion of the circuit from the first protective device to the three-phase conductor.

20. Substation Reliability Enhancement. Projects in this category include the Substation Enhanced Flood Mitigation project; the Substation Equipment Replacement (Switchgear) project; the Mobile Substation (Purchase One) project; and the Modernize Protective Equipment project. In the Substation Enhanced Flood Mitigation project, the Company will add permanent flood walls and automatic flood gates to two substations (Canoe Brook and Sussex substations) which previously have flooded, and will purchase eight additional high capacity pumps. The Substation Equipment Replacement (Switchgear) project will replace distribution substation switchgear with new switchgear with modernized vacuum breakers. In the Mobile Substation (Purchase One) project, the Company will purchase one new mobile substation. The Modernize Protective Equipment project will replace existing relays with new equipment, reflecting currently available technology, as follows: (i) ABB distribution projection unit (“DPU”) style relays will be replaced with single SEL-351 multi-function relays (or

equivalent); and (ii) Under Frequency Load Shed (“UFLS”) relays (MDF or SFF style relays) will be replaced with SEL-351 or Basler 81 relays (or equivalent).

21. Distribution Automation. The Distribution Automation category includes the Circuit Projection and Sectionalization project; Install SCADA Line Devices project; Distribution Automation (Loop Schemes) project; and RTU Upgrades in Substations project. In the Circuit Projection and Sectionalization project, the Company will replace approximately 69 three-phase (three wire) fuses on 4.8kV circuits with Elastimold electronic reclosers with Schweitzer SEL 651 relays (or the equivalent of each) and SCADA control. In the Install SCADA Line Devices project, the Company will replace 258 existing three-phase hydraulic and electronic reclosers with Elastimold reclosers containing SEL 651 relays (or the equivalent of each) and will install communications equipment for SCADA as necessary. The Distribution Automation (Loop Schemes) project will construct distribution automation loop schemes with Elastimold reclosers and SEL 651 relays (or the equivalent of each) and will install SCADA control for real-time system monitoring and remote-control capability, targeting areas with critical customers near existing circuit ties as set forth in the Engineering Report. The remote terminal units (“RTU”) Upgrades in Substations project will install additional load and voltage monitoring points at the distribution level where no points or limited points currently exist and will upgrade RTUs in substations by replacing the RTUs themselves and in some cases replacing copper-based communications with technology having superior availability, such as fiber, cellular or radio.

22. The chart in Attachment A summarizes the projected JCP&L Reliability Plus capital investment per project per year and in total.

23. The Parties recognize that the initiatives included in JCP&L Reliability Plus are significant in scale and scope, and that some flexibility in budgeting each category of projects and the projects themselves is appropriate. Notwithstanding any provision in this Stipulation to the contrary, the Company shall be permitted to make adjustments in spending from the capital investment budgets set forth in Attachment A for individual categories and projects, provided that the variations in a Program year do not exceed 10 percent of the total annual Program budget and provided that the overall total approved JCP&L Reliability Plus budget of \$97.01 million is not exceeded. The Company will seek Board approval for any year-to-year variances in its overall total annual JCP&L Reliability Plus budget that are anticipated to exceed 10%. Subject to these limitations, JCP&L shall have the flexibility to substitute similar projects and project components within and among the ten JCP&L Reliability Plus projects.

24. Attachment G consists of Schedules detailing the components of each project in JCP&L Reliability Plus, cost estimates for each project for the first calendar year (June 1, 2019 through December 31, 2019), and estimated annual budget expenditures for calendar year 2020. For calendar year 2020, the Company will have available project cost estimates, by November 1, 2019 for that will be provided to Board Staff and Rate Counsel in the form of updated Schedules.

Baseline Capital Expenditures

25. In addition to the JCP&L Reliability Plus Program expenditures described above, over the Program period June 1, 2019 through December 31, 2020 the Company agrees to maintain an average annual baseline capital expenditure level of at least \$141 million based on the five-year historical distribution spending represented by the Company in the direct testimony of Dennis Pavagadhi. Although the Company shall ensure that the baseline capital spending meets or exceeds the established baseline capital spending level, on average, over the duration of

JCP&L Reliability Plus in accordance with the II&R Rules, it will endeavor to meet the baseline capital spending level on a calendar year basis. The capital investments made by the Company as part of its baseline capital expenditure requirements are within the discretion of the Company and the Company shall seek recovery for these baseline capital investments in a base rate case.

