

**BEFORE THE
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 II
("EnergizeNJ")**

BPU Docket No. _____

VERIFIED PETITION

**On Behalf Of
Jersey Central Power & Light Company**

November 9, 2023

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

In the Matter of the Verified Petition of Jersey	:	BPU Docket No. _____
Central Power & Light Company For Approval of	:	
An Infrastructure Investment Program II	:	
("EnergizeNJ")	:	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 principal offices at 300 Madison Avenue, Morristown, New Jersey 07962-1911 and 101 Crawfords Corner Road, Building 1, Suite 1-511, Holmdel, New Jersey 07733, in support of its above-captioned Verified Petition, respectfully shows:

OVERVIEW

1. By way of this Verified Petition and its supporting testimony, the Company is proposing the JCP&L Infrastructure Investment Program II ("EnergizeNJ" or "Program"). EnergizeNJ is, with one minor exception, consistent with the Board's Infrastructure Investment and Recovery Rules ("II&R"), codified at N.J.A.C. 14:3-2A.1 et seq. *See* N.J.A.C. 14:3-2A.6(a) and (d). JCP&L is seeking a waiver of the provision of the II&R rules that states that "[r]ates approved by the Board for recovery of expenditures under an Infrastructure Investment Program shall be . . . recovered through a separate clause of the utility's Board-approved tariff." *See* N.J.A.C. 14:3-2A.6(d). Further, the JCP&L Program represents the Company's second proposal under the II&R Rules.

2. The Program proposal is comprised of three overarching main projects that are comprised of a total of fourteen component projects dispersed under each project. The proposal also serves the purpose of gap-closure relative to its expected reliability performance over the five-year period of 2024 through 2029 under the recently readopted and amended regulations but, to the extent practical, in a manner consistent with laying a foundation for the Circuit of the Future approach, which is discussed in more detail below and in the Company's prefiled direct testimony.

3. The intent of EnergizeNJ is to accelerate investment to address pressing and/or current reliability and resiliency issues, but to do so in a manner that begins to prepare and position the JCP&L electric distribution system to become the foundation for the Company's Circuit of the Future approach to providing electric distribution service.

INTRODUCTION

4. 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 approximately 1.1 million residential, commercial and industrial customers located within 13 counties and 236 municipalities of the State of New Jersey.

5. JCP&L files this Petition to seek approval of EnergizeNJ, including its cost recovery mechanism, pursuant to N.J.A.C. 14:3-2A.1 *et seq.* and any other provision deemed applicable by the Board. JCP&L anticipates that the Program will be performed over a five-year period.

6. As described in the attached Direct Testimony of Dana I. Gibellino, the proposed Program investments are directed to projects supportive of three main projects: Grid Modernization, System Resiliency and Substation Modernization.

7. EnergizeNJ, as proposed, would result in the investment of approximately \$934.8 million over five years.

8. These accelerated investments will enable the Company to enhance the safety, reliability and resiliency of its electric distribution system. Projects undertaken through EnergizeNJ will provide benefits to JCP&L's customers and the State of New Jersey, including improvement to the customer experience of reliability and system resiliency, and to accelerate the modernization of the JCP&L distribution system through advanced technologies, improved operational flexibility, and increased available distribution system capacity.

9. It is reasonable and prudent for JCP&L to provide for accelerated investments in its electric distribution system to enhance the long-term safety, reliability and resiliency of the system and the continued provision of safe, reliable and resilient service. JCP&L has developed EnergizeNJ to further these goals and is making this filing in conformance with the Board's II&R Rules. JCP&L respectfully requests that the Board approve this Program to provide for a capital investment of up to \$906 million.

BACKGROUND

10. On December 19, 2017, the Board adopted the II&R Rules to encourage utilities to implement infrastructure investment programs. These rules were codified at N.J.A.C. 14:3-2A.1 *et seq.* and initially became effective on January 16, 2018.

11. On July 17, 2018, JCP&L filed a petition for approval of its first Infrastructure Investment Program ("JCP&L Reliability Plus") at Board Docket No. EO18070728, for the period of 2019 through 2023.

12. On May 8, 2019, the Board issued a Final Decision and Order Approving Stipulation of the JCP&L Reliability Plus, with an effective date of May 15, 2019.

13. The II&R Rules explain their purpose:

- (a) This subchapter establishes a regulatory mechanism concerning an Infrastructure Investment Program, which will allow a utility to accelerate its investment in the construction, installation, and rehabilitation of certain non-revenue producing utility

plant and facilities that enhance safety, reliability, and/or resiliency. Through an Infrastructure Investment Program approved by the Board, a utility may obtain accelerated recovery of qualifying investments, subject to the terms of this subchapter, and any other conditions set by the Board in approving an individual utility's Infrastructure Investment Program.

