

**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. _____

Direct Testimony

Of

Carol A. Pittavino

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

November 9, 2023

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**DIRECT TESTIMONY
OF
CAROL A. PITTAVINO**

EXHIBIT JC-3

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Carol A. Pittavino and my business address is 800 Cabin Hill Drive, Greensburg, PA 15601.

Q. By whom are you employed and in what capacity?

A. I am employed by FirstEnergy Service Company ("FESC") in the Rates & Regulatory Affairs Department for Jersey Central Power & Light Company ("JCP&L" or the "Company").

Q. Please describe your professional experience.

A. I am employed by FESC, and my title is Manager in the New Jersey Rates & Regulatory Affairs Department for JCP&L. I report to Mark A. Mader, New Jersey Director of Rates & Regulatory Affairs. My principal responsibilities are to provide financial and analytical support for JCP&L.

Q. Please briefly describe your educational and professional background.

A. I graduated from Seton Hill University (then College) in May 2000 with a Bachelor of Science degree with a major in Accounting. I earned my Pennsylvania Certified Public Accountant license in September 2003.

In August 2012, I was employed by JCP&L as a Rates Analyst. From November 2017 to January 2019, I held an Analyst position in the FirstEnergy Transmission Business Services area, while continuing to support Rates and Regulatory Affairs. In January 2019, I returned to JCP&L Rates and Regulatory Affairs.

1 I was employed at United Health Group from October 2010 to July 2012 as a Senior
2 Accountant. From October 2003 to September 2010, I was employed by Allegheny
3 Energy, Inc. as a Senior Accountant in the Regulatory Accounting Department. From May
4 2001 through September 2003, I was employed at S.R. Snodgrass as a Senior Accountant.
5 S.R. Snodgrass is a regional public accounting firm which performs external and internal
6 audit services for their clients. I functioned as an External Auditor assisting in the drafting
7 and inspection of the financial records of clients, which ultimately resulted in issuing an
8 opinion on their financial records.

9 From June 1985 through April 2001, I was employed at the First National Bank of
10 Herminie. I held various positions when I was employed by the bank. I progressed through
11 all aspects of branch operations which resulted in Branch Manager. I accepted a position
12 in the finance department as an Accountant and functioned in this capacity until the bank
13 was acquired by The First National Bank of Pennsylvania in April 2001.

14 **Q. Have you previously testified in BPU proceedings?**

15 A. Yes. I submitted testimony (direct, supplemental and rebuttal) on behalf of JCP&L in the
16 Company's 2012 base rate case in BPU Docket No. ER12111052, direct testimony in its
17 2016 base rate case in BPU Docket No. ER16040383, direct testimony in its 2020 base rate
18 case in BPU Docket No. ER20020146 and direct testimony in its 2023 base rate case in
19 BPU Docket No. ER23030144. I have also submitted direct testimony in support of the
20 Company's Verified Petitions for approval of its Advanced Metering Infrastructure
21 Program in BPU Docket No. EO20080545; its Energy Efficiency and Conservation Plan
22 including Energy Efficiency and Peak Demand Reduction Programs ("EE&C Plan I") in

1 BPU Docket No. EO20090620; and rate adjustments pursuant to its Reliability Plus
2 Infrastructure Investment Program in BPU Docket No. ER19091238.

3 **Q. Please describe the purpose of your direct testimony.**

4 A. JCP&L is proposing an Infrastructure Investment Program II (“EnergizeNJ” or “Program”) in
5 its Petition filed with the New Jersey Board of Public Utilities (“Board” or “BPU”) in
6 this matter. In my direct testimony, I will address the revenue requirements calculation for
7 EnergizeNJ, the associated cost recovery methodology, and the requirements of the
8 Board’s rules regarding the Program’s base rate adjustment filings, bill impacts, and tariffs.
9 In addition, I will discuss JCP&L’s forecasted depreciation expense and a proposed
10 adjustment to Pension and OPEB expense for purposes of the earnings test. My testimony
11 provides detailed schedules setting forth the proposed project revenue requirements,
12 estimated rates and projected bill impacts over the Program’s proposed five-year life.

13 **Q. Please briefly describe JCP&L’s proposed cost recovery methodology for**
14 **EnergizeNJ.**

15 A. The Company is proposing to recover the revenue requirements through its base rates via
16 annual and semi-annual base rate adjustment filings. While this proposal is generally
17 consistent with the Board’s Infrastructure Investment and Recovery (“II&R”) rules,
18 codified at N.J.A.C. 14:3-2A.1 et seq., JCP&L is seeking a waiver of the provision of the
19 II&R rules that states that “[r]ates approved by the Board for recovery of expenditures
20 under an Infrastructure Investment Program shall be . . . recovered through a separate
21 clause of the utility’s Board-approved tariff.” See N.J.A.C. 14:3-2A.6(d). The details of

1 the costs to be recovered, as well as the rate mechanism to recover such costs, are set forth
2 below in this testimony.