Term

26. JCP&L Reliability Plus shall continue for a period of 19 months) commencing on June 1, 2019 and ending December 31, 2020, except as provided herein.

27. The Company shall have the option of seeking Board approval to extend the Program beyond the term provided herein.

Cost Recovery for JCP&L Reliability Plus Capital Investments

28. The parties agree that \$97.01 million of the JCP&L Reliability Plus capital investments, plus associated Allowance for Funds Used During Construction (“AFUDC”), shall be eligible to be recovered through the new JCP&L Reliability Plus Rate Mechanism, as defined herein, on an interim basis subject to refund based on the review discussed below in paragraph 31. The JCP&L Reliability Plus Rate Mechanism will be as indicated in paragraphs 28 through 35 of this Stipulation and Attachment B (which provides an illustrative revenue requirement calculation). JCP&L may seek recovery of costs that have not been recovered via the JCP&L Reliability Plus Rate Mechanism in a base rate case. The Company agrees that any such additional cost included by the Company in the revenue requirement in any base rate case shall be specifically identified separately in such filing.

29. The JCP&L Reliability Plus Rate Mechanism will recover Program costs, including the return on net plant in-service. Net plant in-service, also referred to herein as “JCP&L Reliability Plus Rate Base,” will be calculated as gross plant in service, less associated

accumulated depreciation and/or amortization, less Accumulated Deferred Income Taxes (“ADIT”). The JCP&L Reliability Plus Rate Mechanism will also recover depreciation expense for plant in-service on a book depreciation expense basis based on the depreciation rates established for each asset class in the Company’s most recently approved base rate case. The book recovery of each asset class and its associated tax depreciation will be based on current depreciation rates that are set forth in Attachment C, if and until those depreciation rates are adjusted in a future base rate case. Operations and maintenance expenses associated with the Program will not be included in the JCP&L Reliability Plus revenue requirement through the JCP&L Reliability Plus Rate Mechanism. The JCP&L Reliability Plus revenue requirement collected through the JCP&L Reliability Plus Rate Mechanism will also not include an expense for the recovery of JCP&L Reliability Plus-related Cost of Removal (“COR”); COR will be addressed in the manner described in paragraph 35 below. Uncollectible expense associated with JCP&L Reliability Plus is not included in the revenue requirement because it will be recovered along with other uncollectible expense in existing Rider UNC.

30. The Company may file for two rate adjustments to effectuate cost recovery for JCP&L Reliability Plus capital investments through the JCP&L Reliability Plus Rate Mechanism; the first filing to request recovery of no less than 6 months of JCP&L Reliability Plus capital investments; and the second filing to request recovery of JCP&L Reliability Plus capital investments through the remainder of the Program term, provided that (1) each rate filing includes plant in-service additions during the filing period of at least 10 percent of the total amount authorized to be recovered via the JCP&L Reliability Plus Rate Mechanism, *i.e.*, of at least \$9.7 million; and (2) the Company’s return on equity (“ROE”) calculated in accordance with Attachment D hereto does not exceed the allowed ROE from its last base rate case by 50

basis points or more. Should plant in-service additions not exceed \$9.7 million during the filing period or should the Company's calculated ROE exceed the allowed ROE from its last base rate by 50 basis points or more, then costs associated with plant in-service additions during the filing period shall not be included and recovered through the JCP&L Reliability Plus Rate Mechanism until such time as the Company demonstrates that the two conditions in the prior sentence have been met. Based on the forecasted capital expenditures and in-service dates, a target schedule for the Initial Filings, Investment as of, Update for Actuals, and Rates Effective for rate adjustments is listed below. Board Staff and Rate Counsel will have the opportunity to request discovery on the information provided by the Company in its periodic IIP rate filings. The Company agrees that any party may ask in discovery for, and the Company will respond to financial information with and without adjustments to reflect its results of operations on a ratemaking basis and included annualized, normalization, and ratemaking adjustments that are consistent with current Board policy and practices. The Company may deviate from this schedule, based on unforeseen circumstances, including, but not limited to material and/or construction delays, and major storms; provided however, the Company provides notice to the parties with a full and complete explanation and it meets the filing requirements of the regulations.