- (b) The purpose of an Infrastructure Investment Program is to provide a rate recovery mechanism that encourages and supports necessary accelerated construction, installation, and rehabilitation of certain utility plants and equipment. As set forth in this subchapter, such investment would occur in a systematic and sustained way to advance construction, installation, and rehabilitation of utility infrastructure needed for continued system safety, reliability, and resiliency, and sustained economic growth in the State of New Jersey.
- (c) The Board shall require frequent and detailed reporting of expenditures during all phases of an Infrastructure Investment Program, as set forth in this subchapter, in order to ensure prudent investment and compliance with this subchapter.
[N.J.A.C. 14:3-2A.1]

14. JCP&L's proposed Program investments will: benefit JCP&L's customers and the State of New Jersey; comply with and further the purposes of the Board's II&R Rules; and accelerate the improvement of JCP&L's reliability performance to ensure safe, reliable, and resilient service.

ENERGIZENJ

15. EnergizeNJ benefits customers and New Jersey by providing for significant infrastructure investment to enhance the safety, reliability and resiliency of the Company's electric distribution system and promote economic growth in New Jersey and in JCP&L's service territory. JCP&L proposes to expend approximately \$935 million over five years in fourteen eligible electric distribution infrastructure projects, grouped in three Program categories:

Program Category	\$ 2024-2029 (millions)
Grid Modernization	\$365,597,433
System Resiliency	\$469,183,093
Substation Modernization	\$99,984,424
ENERGIZENJ TOTAL	\$934,764,950

This level of investment is over and above JCP&L's proposed annual baseline capital spending for the same period, which proposed capital baseline is \$147 million per year. JCP&L's proposed baseline spending is based on a five-year historical average of base capital expenditures. The Company plans to achieve capital expenditures of at least ten percent (10%) of the approved Program expenditures on projects similar to those proposed in JCP&L Reliability Plus during the course of the Program. These capital expenditures will be made in the normal course of business and recovered in future base rate proceedings. Such capital expenditures will not be recovered via the accelerated rate recovery mechanism described in the Direct Testimony of Ms. Pittavino, which is consistent with the II&R rules, N.J.A.C. 14:3-2A.2(c).

16. EnergizeNJ will have a maximum cumulative bill impact on typical residential customers over the Program's entire duration of approximately 3.6% of the current average monthly bill. However, the average incremental bill impact from any individual base rate adjustment over the course of the Program will be a fraction of that cumulative impact. Those modest impacts will afford substantial benefits to customers and the State. Customers will benefit from investments that will make JCP&L's electric distribution system safer, more resistant to outage events and able to recover more quickly from outages. The fourteen projects within three

categories that make up EnergizeNJ and the associated benefits are summarized in the following paragraphs.

17. Grid Modernization. This category includes the following projects: Lateral Fuse Replacement with TripSaver II (replace existing fused cutouts with “TripSaver II” circuit-mounted reclosers); Stand Alone Reclosers (the installation of 3-phase devices to break up feeders to smaller groups of customers); Overhead Circuit of the Future (accelerated infrastructure upgrades with a focus on historically worst performing circuits); Underground Cable Replacement (replace underground cable with new, jacketed cable and associated switches and pad-mount transformers); and Selective Undergrounding (relocation of certain overhead facilities underground).

18. Projects within the Grid Modernization category focus on advancing the equipment and technology installed across JCP&L’s distribution system. This category will begin to upgrade JCP&L’s distribution circuits to align with JCP&L’s vision of the “Circuit of the Future”. With greater electrification, JCP&L anticipates that customer expectations will continue to increase with respect to reliability, power quality and seamless integration of distributed energy resources (“DERs”). To meet customer expectations, the Grid Modernization component of EnergizeNJ provides for greater operational flexibility and sets the stage for additional technology integration, storm hardening and greater capacity in key areas of the system.

19. System Resiliency. This category includes the following projects: Distribution Voltage Standardization (create new tie opportunities between feeders); Circuit Ties with Supervisory Control and Data Acquisition (“SCADA”) (Loop Schemes) (install SCADA reclosers to automatically switch customer loads during outage events and replace conductors to provide increased capacity to, among other things, enable circuit ties); New Distribution Sources (install additional substation equipment such as circuit breakers or transformers in existing distribution

substations); and Distribution Automation Enablement (install substation remote terminal units (“RTU”), SCADA visibility and control, and appropriate substation relays).