3 II. REVENUE REQUIREMENTS

4 **Q. How does JCP&L propose to calculate the revenue requirements?**

5 A. For each base rate adjustment filing, JCP&L proposes to calculate the revenue
6 requirements associated with the Program costs using the following formula:

$$\begin{aligned} 7 \quad & \text{Revenue Requirements} = [(\text{Pre-Tax Cost of Capital} * \text{Rate Base}) \\ 8 \quad & + \text{Depreciation and/or Amortization}] \end{aligned}$$

9 The Company will also apply the appropriate factor to collect applicable sales and use tax
10 (“SUT”).

11 **Q. Please describe the components of JCP&L’s proposed revenue requirement**
12 **calculation.**

13 A. The “Pre-Tax Cost of Capital * Rate Base” component provides recovery of the return on
14 the Program investment. The term “Pre-Tax Cost of Capital” means JCP&L’s pre-tax
15 overall weighted average cost of capital (“WACC”) for the Program. JCP&L proposes to
16 earn a return on its net investment in EnergizeNJ based upon an authorized return on equity
17 (“ROE”) and capital structure including income tax effects. The Company’s initial WACC
18 for the Program will be based on the ROE, long-term debt and capital structure approved
19 by the Board on October 28, 2020 in the 2020 JCP&L base rate case, BPU Docket No.
20 ER20020146. JCP&L proposes the initial pre-tax WACC to be 9.34 percent. *See* Schedule
21 CAP-1 for the calculation of the current Pre-Tax and After-Tax WACC. Any change in
22 the WACC authorized by the Board following this filing, including the 2023 distribution

1 base rate case pending in BPU Docket No. ER23030144, will be reflected in the subsequent
2 revenue requirement calculations and subsequent base rate adjustment filings for
3 EnergizeNJ.¹ Any changes to current tax rates will be reflected in an adjustment to the
4 WACC.

5 The term “Rate Base” refers to all plant constructed and in-service (“Plant In-Service”)
6 less the associated accumulated depreciation and/or amortization and less accumulated
7 deferred income taxes (“ADIT”). The book recovery of each asset class and its associated
8 tax depreciation will be based on current depreciation rates.

9 ADIT is calculated as book depreciation less tax depreciation, multiplied by the
10 statutory composite federal and state income tax rate, which is currently 28.11%. Any
11 future changes to the book or tax depreciation rates during the Program construction period
12 and at the time of each rate adjustment, will be reflected in the accumulated depreciation
13 and/or ADIT calculation described above.

14 The “Depreciation and/or Amortization” component provides for recovery of the
15 Company’s investment in the Program assets over the useful book life of each asset class.
16 The book recovery of each asset class will be based on current depreciation rates, which,
17 as shown here, include net salvage. *See* chart below.

¹ If JCP&L’s pending base rate case in Docket No. ER23030144 concludes prior to the Board’s approval of EnergizeNJ, then the Board-approved WACC from that case will be the initial WACC for the Program.

JERSEY CENTRAL POWER & LIGHT COMPANY		
Calculated Annual Depreciation Accruals Related to Distribution (as of December 31, 2012)		
Plant Account	Distribution Plant	Total Annual Accrual (%)
360.12	Distribution Substation Easements	1.31
360.22	Distribution Line Easements	0.73
361.00	Structures and Improvements	0.83
361.20	Structures and Improvements - Clearing	1.50
362.00	Substation Equipment	1.39
364.00	Poles, Towers and Fixtures	2.90
365.00	Overhead Conductors and Devices	2.72
365.10	Overhead Conductors and Devices - Clearing	1.56
366.00	Underground Conduit	1.29
367.00	Underground Conductors and Devices	1.89
368.00	Line Transformers	2.54
369.00	Services	1.21
370.00	Meters	7.47
371.00	Installations on Customer premises	4.18
373.00	Street Lighting and Signal Systems	3.33
Total Distribution Plant Average		2.39

For Plant In-Service, the depreciation expense is calculated as the book depreciation expense. Any future changes to the book depreciation or tax rates during the construction period of the Program and at the time of each base rate adjustment filing, will be reflected in the depreciation expense calculation described above.

Uncollectible expense associated with EnergizeNJ is not included in the revenue requirement because it will be recovered along with other uncollectible expenses in JCP&L's existing Rider Uncollectible Accounts Charge or ("UNC").

Q. Please describe the type of expenditures to be included in rate base.

A. Rate base includes all capital expenditures associated with the EnergizeNJ projects, including actual costs of engineering, design, construction, and property acquisition,

1 including actual labor, materials, overhead, and capitalized allowance for funds used
2 during construction (“AFUDC”) associated with the projects (the “Capital Investment
3 Costs”). Capital Investment Costs will be recorded in an associated Construction Work In-
4 Progress (“CWIP”) account during construction and then in a Plant In-Service account
5 upon the respective project being deemed used and useful.

6 **Q. Does rate base include net of salvage?**

7 A. Yes. Under Federal Energy Regulatory Commission (“FERC”) accounting rules, net
8 salvage is recorded as part of accumulated depreciation. Net salvage rates are included as
9 part of the depreciation accrual rates.

10 **Q. Will any of the Program expenditures be eligible for AFUDC?**

11 A. Yes, they will. The Board’s II&R rule at N.J.A.C. 14:3-2A.4(e) recognizes AFUDC as a
12 component of construction costs representing the net cost of borrowed funds and an equity
13 return rate used during the period of construction. AFUDC will be applied to capitalized
14 costs for any and all projects that that have been started, but not placed in service within
15 the same calendar month.

16 **Q. How will AFUDC be calculated on eligible projects?**

17 A. The Company accrues AFUDC on eligible projects utilizing the “full FERC method” as
18 set forth in FERC Order 561. AFUDC is accrued monthly and capitalized to CWIP until
19 the project is placed in service.