JCP&L Reliability Plus Target Filing Schedule				
Filing	Initial Filing	Investment as of	Update for Actuals	Rates Effective on or before
1	September 15, 2019	November 30, 2019	December 15, 2019	March 1, 2020
2	October 15, 2020	December 31, 2020	January 15, 2021	April 1, 2021

The Company acknowledges and agrees that any unreasonable delay in the initial filing or receipt of discovery responses from the Company may push out the rate effective date. The Parties agree that rates will not be in effect until after public notice and public hearing.

31. The review of the prudence of all projects undertaken in JCP&L Reliability Plus will not take place prior to or in connection with the rate adjustments and JCP&L Rate Mechanism established herein. The rate adjustments established in the rate filing proceedings shall be provisional and subject to refund based upon a Board finding that the Company imprudently incurred capital expenditures under the Program. The prudence review of specific capital expenditures shall take place in the first base rate case following the associated plant being placed in service in which the Company includes such capital expenditures in the base rate case. Nothing herein will preclude any party from raising in the base rate case prudency review any objection that could have been raised in a prior IIP rate filing.

32. Revenue Requirement Calculation. In the rate adjustment proceedings provided for in paragraph 30 above, the revenue requirement for the investments recovered through the JCP&L Reliability Plus Rate Mechanism shall be calculated as summarized below.

JCP&L Reliability Plus Capital Investment Costs - All qualifying JCP&L Reliability Plus capital expenditures, including actual costs of engineering, design and construction, and property acquisition, including actual labor, materials, contractor costs, overhead, and capitalized AFUDC associated with the projects ("JCP&L Reliability Plus Capital Investment Costs"), will be recovered through the rate adjustments for each of the time periods described above. The JCP&L Reliability Plus Capital Investment Costs will be recorded, during construction, in a Construction Work In Progress ("CWIP") account and then in a Plant in Service account upon the respective project being deemed used and useful. The Company will follow its current policies and practices with regard to capitalizing costs, including overheads.

Net Investment - Is equal to the JCP&L Reliability Plus Capital Investment Costs that have been placed into service less the associated accumulated depreciation less the associated accumulated deferred income taxes.

Weighted Average Cost of Capital ("WACC") – JCP&L shall earn a return on its Net Investment in JCP&L Reliability Plus based on the Board-approved WACC (including the authorized return on equity and capital structure) as determined in the Company's

most recent base rate case. The Company's current pre-tax WACC is 9.16%. Any change in the Company's WACC in a subsequent base rate case will be reflected prospectively in subsequent revenue requirement calculations and rate adjustment filings.

The rate adjustment to rates in Rider RP will be calculated using the following formula:

Revenue Requirement = [(JCP&L Reliability Plus Rate Base * Pre-Tax WACC) + Depreciation and/or Amortization Expense]. The Company will also apply the appropriate factor to collect applicable sales and use tax ("SUT").

- i. JCP&L Reliability Plus Rate Base -- The JCP&L Reliability Plus Rate Base will be calculated as Plant in Service, including CWIP transferred into service and associated AFUDC, less the associated accumulated depreciation and less associated accumulated deferred income taxes ("ADIT"). AFUDC will be accrued using 18 CFR Ch. 1 Pt. 101, Electric Plant Instructions, (17) Allowance for Funds Used During Construction. AFUDC is accrued monthly and capitalized to CWIP until a project is placed in-service. The AFUDC rate will include the cost of equity approved in the Company's most recent base rate case.
- ii. Depreciation and/or Amortization Expense - Depreciation expense will be calculated as the JCP&L Reliability Plus Capital Investment Costs by asset class multiplied by the associated depreciation rate applied to the same asset in current base rates. The Company will apply the applicable depreciation rates from the schedule of depreciation rates set forth in Attachment C. Any future changes to book or tax depreciation rates during the construction period of JCP&L Reliability Plus will be reflected in the depreciation expense calculation at the time of each subsequent rate adjustment filing.
- iii. ADIT – ADIT is calculated as book depreciation less tax depreciation, multiplied by the statutory composite federal and state income tax rate, which is currently 28.11%. Any future changes to the book or tax depreciation rates during the construction period of JCP&L Reliability Plus will be reflected in the ADIT calculation at the time of each subsequent rate adjustment filing.