20. Projects within the System Resiliency category will apply a distribution system contingency planning approach to further take advantage of opportunities to restore customers more quickly on the distribution system in the event of an outage. This category offers operational flexibility by adding capacity at existing or proposed new substations to support increased circuit ties. This category complements the Grid Modernization category with the installation of additional “smart” devices, such as SCADA operated, and automatically operating distribution line reclosers, and will prepare key areas of JCP&L’s distribution system for full Distribution Automation.

21. Substation Modernization. Projects in this category include: Coastal Substation Switchgear Replacement (accelerates the replacement of switchgear in substations); Oil Circuit Breaker Replacements (accelerates the replacement of distribution Oil Circuit Breakers); Protective Equipment Modernization (replaces Underfrequency Load Shed and Distribution Protection Unit relays with modernized protective equipment at an accelerated rate); RTU Upgrade (upgraded RTU will provide enhanced data allowing the Distribution System Operator (“DSO”) to implement restoration more rapidly for substation outages); and Mobile Substation Purchases (purchases of additional mobile substations will ensure JPC&L can facilitate outages to safely upgrade the system).

22. Projects within the Substation Modernization category will accelerate the replacement of substation equipment to further enable advancing technologies on the distribution system. This category also increases SCADA visibility and control. Further, the equipment that will be added will be able to support Volt/VAR control in the future.

23. As demonstrated in the Engineering Evaluation and Report attached as Appendix A to the Direct Testimony of Dana I. Gibellino, EnergizeNJ is estimated to provide estimated benefits to customers from outage reductions with a net present value of \$846 million, compared to estimated costs of \$934.76 million (including capital and expense), or a benefit to cost ratio of greater than 1.0.

24. EnergizeNJ will support economic development and job opportunities in New Jersey. In addition, enhancing the already reliable energy supply provided to customers in the JCP&L service territory, and providing additional or improved services or service delivery to JCP&L customers through new technologies, this Program will encourage employers to locate businesses in New Jersey, maintain business operations in New Jersey and expand business operations in the State, which will result in opportunities for New Jersey residents to secure additional jobs. Moreover, outages cause residential, business and industrial customers to incur costs. A reduction in outages and their duration results in qualitative and quantitative benefits to all customers.

COST RECOVERY

25. JCP&L proposes to recover the revenue requirements of EnergizeNJ through its base rates via annual and semi-annual base rate adjustment filings. While this proposal is generally consistent with the Board's II&R rules, codified at N.J.A.C. 14:3-2A.1 et seq., JCP&L is seeking a waiver of the provision of the II&R rules that states that "[r]ates approved by the Board for recovery of expenditures under an Infrastructure Investment Program shall be . . . recovered through a separate clause of the utility's Board-approved tariff." See N.J.A.C. 14:3-2A.6(d). JCP&L's cost recovery proposal, including an explanation of, and justification for, this waiver request, is described in the attached Direct Testimony of Carol A. Pittavino.

26. JCP&L proposes to make seven annual and semi-annual base rate adjustment filings (i.e., base rate roll-ins) to recover revenue requirements. JCP&L anticipates that its first semi-annual base rate adjustment filing will provide for recovery of revenue requirements for plant placed into service through December 31, 2024, with rates effective on March 1, 2025. A detailed schedule for the anticipated EnergizeNJ rate filings is set forth in the attached Direct Testimony of Ms. Pittavino.

27. The Company proposes that for each base rate adjustment filing, the revenue requirements associated with the Program's costs be calculated as follows: Pre-Tax Cost of Capital multiplied by the Rate Base then adding depreciation and/or amortization. The "Pre-Tax Cost of Capital multiplied by Rate Base" component provides recovery of the return on the Program investment. The term "Pre-Tax Cost of Capital" means JCP&L's pre-tax overall weighted average cost of capital ("WACC") for the Program. JCP&L proposes to earn a return on its net investment in EnergizeNJ based upon an authorized return on equity ("ROE") and capital structure including income tax effects. The Company's initial WACC for the Program will be based on the ROE, long-term debt and capital structure approved by the Board on October 28, 2020, in the 2020 JCP&L base rate case, BPU Docket No. ER20020146. JCP&L proposes the initial pre-tax WACC to be 9.34 percent.¹ Any change in the WACC authorized by the Board in a subsequent base rate case will be reflected in the subsequent revenue requirement calculations and subsequent base rate adjustment filings for EnergizeNJ. Any changes to current tax rates will be reflected in an adjustment to the WACC. The term "Rate Base" refers to all plant constructed and in-service ("Plant In-Service") less the associated accumulated depreciation and/or amortization and less Accumulated Deferred Income Taxes ("ADIT"). The book recovery of each asset class and its