1 **Q. Will the Company utilize AFUDC once the projects are placed in service?**

2 A. No. The Company will not accrue any AFUDC on projects that have already been placed
3 in service. This is consistent with the Board’s II&R rules at N.J.A.C. 14:3-2A.4(e).

4 **Q. Will any CWIP balances be included in the revenue requirement calculation?**

5 A. No. Consistent with N.J.A.C. 14:3-2A.6(a), and as discussed above, only Plant In Service
6 is included in rate base in the revenue requirement calculation, meaning plant that is
7 functioning for its intended purpose, is in use (*i.e.*, not under construction), and useful (*i.e.*,
8 actively helping the Company provide service). Thus, the Company’s annual and semi-
9 annual base rate adjustment filings will seek recovery only for projects identified in
10 EnergizeNJ that have been placed in Plant In Service.

11 **Q. Is there a witness sponsoring the expenditures that you use to calculate revenue**
12 **requirements?**

13 A. Yes. The projected expenditures for the Program projects are \$934.8 million, which are
14 provided by Company witness Dana I. Gibellino in Schedule DIG-3 to her direct testimony
15 (Exhibit JC-2).

16 **Q. Does the revenue requirements calculation reflect the pertinent provisions of the Tax**
17 **Cut and Jobs Act?**

18 A. Yes. The revenue requirement reflects the new federal corporate tax rate of 21%. Tax
19 depreciation uses Modified Accelerated Recovery Systems (“MACRS”) depreciation rules
20 without bonus depreciation.

1 **Q. Have you provided a schedule showing the calculation of revenue requirements?**

2 A. Yes. Schedule CAP-2 to this direct testimony sets forth an illustrative calculation of the
3 EnergizeNJ revenue requirements for annual and semi-annual periods, which I have
4 calculated based on the forecasted capital costs and in-service dates provided by Ms.
5 Gibellino in Schedule DIG-3 to her direct testimony (Exhibit JC-2).

6 **Q. Does the Company propose annual baseline capital spending levels over the duration**
7 **of EnergizeNJ (see N.J.A.C. 14:3-2A.3(a) and (b) and 14:3-2A.5(b)(6))?**

8 A. Yes. The Company proposes annual baseline capital spending levels for its Program over
9 its duration, as set forth in Schedule DIG-1 to Ms. Gibellino's testimony. While the
10 Company plans to meet the baseline capital spending level on a program-year basis, the
11 Company nonetheless will meet the requirements in the regulations regarding baseline
12 capital spending levels, provided its baseline capital spending meets or exceeds the
13 established baseline capital spending level, on average, over the five-year duration of
14 EnergizeNJ.

15 **Q. What is the basis for the Company's proposed annual baseline capital spending**
16 **levels?**

17 A. The establishment of annual baseline spending levels is a regulatory condition for the
18 approval of an infrastructure investment program such as EnergizeNJ. As set forth in the
19 II&R Rules, the annual baseline spending levels are the level of capital investment that
20 must be achieved during the term of the Program that can only be recovered via base rates
21 (i.e., N.J.A.C. 14:3-2A.3(a)). During the term of EnergizeNJ, the Company proposes base
22 capital expenditures of \$147 million as its annual baseline. The baseline was established

1 using a 5-year historical average of base capital expenditures, as set forth in Schedule DIG-
2 2 to the testimony of Ms. Gibellino. The base capital excludes certain capital expenditures,
3 such as customer requested work, storm costs and damage claims, which are uncontrollable
4 costs for services provided on demand and/or request and consequently are not appropriate
5 to include in the baseline.

6 The Company's approach is consistent with N.J.A.C. 14:3-2A.3(b), which requires the
7 utility to provide appropriate data to justify its proposed annual baseline spending levels,
8 which may include historical capital expenditure budgets, projected capital expenditure
9 budgets, depreciation expense, and/or any other data relevant to the utility's proposed
10 baseline spending level. N.J.A.C. 14:3-2A.3(c) provides that the Board may consider such
11 data, including depreciation expenses, in establishing annual baseline spending levels.

12 **Q. Does the Company plan to make capital expenditures, within its baseline capital**
13 **expenditures, on projects similar to those included in EnergizeNJ that will not be**
14 **recovered via the accelerated rate recovery mechanism?**

15 A. Yes, the Company plans to maintain capital expenditures of at least 10% of the approved
16 Program expenditures on projects similar to those proposed in JCP&L Reliability Plus.
17 These capital expenditures will be made in the normal course of business and recovered in
18 future base rate proceedings. Such capital expenditures will not be recovered via the
19 accelerated rate recovery mechanism described in this direct testimony, which is consistent
20 with the II&R rules, N.J.A.C. 14:3-2A.2(c). This is demonstrated in Schedule DIG-1 to
21 Ms. Gibellino's direct testimony (Exhibit JC-2).

III. BASE RATE ADJUSTMENT FILINGS

Q. How does the Company propose to recover the revenue requirements as described above?

A. The Company proposes to recover the revenue requirements associated with the Program through base rate adjustment filings (*i.e.*, base rate roll-ins) no more frequently than a semi-annual basis, consistent with the II&R Rules, N.J.A.C. 14:3-2A.6(a). As stated in Ms. Gibellino's direct testimony, the Company plans to begin construction work on or about June 1, 2024. The Company 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 taking effect on April 1, 2025.