The revenue requirement reflects the new federal corporate tax rate of 21%. Future changes to federal or state tax laws will be reflected in the revenue requirement calculations, in the first rate adjustment filing subsequent to the change. Tax depreciation uses Modified Accelerated Recovery Systems ("MACRS") depreciation rules, including bonus depreciation if any and as applicable.

33. Tariff. The Company will recover its JCP&L Reliability Plus revenue requirements through rates set forth in tariff Rider RP-JCP&L Reliability Plus Charge (“Rider RP”) which is attached hereto as Exhibit F.

34. Costs of Removal. By Order dated May 17, 2004 in the Company’s 2002 base rate case (BPU Docket No. ER02080506), the Board established for the Company an Excess Cost of Removal Liability (“ECRL”) that the Company is returning to customers through an annual amortization. At the end of each Program year in which JCP&L Reliability Plus-related COR has been incurred, the Company will conduct a review to determine and adjust, as necessary, the debits to the ECRL to provide JCP&L with recovery of JCP&L Reliability Plus-related COR, as follows:

- i. The Parties agree that the annual COR allowance included in JCP&L’s 2016 base rate case (BPU Docket No. ER 16040383) was \$14, 910,562.
- ii. If JCP&L’s actual COR associated with its base capital expenditures is equal to or greater than the annual COR allowance included in its most recent base rate case, JCP&L shall debit the ECRL for the total JCP&L Reliability Plus-related COR in that Program year.

If JCP&L’s actual COR associated with its base capital expenditures is less than the COR included in its most recent base rate case, JCP&L shall be permitted to debit the ECRL the total JCP&L Reliability Plus-related COR less the over-recovery of COR associated with its base capital expenditures, which difference shall not be less than \$0, in that calendar year. The over-recovery of COR associated with base capital expenditures shall be determined by subtracting the total actual COR associated with the base capital expenditures in the calendar year from the COR included in its most recent base rate case. In the case where JCP&L’s actual COR associated with its base capital expenditures is less than the COR included in its most recent base rate case, the COR associated with its base capital expenditures used in future base rate proceedings shall be no more than the actual COR associated with its base capital expenditures.

- iii. Notwithstanding subparts i. and ii. of this paragraph above, JCP&L shall not be permitted to debit the ECRL by more than \$1,888,563 in total for JCP&L Reliability Plus related COR.

The Company agrees that it will not include any JCP&L Reliability Plus-related COR amounts in the calculation of a COR allowance for COR associated with its base capital expenditures in future base rate cases. The parties agree to this paragraph in consideration of the unique issues and impacts faced by JCP&L related to infrastructure investment program-related COR, including but not limited to JCP&L directly expensing its actual COR to the income statement as it is incurred and not recovering cost of removal in depreciation rates or as an addition to depreciation rates. The parties agree that the provision for recovery of IIP-related COR in this Stipulation shall not be precedential in any other proceeding or forum, except to enforce the terms of this Stipulation.

35. Zone 2 Enhanced Vegetation Management. The Company shall recover the capital investment costs of Zone 2 overhang removal in the Zone 2 Enhanced Vegetation Management project via the JCP&L Reliability Plus Rate Mechanism, except that, should the Board adopt a final rule requiring electric distribution utilities to perform Zone 2 overhang removal as part of base vegetation management, then costs incurred for Zone 2 overhang removal following the implementation date of such final rule shall be recovered through base rates. To the extent that the costs of Zone 2 overhang removal for future periods are not recovered through the JCP&L Reliability Plus Rate Mechanism, the Company's Zone 2 overhang removal will not be subjected to the Board's reporting rules (including N.J.A.C. 14:3-2A.5(e)) that are applicable to accelerated infrastructure investment programs and will not be subject to the reporting provisions of this Stipulation set forth below.