¹ Should JCP&L's pending base rate in BPU Dkt. No. ER23030144 conclude prior to the commencement of EnergizeNJ, the Board-approved overall rate of return in that matter shall be the initial WACC for the Program.

associated tax depreciation will be based on current depreciation rates. The “Depreciation and/or Amortization” component provides for recovery of the Company’s investment in the EnergizeNJ assets over the useful book life of each asset class. The Company will also apply the appropriate factor to collect applicable sales and use tax (“SUT”).

28. Board Staff and the Division of Rate Counsel (“Rate Counsel”) will have the opportunity to review each semi-annual rate filing to ensure that the revenue requirements and proposed rates are being determined in accordance with the Board’s Order approving EnergizeNJ. Further, in accordance with N.J.A.C. 14:3-2A.6(e), the rate adjustments established in the annual and semi-annual Program base rate adjustment filings will be provisional. The prudence of the Company’s Program expenditures will be reviewed by Staff and Rate Counsel as part of JCP&L’s subsequent base rate cases following the filings. The base rate changes via the annual and semi-annual adjustment filings are subject to refund until final determination in a base rate case by the Board that JCP&L prudently incurred these capital expenditures.

29. The Company proposes that it will file its next base rate case no later than five years after the start date of EnergizeNJ; the Program start date is proposed to be June 1, 2024. JCP&L will continue to file annual and semi-annual rate filings during the Board-approved period for EnergizeNJ, notwithstanding the filing of a base rate case. Should the Company elect to file a base rate case before the conclusion of EnergizeNJ, that would also satisfy the base rate case filing requirement of the II&R regulations.

30. Consistent with the II&R rules, JCP&L will achieve capital expenditures of at least ten percent (10%) of the approved Program expenditures on projects similar to those proposed in JCP&L Reliability Plus during the course of the Program. Further, should JCP&L’s ROE exceed the earnings test threshold of ROE plus fifty basis points, JCP&L would continue to recover on its

capital investments associated with EnergizeNJ that have already been included in base rates; however, it would only be permitted to recover additional capital investments through a base rate adjustment once its ROE was equal to or below the earnings test threshold or at the conclusion of its next base rate case, whichever comes first.

PREFILED TESTIMONY, SCHEDULES, EXHIBITS AND APPENDICES

31. Attached hereto and made a part of this Verified Petition are the following Exhibits, including prefiled Direct Testimony (which further includes schedules and appendices thereto):

<u>Witness</u>	<u>Exhibit No.</u>	<u>Topics</u>
This Petition	JC-1	EnergizeNJ Overview, Filing Requirements Chart (Appendix A)
Dana I. Gibellino	JC-2	EnergizeNJ Capital Investments (Projects), Costs and Benefits, Baseline Capital Spend, Engineering Evaluation and Report, Reporting
Carol A. Pittavino	JC-3	Cost Recovery Mechanism, Revenue Requirements, Base Rate Adjustment Filings, Bill Impacts

Two of the Attachments to the Engineering Evaluation and Report (attached as Appendix A to the Direct Testimony of Dana I. Gibellino) contain information considered to be confidential and are provided in both confidential and redacted form. Unredacted copies of these Attachments will be provided to the parties upon their execution of an Agreement of Non-disclosure of Confidential Information.

PUBLIC HEARING, NOTICE AND SERVICE OF FILING

32. The Board must conduct a public hearing regarding EnergizeNJ pursuant to N.J.A.C. 14:3-2A.5(d). JCP&L proposes that two public hearings be held, one in each region of its service territory. JCP&L will shortly provide a draft form of public notice of the public hearings to Staff and Rate Counsel for comment, setting forth the dates, times and places of the public hearings, the maximum dollar amount JCP&L seeks to recover through EnergizeNJ and the estimated overall impact on customers attributable to implementation of the Program. JCP&L proposes that notice of this filing be combined with notice of the public hearings and be published in daily and weekly newspapers published and/or circulated in the Company's service areas, after the dates, times and places of all such public hearings thereon have been scheduled by the Board or the Presiding Officer. The notice will also be served by mail upon the municipal clerks, the clerks of the Boards of Chosen Freeholders and, where appropriate, the County Executive Officers of all counties and municipalities located in the Company's service territory.