Based on the forecasted capital expenditures and in-service dates, the target schedule for annual and semi-annual base rate adjustment filings is listed below. The Company reserves the right to deviate from this schedule based on unforeseen circumstances such as material and/or construction delays and major storms provided, however, it meets the filing requirements of the regulations.

JCP&L EnergizeNJ Target Rate Filing Schedule				
Filing	Initial Filing	Investment as of	Update for Actuals	Rates Effective
1	October 15, 2024	December 31, 2024	January 15, 2025	April 1, 2025
2	April 15, 2025	June 30, 2025	July 15, 2025	October 1, 2025
3	April 15, 2026	June 30, 2026	July 15, 2026	October 1, 2026
4	April 15, 2027	June 30, 2027	July 15, 2027	October 1, 2027
5	October 15, 2027	December 31, 2027	January 15, 2028	April 1, 2028
6	October 15, 2028	December 31, 2028	January 15, 2029	April 1, 2029
7	April 15, 2029	June 30, 2029	July 15, 2029	October 1, 2029

1 Under the proposed schedule, base rate adjustment filings would occur no more frequently
2 than each October 15 and April 15, following the above-identified filings with the Board.

3 **Q. Is JCP&L's cost recovery proposal consistent with the Board's II&R regulations?**

4 A. Yes, with one exception. The Company's cost recovery proposal is for semi-annual and
5 annual rate recovery filings and JCP&L will seek recovery, at a minimum, of at least ten
6 percent (10%) of the overall Program expenditures, in accord with N.J.A.C. 14:3-2A.6 (a)
7 and (b). In addition, JCP&L's proposal is consistent with the requirements of N.J.A.C.
8 14:3-2A.6 (c) and (e through i), as I discuss below.

9 However, rather than recovering Program costs through a "separate clause of the
10 utility's Board-approved tariff" as specified in N.J.A.C. 14:3-2A.6(d), JCP&L is proposing
11 to recover the costs via semi-annual and annual base rate adjustments. In its Petition, the
12 Company is requesting a waiver of this subpart of N.J.A.C. 14:3-2A.6(d) to accommodate
13 this aspect of the cost recovery mechanism.

14 **Q Why is JCP&L proposing to recover the Program costs through base rate**
15 **adjustments rather than via a separate clause of its tariff?**

16 A. There are several reasons. First, the majority of the costs under the Program will be capital
17 expenditures. Capital investments of this nature are commonly recovered via inclusion in
18 a utility's rate base rather than through a rate clause.

19 Second, by including Program costs directly in base rates, the Board-approved rate
20 design for the Company's base rates will apply. Rate design in a rate clause or rider does
21 not always match the design of base rates.

1 Third is administrative ease. It obviates the need for an additional rate clause. This
2 would reduce administrative burdens on both JCP&L and the Board.

3 **Q. Is each EnergizeNJ rate filing conditioned on a minimum level of investment?**

4 A. Yes. Each rate filing will include a minimum investment level of ten percent (10%) of the
5 total Program capital investment consistent with the II&R rules, N.J.A.C. 14:3-2A.6(b).
6 The Program investment is defined as all capital expenditures, excluding AFUDC. Based
7 on the proposed expenditure forecast for EnergizeNJ, JCP&L's initial filing is planned for
8 October 15, 2024 for rates effective April 1, 2025.

9 **Q. Will the rate requests to recover additional Program investments be subject to an**
10 **earnings test?**

11 A. Yes, the Company will include an appropriate earnings test in each rate filing to adjust base
12 rates. The earnings test will be calculated in accordance with the description in Attachment
13 D, item number 14, as attached to the Company's Stipulation of Settlement as provided in
14 the JCP&L Reliability Plus Program Final Decision and Order approving the Stipulation
15 of Settlement in BPU Docket No. EO18070728. If the Company exceeds the allowed ROE
16 from the utility's last base rate case by fifty basis points or more for the most recent twelve-
17 month period, the pending full rate adjustment shall not be allowed for the applicable filing
18 period.

1 **Q. Should JCP&L's ROE exceed the earnings test threshold (*i.e.*, its most recent**
2 **authorized ROE plus 50 basis points), when would JCP&L be permitted to recover**
3 **on the incremental capital investment?**

4 A. Should JCP&L's ROE exceed the earnings test threshold, JCP&L would continue to
5 recover on its capital investments associated with EnergizeNJ that have already been
6 included in base rates; however, it would only be permitted to recover additional capital
7 investments through a base rate adjustment once its ROE was equal to or below the
8 earnings test threshold or at the conclusion of its next base rate case, whichever comes first.

9 **Q. How does the Company propose to calculate this earnings test?**

10 A. The earnings test shall be determined based on the actual net income of the utility for the
11 most recent twelve-month period divided by the average of the beginning and ending
12 common equity balances for the corresponding period, subject to certain adjustments. *See*
13 N.J.A.C. 14:3-2A.6(h). The Company will utilize FERC accounting data from the twelve-
14 month period. In a manner similar to capital expenditures, the Company will provide nine
15 months of actual data and three months of forecast data at the time of its initial filing. The
16 three months of forecasted data will be updated with actual information at the same time
17 the Company updates investment for actual periods as set forth in the schedule above. An
18 adjustment to the earnings calculation to pension and Other Post-Employment Benefits
19 ("OPEB") expense will be made using the following steps: (1) remove the pension and
20 OPEB mark-to-market gains/losses recorded by JCP&L; and (2) include, for EnergizeNJ
21 earnings test purposes, the recalculated amount of the most recent 12-month test-year
22 pension and OPEB expense by amortizing the net accumulated actuarial loss over future
23 periods using the delayed recognition method.