Rate Design

36. For Service Classifications RS, RT/RGT and GS (which are residential and small commercial rate classes), the rate will be a per kWh rate by each rate class. For Service

Classifications GST, GP and GT (which are larger commercial and industrial rate classes), the rate will be a per kW rate by each rate class. For all lighting classes, the rate will be a per fixture rate. Subject to the preceding sentences of this paragraph, (i) the allocation of JCP&L Reliability Plus revenue requirements among rate classes for each filing period will be based on the rate design methodology used to establish the Company's base rates in its 2016 base rate case in BPU Docket No. ER16040383 and (ii) in the event an alternative rate design methodology is adopted in a future base rate case during the term of JCP&L Reliability Plus, then the rate design to be used to allocate the JCP&L Reliability Plus revenue requirements among rate classes for each subsequent rate filing period shall also be addressed and determined in that base rate case.

Base Rate Case Filing Requirement

37. The Company agrees to file a base rate case no later than June 1, 2024, five (5) years from the start date of the Program. Notwithstanding any other provision of this Stipulation, should the Company file a base rate case prior to the conclusion of the term of JCP&L Reliability Plus, it may elect to include (i.e., roll into base rates) eligible JCP&L Reliability Plus investments in such a base rate case. The JCP&L Reliability Plus Rate Mechanism and related rate adjustment filings and tariff Rider RP will be used to recover all JCP&L Reliability Plus capital investments up to \$97.01 million, except for JCP&L Reliability Plus investments previously rolled into base rates. This treatment will continue until the conclusion of the Company's base rate case following the conclusion of JCP&L Reliability Plus. After such base rate filing the Company will recover all approved JCP&L Reliability Plus investments in base rates.

Filing/Reporting Requirements

38. Minimum Filing Requirements (“MFRs”). Each JCP&L Reliability Plus rate filing to adjust Rider RP rates shall include the MFRs that are set forth in Attachment D hereto.

39. Periodic Reports. The Company will provide semi-annual status reports not later than the months of September 2019 and March 2020 to Board Staff and Rate Counsel containing the information set forth in Attachment E hereto.

FURTHER PROVISIONS

40. Attachments. All attachments referenced in and attached to this Stipulation are incorporated by reference herein as if set forth in the body of this Stipulation.

41. Voluntariness. The Parties agree that this Stipulation is voluntary, consistent with law, fully dispositive of the issues addressed herein, and in the public interest. The Parties have entered this Stipulation after consideration of the Petition, the pre-filed testimony, discovery, and the II&R Rules and after settlement discussions.

42. Board Approval. The Parties agree that the JCP&L Reliability Plus Program established in this Stipulation, including cost recovery provisions, satisfies the requirements set forth in the II&R Rules. The Parties agree and recommend that the Board should approve, without modification, this Stipulation of Settlement and authorize the Company to implement JCP&L Reliability Plus, including the JCP&L Reliability Plus Rate Mechanism based on the terms and conditions set forth herein, commencing June 1, 2019. The Parties hereby request that the Board address this matter not later than at its agenda meeting occurring on May 8, 2019 and that the Board issue a written Order approving this Stipulation as soon as practicable following that agenda meeting. Each Party agrees to use its best efforts to ensure that this Stipulation is submitted to the Board in a timely fashion and to urge the Board to issue its approval without modification or condition.

43. Rights Upon Disapproval or Modification. The Parties agree that this Stipulation contains mutual balancing and interdependent clauses, the various parts hereof are not severable without upsetting the balance of the agreements and compromises achieved among the parties, and the Stipulation 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, without modification, 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 10 days after receipt of any such adverse decision, to proceed with the litigation at the point in the procedural schedule where the matter was left off at the date of the Stipulation (including but not limited to by the Company filing rebuttal testimony) and litigate all issues addressed herein to a conclusion. More particularly, in the event this Stipulation is not adopted in its entirety by the Board, without modification, 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.