33. Copies of this Verified Petition and of all appendices, supporting testimony (including schedules and exhibits thereto) have been or will be duly served upon the Department of Law and Public Safety, Division of Law, Richard J. Hughes Justice Complex, 25 Market Street, P.O. Box 112, Trenton, New Jersey 08625, and upon the Director, Division of Rate Counsel, 140 East Front Street, 4th Floor, P.O. Box 003, Trenton, New Jersey 08625-0003. In accordance with the Board's March 19, 2020 Order in BPU Docket No. EO20030254, copies of this filing will be submitted and served by electronic mail only.

REQUEST FOR DIRECT BOARD REVIEW

34. The Program investment plans are based on a June 1, 2024, commencement date. JCP&L requests that the Board retain jurisdiction of this filing, directly review it, and designate a Commissioner as the Presiding Officer to oversee the proceeding. This has been the Board's

customary practice with electric and gas utility infrastructure filings. The Board's direct review will facilitate the expeditious resolution of the Petition and provision of reliability and resiliency benefits to customers and will ensure that the procedures utilized in the review of the filing are consistent with the II&R Rules. JCP&L requests that the Board issue a final decision and order no later than the date of its May 2024 Agenda meeting, currently scheduled for May 22, 2024.

35. Copies of all correspondence and other communications relating to this proceeding should be addressed to:

**Michael Connolly
Gregory Eisenstark
William Lesser
Cozen O'Connor
1010 Kings Highway South
Cherry Hill, NJ 08034**

– and –

**Mark A. Mader
Carol A. Pittavino
Jersey Central Power & Light Company
300 Madison Avenue
Morristown, New Jersey 07962-1911**

– and –

**Tori L. Giesler, Esq.
James Austin Meehan, Esq.
FirstEnergy Service Company
2800 Pottsville Pike
P.O. Box 16001
Reading, Pennsylvania 19612-6001**

CONCLUSION AND REQUEST FOR APPROVAL

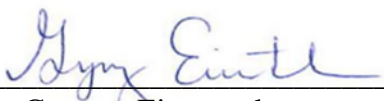
WHEREFORE, the Petitioner respectfully requests that the Board issue a final decision and order:

- (a) finding that EnergizeNJ satisfies the requirements of N.J.A.C. 14:3-2A.1 et seq., and is in the public interest;
- (b) finding that EnergizeNJ as described in this Petition is reasonable and prudent;
- (c) authorizing JCP&L to implement the Program starting June 1, 2024, under the terms set forth in this Petition;
- (d) determining that the cost recovery mechanism set forth in this Petition will provide for just and reasonable rates and is approved;
- (e) authorizing JCP&L to recover EnergizeNJ costs, on a full and timely basis, under the cost recovery mechanism set forth in this Petition; and
- (f) granting such other and further relief as the Board shall deem just, lawful and proper.

Dated: November 9, 2023

Respectfully submitted,

COZEN O'CONNOR, PC
Attorneys for Petitioner, Jersey Central
Power & Light Company

By: 
Gregory Eisenstark

**NJ IIP Affidavit.docx**

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E-Signature Summary**E-Signature 1: Mark A Mader (MAM)**

November 09, 2023 08:50:50 -5:00 [D868F396BD68] [69.118.65.26]
mamader@firstenergycorp.com (Principal) (Personally Known)

E-Signature Notary: Kori Rebecca Auman-Krebs (KRK)

November 09, 2023 08:50:50 -5:00 [B53D472E4979] [98.237.82.177]
kauman@firstenergycorp.com

I, Kori Rebecca Auman-Krebs, did witness the participants named above electronically sign this document.



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

In the Matter of the Verified Petition of Jersey
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VERIFIED PETITION

**AFFIDAVIT OF
VERIFICATION**

Mark A. Mader, being duly sworn upon his oath, deposes and says:

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

2. I have read the contents of the foregoing Verified Petition by JCP&L for approval of the proposed EnergizeNJ Infrastructure Investment Program, 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

Signed on 2023/11/09 08:50:50 -5:00

Mark A. Mader

Commonwealth of Pennsylvania :

County of York :

Sworn to and subscribed before me
this 9th day of November, 2023
by Mark A. Mader.

Kori Rebecca Auman-Krebs

Kori Rebecca Auman-Krebs, Notary Public

Commonwealth of Pennsylvania - Notary Seal
Kori Rebecca Auman-Krebs, Notary Public
Berks County
My Commission Expires Feb 14, 2027
Commission Number 1345524

Notary Stamp 2023/11/09 08:50:50 PST

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