1 **Q. Why is it necessary to include an adjustment to the pension and OPEB expense in the**
2 **earnings test?**

3 A. JCP&L's book pension and OPEB expense is now determined using an entirely different
4 accounting method than is used to determine the pension and OPEB expense for
5 ratemaking purposes. In 2011, FirstEnergy and its subsidiaries (including JCP&L), under
6 Accounting Standards Codification ("ASC") 715 "Compensation-Retirement Benefits,"
7 elected to change the method by which they accounted for pension and OPEB expense
8 whereby actuarial gains and losses – representing the change in value of plan assets or
9 obligations - are recognized immediately in earnings (referred to as "mark-to-market
10 accounting", or "immediate recognition") as opposed to its previous method, which
11 amortized those costs into earnings over a future period (referred to as "delayed
12 recognition"). For ratemaking purposes, JCP&L uses the delayed recognition
13 methodology, *i.e.*, the accounting methodology by which it accounted for pension and
14 OPEB expense prior to the accounting change and which is consistent with the
15 recommendations of the Administrative Law Judge ("ALJ") in the Company's 2012 base
16 rate case and the BPU's determinations in the Company's 2016 and 2020 base rate cases.

17 Using the immediate recognition methodology would be problematic with regards to
18 the earnings test because, unlike the ratemaking method endorsed by the BPU, it results in
19 the full amount of actuarial gains and losses being recognized in earnings immediately, in
20 the year incurred. These gains or losses can be tens of millions of dollars in a single year.
21 However, using delayed recognition, actuarial gains and losses would be amortized over a
22 future period, which levelizes the annual impact to operating expense. Delayed recognition
23 results in less volatile pension/OPEB expense and, therefore earnings, producing a more

1 representative, steady-state view of the annual earnings from the Company's operations for
2 the earnings test.

3 **Q. Why should this adjustment be incorporated in the earnings test for EnergizeNJ?**

4 A. JCP&L considers the proposed adjustment to be an accounting adjustment, replacing one
5 accepted method of Generally Accepted Accounting Principles "GAAP" accounting with
6 another, based on the same costs for pension/OPEB expense. This accounting adjustment
7 is proper in the context of the Program earnings test to correlate the accounting treatment
8 for pension/OPEB expense with the accounting treatment used by the Board for
9 ratemaking.

10 **Q. Will the BPU, Board Staff and/or Rate Counsel have an opportunity to review the**
11 **actual expenditures of the Program?**

12 A. Yes. As addressed above, following BPU approval of the Program, JCP&L will make
13 annual and semi-annual filings in a process providing actual expenditures as they exist at
14 the time of the initial filing and in the update filing. BPU Staff and Rate Counsel may
15 review each rate filing to ensure that the revenue requirements and proposed rates are being
16 calculated in accordance with the BPU Order approving the Program. Further, in
17 accordance with N.J.A.C. 14:3-2A.6(e), the rate adjustments established in the annual and
18 semi-annual EnergizeNJ base rate adjustment filings are provisional. The prudence of the
19 Company's Program expenditures will be reviewed by Staff and Rate Counsel as part of
20 JCP&L's subsequent base rate cases following the filings. The base rate changes via the
21 annual and semi-annual adjustment filings are subject to refund until final determination
22 in a base rate case by the Board that JCP&L prudently incurred these capital expenditures.

1 **Q. Does the Company plan to file a future base rate case in connection with EnergizeNJ?**

2 A. Yes. The Company proposes that it will file its next rate case not later than five years after
3 the start date of EnergizeNJ (*e.g.*, if implemented June 1, 2024, the next base rate filing
4 would be made not later than June 1, 2029). Should the Company elect to file a base rate
5 case before the conclusion of EnergizeNJ, that would also satisfy the base rate case filing
6 requirement of the II&R regulations.

7 **Q. What is the projected revenue requirement for the initial rate recovery period?**

8 A. The revenue requirement for the forecasted initial base rate adjustment will be for Plant In-
9 Service from Board approval of EnergizeNJ through December 31, 2024, and is currently
10 forecasted to be \$1,057,260 for the period June 1, 2024 through December 31, 2024. *See*
11 Schedule CAP-2.

12 **Q. What rate design is the Company proposing to use for the base rate adjustments?**

13 A. The Company proposes to allocate the revenue requirement associated with each base rate
14 adjustment proportionately with the total non-customer related revenue allocations by
15 service classification approved in the Company's most recent 2020 base rate case. The
16 revenue requirement allocated to each service classification will be recovered through kWh
17 charge for residential and small commercial customers on Service Classifications RS, RT,
18 RGT and GS, kW charge for large C/I customers on Service Classifications GST, GP and
19 GT, and Fixture charge for lighting customers on Service Classifications OL, SVL, ISL,
20 MVL and LED. The detailed calculations supporting the rate for the first forecasted filing
21 is shown in Schedule CAP-3. In addition, Schedule CAP-3 provides a summary of the

1 proposed rates for all forecasted rate filings. Any rate design changes, which would occur
2 from subsequent base rate cases will be incorporated into future filings.