44. Party Reservations. It is specifically understood and agreed by the Parties that this Stipulation represents a negotiated agreement and shall be binding on them for all purposes herein. By executing this Stipulation no party waives any rights it possesses under any prior Stipulations, except where the terms of this Stipulation supersede such prior Stipulation. 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.

45. Captions. The subject headings set forth within and between the paragraphs of this Stipulation are inserted solely for the purpose of convenient reference and are not intended to, nor shall they, affect the meaning of any provision of this Stipulation.

46. Governing Law. This Stipulation shall be governed and construed in accordance with the laws of the State of New Jersey.


47. Execution. This Stipulation may be executed in any number of counterparts, each of which shall be considered one and the same, and shall become effective when one or more counterparts have been signed by each of the Parties. Each Party has caused its duly authorized representative to execute below and deliver this Stipulation. 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.

CONCLUSION

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, and without modification, in accordance with the terms hereof.

JERSEY CENTRAL POWER & LIGHT COMPANY

By: _____


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By: _____

AMI MORITA
Managing Attorney

NEW JERSEY LARGE ENERGY USERS COALITION


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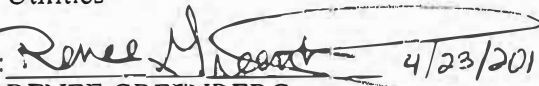
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JERSEY CENTRAL POWER & LIGHT COMPANY

By: 

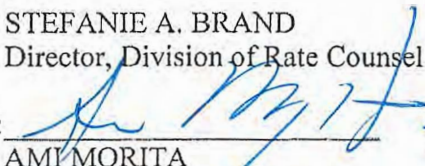
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Attachment A

JCP&L Reliability Plus Capital Investment Budget by Calendar Year

JCP&L Reliability Plus Projects	Capital Totals		
	2019	2020	Total
Overhead Circuit Reliability and Resiliency	\$19,436,325	\$35,691,312	\$55,127,636
Lateral Fuse Replacement with TripSaver	\$3,332,780	\$7,049,328	\$10,382,107
Enhanced Vegetation Management	\$16,103,545	\$28,641,984	\$44,745,529
Substation Reliability Enhancement	\$5,872,080	\$10,252,540	\$16,124,620
Substation Enhanced Flood Mitigation	\$2,325,990	\$2,392,057	\$4,718,048
Substation Equipment Replacement	\$1,303,875	\$2,389,875	\$3,693,750
Mobile Substations	\$250,000	\$1,950,000	\$2,200,000
Modernize Protective Equipment	\$1,992,215	\$3,520,608	\$5,512,822
Distribution Automation	\$10,032,202	\$15,725,462	\$25,757,664
Circuit Protection and Sectionalization	\$2,365,684	\$2,871,552	\$5,237,236
Install SCADA - Line Devices	\$5,730,263	\$9,617,297	\$15,347,560
Distribution Automation	\$1,936,255	\$1,609,113	\$3,545,368
RTU Upgrades in Substations	\$0	\$1,627,500	\$1,627,500
IIP Totals	\$35,340,606	\$61,669,313	\$97,009,920

Attachment B

**JCP&L Reliability Plus
Sample Base Rate Adjustment Calculation**

Tax Rate	28.11%
Tax Factor	1.39

	Ratio	Rate	Pre-Tax	Post-Tax
Debt	55%	5.73%	3.15%	3.15%
Equity	45%	9.60%	6.01%	4.32%
			9.16%	7.47%