3 **IV. BILL IMPACTS**

4 **Q. Please address the current level of JCP&L's rates.**

5 A. JCP&L's rates (delivery and total including basic generation service ("BGS")) are
6 generally the lowest for residential customers among the State's four electric distribution
7 companies. "Delivery" refers to the distribution rate plus the non-bypassable rate charges
8 and taxes; "total" refers to the delivery rate plus BGS charges.

9 **Q. What are the annual EnergizeNJ rate impacts to the typical residential customer?**

10 A. Based upon the forecasted rates shown in Schedule CAP-3, the bill impacts for a typical
11 residential customer, as well as rate class average customers for each rate period over the
12 duration of EnergizeNJ, are set forth in Schedule CAP-4. Based on the estimated revenue
13 requirements provided in Schedule CAP-2, the initial bill impact of the proposed rates
14 effective on April 1, 2025, for the initial rate filing period to the typical residential customer
15 who uses 783 kilowatt hour ("kWh") per month is an increase of 0.5% or approximately
16 \$0.54 per month from current bill based on rates in effect on October 1, 2023.

17 A summary of the bill impact on a typical residential customer for each year of
18 EnergizeNJ compared to the current average monthly bill is shown in the following chart.

Typical Residential Customer on RS Rate								
	Current Monthly Bill (1)	Proposed Monthly Bill (2)	Proposed Monthly Bill (2)	Proposed Monthly Bill (2)	Proposed Monthly Bill (2)	Proposed Monthly Bill (2)	Proposed Monthly Bill (2)	Proposed Monthly Bill (2)
Effective Date		4/1/2025	10/1/2025	10/1/2026	10/1/2027	4/1/2028	4/1/2029	10/1/2029
Residential (RS) using 783 kW per Month	\$ 116.88	\$ 117.42	\$ 118.07	\$ 118.95	\$ 119.94	\$ 120.14	\$ 120.25	\$ 121.04
Incremental Increase		\$ 0.54	\$ 0.66	\$ 0.88	\$ 0.99	\$ 0.20	\$ 0.10	\$ 0.79
% of Incremental Increase		0.5%	0.6%	0.7%	0.8%	0.2%	0.1%	0.7%
Note: (1) Rates effective as of October 1, 2023								
(2) IIP rates rolled into Base Rates effective as proposed, all other rates unchanged from October 1, 2023.								

The maximum cumulative bill impact from EnergizeNJ on a typical residential customer over the entire duration of the Program is a modest increase of approximately \$4.16, or about 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.

Q. Does the Company propose to hold public comment hearings on EnergizeNJ?

A. Yes. The Company proposes to hold public comment hearings in accordance with the BPU II&R rules, N.J.A.C. 14:3-2A.5(d). A proposed form of public notice of filing and public hearing, including the proposed rates and bill impacts attributable to the proposed implementation of the Program, will be provided to Board Staff and Rate Counsel shortly following the EnergizeNJ filing.

Q. Please list the schedules attached to this direct testimony.

A. The schedules are as follows:

Schedule CAP-1 – Weighted Average Cost of Capital

Schedule CAP-2 – Revenue Requirements For EnergizeNJ Rate Filings

Schedule CAP-3 – Rate Derivation and Proof of Revenues

Schedule CAP-4 – Bill Impact Summary

1

2

V. CONCLUSION

3

Q. Does this conclude your pre-filed direct testimony at this time?

4

A. Yes.

Weighted Average Cost of Capital (WACC)

	<u>Ratio</u>	<u>Rate</u>	<u>Pre-Tax</u>	<u>Post-Tax</u>
Debt	48.56%	5.08%	2.47%	2.47%
Equity	51.44%	9.60%	6.87%	4.94%
			9.34%	7.41%
Tax Rate	28.11%			
Tax Factor	1.39			