Rate Base Calculation							Monthly Revenue Requirement		
	Cumulative PIS	Cumulative Reserve	NBV	ADIT	Rate Base	Depreciation	Return	Total	
January 2019	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
February 2019	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
March 2019	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
April 2019	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
May 2019	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
June 2019	\$4,209,789	(\$6,806)	\$4,202,983	(\$1,785)	\$4,201,199	\$6,806	\$32,075	\$38,881	
July 2019	\$8,419,579	(\$20,418)	\$8,399,161	(\$5,355)	\$8,393,806	\$13,612	\$64,085	\$77,697	
August 2019	\$13,100,238	(\$41,597)	\$13,058,641	(\$10,909)	\$13,047,732	\$21,179	\$99,617	\$120,796	
September 2019	\$17,780,898	(\$70,343)	\$17,710,555	(\$18,448)	\$17,692,107	\$28,746	\$135,076	\$163,822	
October 2019	\$22,461,557	(\$106,656)	\$22,354,901	(\$27,971)	\$22,326,930	\$36,313	\$170,462	\$206,775	
November 2019	\$27,142,217	(\$150,536)	\$26,991,681	(\$39,479)	\$26,952,201	\$43,880	\$205,775	\$249,655	

Depreciation Rates

Current depreciation rates:

JERSEY CENTRAL POWER & LIGHT COMPANY		
Calculated Annual Depreciation Accruals Related to Distribution Plant (as of December 31, 2012)		
	Distribution Plant	Annual Accrual Rate (%)
360.12	Distribution Substation Easements	1.31
360.22	Distribution Line Easements	0.73
361.00	Structures and Improvements	0.71
362.00	Substation Equipment	1.25
364.00	Poles, Towers and Fixtures	2.15
365.00	Overhead Conductors and Devices	1.93
365.10	Overhead Conductors and Devices - Clearing	1.56
366.00	Underground Conduit	1.27
367.00	Underground Conductors and Devices	1.61
368.00	Line Transformers	2.42
369.00	Services	1.21
370.00	Meters	4.77
371.00	Installations on Customer Premises	3.71
373.00	Street Lighting and Signal Systems	2.86
Total Distribution Plant		1.94

Note: Any future changes to the book or tax depreciation rates during the Program construction period and at the time of each rate adjustment, will be reflected in the accumulated depreciation and/or ADIT calculation described in the Stipulation.

Attachment D

Rate Adjustment Filing Minimum Filing Requirements

- 1) JCP&L's income statement for the most recent 12-month period prepared using the same FERC reporting and accounting conventions that are reflected in the Company's Annual Report to the Board.
- 2) JCP&L's balance sheet for the most recent 12-month period prepared using the same FERC reporting and accounting conventions that are reflected in the Company's Annual Report to the Board.
- 3) JCP&L's capital spending for each of the past five years, broken down by major categories (e.g., customer driven, reliability, load and general plant).
- 4) JCP&L's overall approved JCP&L Reliability Plus capital budget broken down by major categories, both budgeted and actual amounts.
- 5) Distribution system and Region Level CAIDI and SAIFI for the most recent 12 month period;
 - a. Including Major Events;
 - b. Excluding Major Events; and
 - c. Major Events only.
- 6) For each of the ten JCP&L Reliability Plus projects:
 - a. The original project summary for each project;
 - b. expenditures incurred to date; and
 - c. appropriate metric (e.g. relays installed).
 - d. Work completed, including identified tasks completed, e.g. design phase, material procurement, permit gathering, phases of construction, etc.
- 7) Anticipated project timeline, including estimated completion date, with updates and expected and unanticipated changes, along with an explanation of the reasons for any changes; and