Jersey Central Power Light Company
Revenue Requirement Calculation

Schedule CAP-2

		Rate Base Calculation					Monthly Revenue Requirement		
		Cumulative	Cumulative						
		PIS	Reserve	NBV	ADIT	Rate Base	Depreciation	Return	Total
January	2024	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
February	2024	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
March	2024	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
April	2024	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
May	2024	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
June	2024	\$10,943,018	\$1,303,348	\$12,246,366	(\$3,486)	\$12,242,880	\$21,795	\$95,265	\$117,060
July	2024	\$21,886,036	\$2,598,027	\$24,484,062	(\$10,459)	\$24,473,604	\$43,590	\$190,435	\$234,025
August	2024	\$41,775,164	\$3,853,092	\$45,628,256	(\$23,767)	\$45,604,489	\$83,203	\$354,859	\$438,062
September	2024	\$52,718,182	\$5,086,362	\$57,804,544	(\$40,562)	\$57,763,983	\$104,998	\$449,474	\$554,472
October	2024	\$63,661,200	\$6,297,838	\$69,959,037	(\$60,843)	\$69,898,195	\$126,793	\$543,893	\$670,686
November	2024	\$74,604,218	\$7,487,518	\$82,091,735	(\$84,610)	\$82,007,126	\$148,588	\$638,116	\$786,704
December	2024	\$101,409,624	\$8,623,811	\$110,033,436	(\$116,916)	\$109,916,519	\$201,975	\$855,285	\$1,057,260
January	2025	\$105,183,066	\$9,338,223	\$114,521,289	(\$150,425)	\$114,370,863	\$209,490	\$889,945	\$1,099,435
February	2025	\$108,956,507	\$10,045,120	\$119,001,627	(\$185,137)	\$118,816,490	\$217,005	\$924,537	\$1,141,542
March	2025	\$121,334,649	\$10,727,364	\$132,062,013	(\$223,792)	\$131,838,221	\$241,658	\$1,025,862	\$1,267,520
April	2025	\$125,108,090	\$11,402,093	\$136,510,183	(\$263,649)	\$136,246,534	\$249,173	\$1,060,164	\$1,309,337
May	2025	\$128,881,531	\$12,069,307	\$140,950,838	(\$304,708)	\$140,646,130	\$256,688	\$1,094,399	\$1,351,087
June	2025	\$208,746,233	\$12,577,457	\$221,323,690	(\$380,103)	\$220,943,587	\$415,752	\$1,719,211	\$2,134,963
July	2025	\$212,519,674	\$13,086,554	\$225,606,228	(\$465,593)	\$225,140,635	\$423,267	\$1,751,869	\$2,175,136
August	2025	\$216,293,115	\$13,588,135	\$229,881,250	(\$568,447)	\$229,312,803	\$430,782	\$1,784,334	\$2,215,116
September	2025	\$228,671,257	\$14,065,063	\$242,736,320	(\$684,137)	\$242,052,183	\$455,435	\$1,883,462	\$2,338,897
October	2025	\$232,444,698	\$14,534,477	\$246,979,175	(\$809,922)	\$246,169,253	\$462,950	\$1,915,498	\$2,378,448
November	2025	\$236,218,139	\$14,996,375	\$251,214,514	(\$945,801)	\$250,268,713	\$470,465	\$1,947,396	\$2,417,861
December	2025	\$276,330,492	\$15,378,383	\$291,708,875	(\$1,116,242)	\$290,592,633	\$550,355	\$2,261,166	\$2,811,521
January	2026	\$277,745,263	\$15,583,577	\$293,328,840	(\$1,290,200)	\$292,038,639	\$553,173	\$2,272,417	\$2,825,590
February	2026	\$279,160,034	\$15,785,952	\$294,945,986	(\$1,467,675)	\$293,478,311	\$555,991	\$2,283,620	\$2,839,611
March	2026	\$286,061,974	\$15,974,581	\$302,036,555	(\$1,657,408)	\$300,379,147	\$569,737	\$2,337,317	\$2,907,054
April	2026	\$287,476,745	\$16,160,392	\$303,637,138	(\$1,850,657)	\$301,786,480	\$572,555	\$2,348,268	\$2,920,823
May	2026	\$288,891,517	\$16,343,385	\$305,234,902	(\$2,047,424)	\$303,187,478	\$575,373	\$2,359,169	\$2,934,542
June	2026	\$366,621,550	\$16,376,203	\$382,997,753	(\$2,332,464)	\$380,665,289	\$730,185	\$2,962,041	\$3,692,226
July	2026	\$367,158,956	\$16,363,904	\$383,522,860	(\$2,619,352)	\$380,903,509	\$731,255	\$2,963,895	\$3,695,150
August	2026	\$367,696,363	\$16,350,535	\$384,046,897	(\$2,906,952)	\$381,139,945	\$732,325	\$2,965,734	\$3,698,059
September	2026	\$373,172,220	\$16,326,260	\$389,498,480	(\$3,204,966)	\$386,293,513	\$743,231	\$3,005,835	\$3,749,066
October	2026	\$373,709,626	\$16,300,915	\$390,010,541	(\$3,504,829)	\$386,505,712	\$744,301	\$3,007,487	\$3,751,788
November	2026	\$374,247,032	\$16,274,500	\$390,521,532	(\$3,806,540)	\$386,714,992	\$745,371	\$3,009,115	\$3,754,486