- 8) A narrative discussion of the effectiveness of the project in improving system performance; including identification of improved facilities (including specific feeders), where appropriate.
- 9) Anticipated project timeline with updates and expected changes.
- 10) A calculation of the proposed rate adjustment based on Program projects included in Plant in Service.
 - a. The Company shall include a calculation of depreciation expense, based on those projects closed to Plant in Service during the period.
- 11) A revenue requirement calculation showing the actual capital expenditures for the period for which the filing is made, as well as supporting calculations.
- 12) A list of any and all funds or credits received from the United States government, the State of New Jersey, a county or a municipality, for work related to any of the JCP&L Reliability Plus projects, such as relocation, reimbursement, or stimulus money. An explanation of the financial treatment associated with the receipt of government funds or credit should be included.
- 13) A copy of the most recently filed semi-annual Report.
- 14) An earnings test calculation demonstrating that the calculated return on equity (“ROE”) does not exceed the allowed ROE from the Company’s last base rate case by 50 basis points or more. The Company’s ROE will be calculated as follows for the earnings test. The Company will divide the actual net income of the utility for the most recent 12-month period by the average of the beginning and ending common equity balances for the corresponding period, subject to the adjustment described herein. The Company will utilize FERC accounting data from the 12-month period. The Company will provide nine months actual data and three months forecasted data at the time of each Initial Filing. The three months of forecasted data will be updated with actual information at the same time the Company provides the Update for Actuals for investments. An adjustment to the earnings calculation to pension and OPEB expense will be made using the following steps: (1) remove the pension and OPEB mark-to-market gains/losses, recorded by JCP&L; and (2) include, for JCP&L Reliability Plus earnings test purposes, the recalculated amount of the most recent 12-month test-year pension and OPEB expense by amortizing the net accumulated actuarial loss over future periods using the delayed recognition method.

Attachment E

Semi-Annual Report Contents

The Company agrees to file a semi-annual status report for project management and oversight purposes that contains the following requirements consistent with N.J.A.C. 14:3-2A.5(e):

- a. Forecasted and actual costs of the Program for the applicable reporting period, and for the IIP to date, where IIP projects are identified by major category (with the actual variances from forecasted amounts expressed in dollar and percentage terms);
- b. The estimated total quantity of work completed under the Program identified by major category. In the event that the work cannot be quantified, major tasks completed shall be provided;
- c. Estimated completion dates for the Program as a whole, and estimated completion dates for each major IIP sub-category;
- d. Anticipated changes to Program projects, if any;
- e. Actual capital expenditures made by JCP&L in the normal course of business on similar projects, identified by major category; and
- f. Any other performance metrics concerning the Infrastructure Investment Program required by the Board.

In addition to the above requirements, the Company agrees to specify in their semi-annual status report the cost of removal and the amount of allocated overhead included in each completed project.

Attachment F

Tariff Rider RP

Attachment F

JERSEY CENTRAL POWER & LIGHT COMPANY

BPU No. 12 ELECTRIC - PART III

Original Sheet No. 60

**Rider RP
JCP&L Reliability Plus Charge**

APPLICABILITY: Rider RP provides for full and timely recovery of revenue requirements associated with reliability infrastructure investment projects subject to the Infrastructure Investment and Recovery regulations pursuant to N.J.A.C. 14:3-2A.1 *et seq.* and as approved by the BPU Order dated _____ in Docket No. _____

The JCP&L Reliability Plus (RP) Charge is applicable to Service Classifications RS (Residential Service), RT (Residential Time-of-Day), RGT (Residential Geothermal & Heat Pump), GS (General Service Secondary), GST (General Service Secondary Time-of-Day), GP (General Service Primary), GT (General Service Transmission), OL (Outdoor Lighting), SVL (Sodium Vapor Street Lighting), MVL (Mercury Vapor Street Lighting), ISL (Incandescent Street Lighting) and LED (LED Street Lighting) and for all usage (KWH, KW or per Fixture) of any Full Service Customer or Delivery Service Customer, as follows:

<u>Service Classification</u>	<u>RP Charge (Including SUT)</u>	
RS	\$x.xxxxx	per KWH
RT/RGT	\$x.xxxxx	per KWH
GS	\$x.xxxxx	per KWH
GST	\$x.xx	per KW
GP	\$x.xx	per KW
GT	\$x.xx	per KW
Lighting (OL, SVL, MVL, SVL and LED)	\$x.xx	per Fixture

The Company will make periodic filings to reset the RP Charges. The initial recovery period with actual in-service date from January 2019 through July 2019 will be filed no later than August 15, 2019 for an effective date of November 1, 2019. All subsequent filings will be made according to the Company's recovery periods as provided in the above referenced N.J.A.C. regulations and BPU Order.

Issued:

Effective:

**Filed pursuant to Order of Board of Public Utilities
Docket No. dated**

Issued by James V. Fakult, President
300 Madison Avenue, Morristown, NJ 07962-1911