Jersey Central Power Light Company
Revenue Requirement Calculation

Schedule CAP-2

December	2026	\$383,271,001	\$16,230,112	\$399,501,113	(\$4,140,318)	\$395,360,795	\$763,344	\$3,076,390	\$3,839,734
January	2027	\$390,312,600	\$16,786,996	\$407,099,597	(\$4,477,010)	\$402,622,587	\$777,369	\$3,132,896	\$3,910,265
February	2027	\$397,354,199	\$17,329,856	\$414,684,055	(\$4,816,615)	\$409,867,440	\$791,394	\$3,189,269	\$3,980,663
March	2027	\$411,653,876	\$17,844,236	\$429,498,112	(\$5,164,814)	\$424,333,298	\$819,874	\$3,301,831	\$4,121,705
April	2027	\$418,695,475	\$18,344,591	\$437,040,066	(\$5,515,926)	\$431,524,140	\$833,899	\$3,357,785	\$4,191,684
May	2027	\$425,737,074	\$18,830,921	\$444,567,995	(\$5,869,952)	\$438,698,043	\$847,924	\$3,413,607	\$4,261,531
June	2027	\$494,260,426	\$19,180,775	\$513,441,201	(\$6,297,551)	\$507,143,650	\$984,400	\$3,946,197	\$4,930,597
July	2027	\$501,642,739	\$19,502,801	\$521,145,539	(\$6,726,177)	\$514,419,362	\$999,103	\$4,002,811	\$5,001,914
August	2027	\$509,025,052	\$19,810,124	\$528,835,175	(\$7,154,784)	\$521,680,392	\$1,013,806	\$4,059,311	\$5,073,117
September	2027	\$523,684,754	\$20,092,886	\$543,777,640	(\$7,589,657)	\$536,187,983	\$1,043,003	\$4,172,198	\$5,215,201
October	2027	\$531,236,682	\$20,360,607	\$551,597,289	(\$8,025,612)	\$543,571,677	\$1,058,044	\$4,229,652	\$5,287,696
November	2027	\$538,688,610	\$20,613,486	\$559,302,097	(\$8,462,617)	\$550,839,479	\$1,072,886	\$4,286,204	\$5,359,090
December	2027	\$584,895,065	\$20,774,338	\$605,669,403	(\$8,913,443)	\$596,755,959	\$1,164,914	\$4,643,490	\$5,808,404
January	2028	\$586,288,791	\$20,187,498	\$606,476,289	(\$9,369,814)	\$597,106,476	\$1,167,690	\$4,646,218	\$5,813,908
February	2028	\$587,612,902	\$19,593,386	\$607,206,288	(\$9,831,707)	\$597,374,581	\$1,170,327	\$4,648,304	\$5,818,631
March	2028	\$594,199,468	\$18,990,791	\$613,190,259	(\$10,304,992)	\$602,885,267	\$1,183,445	\$4,691,184	\$5,874,629
April	2028	\$595,523,579	\$18,380,924	\$613,904,503	(\$10,783,800)	\$603,120,703	\$1,186,082	\$4,693,016	\$5,879,098
May	2028	\$596,917,305	\$17,772,916	\$614,690,221	(\$11,268,152)	\$603,422,070	\$1,188,858	\$4,695,361	\$5,884,219
June	2028	\$651,118,547	\$17,052,322	\$668,170,868	(\$11,805,042)	\$656,365,826	\$1,296,809	\$5,107,328	\$6,404,137
July	2028	\$652,442,658	\$16,368,660	\$668,811,318	(\$12,346,653)	\$656,464,664	\$1,299,446	\$5,108,097	\$6,407,543
August	2028	\$653,766,769	\$15,682,361	\$669,449,130	(\$12,892,013)	\$656,557,117	\$1,302,083	\$5,108,816	\$6,410,899
September	2028	\$660,056,979	\$14,983,534	\$675,040,513	(\$13,447,956)	\$661,592,557	\$1,314,611	\$5,147,998	\$6,462,609
October	2028	\$661,450,705	\$14,286,568	\$675,737,273	(\$14,008,779)	\$661,728,493	\$1,317,387	\$5,149,056	\$6,466,443
November	2028	\$662,844,431	\$13,586,825	\$676,431,256	(\$14,574,403)	\$661,856,854	\$1,320,163	\$5,150,055	\$6,470,218
December	2028	\$675,529,703	\$12,857,182	\$688,386,885	(\$15,172,858)	\$673,214,027	\$1,345,428	\$5,238,428	\$6,583,856
January	2029	\$677,878,753	\$12,351,527	\$690,230,280	(\$15,771,724)	\$674,458,556	\$1,350,107	\$5,248,112	\$6,598,219
February	2029	\$680,227,803	\$11,841,193	\$692,068,996	(\$16,370,945)	\$675,698,051	\$1,354,786	\$5,257,756	\$6,612,542
March	2029	\$687,025,035	\$11,317,322	\$698,342,357	(\$16,973,714)	\$681,368,643	\$1,368,324	\$5,301,880	\$6,670,204
April	2029	\$689,304,470	\$10,786,724	\$700,091,194	(\$17,576,815)	\$682,514,379	\$1,372,864	\$5,310,796	\$6,683,660
May	2029	\$691,583,904	\$10,251,586	\$701,835,490	(\$18,180,305)	\$683,655,185	\$1,377,404	\$5,319,673	\$6,697,077
June	2029	\$766,404,175	\$9,567,431	\$775,971,607	(\$18,824,094)	\$757,147,513	\$1,526,421	\$5,891,533	\$7,417,954
July	2029	\$766,404,175	\$8,041,010	\$774,445,186	(\$19,466,452)	\$754,978,734	\$1,526,421	\$5,874,657	\$7,401,078
August	2029	\$766,404,175	\$6,514,589	\$772,918,765	(\$20,106,481)	\$752,812,284	\$1,526,421	\$5,857,799	\$7,384,220
September	2029	\$766,404,175	\$4,988,168	\$771,392,344	(\$20,746,676)	\$750,645,667	\$1,526,421	\$5,840,940	\$7,367,361
October	2029	\$766,404,175	\$3,461,747	\$769,865,923	(\$21,385,475)	\$748,480,447	\$1,526,421	\$5,824,092	\$7,350,513
November	2029	\$766,404,175	\$1,935,326	\$768,339,502	(\$22,022,890)	\$746,316,611	\$1,526,421	\$5,807,255	\$7,333,676
December	2029	\$766,404,175	\$408,905	\$766,813,081	(\$22,656,643)	\$744,156,438	\$1,526,421	\$5,790,446	\$7,316,867

IIP Base Rate Derivation and Proof of Revenues

Proposed IIP Base Rate for Recovery Period April 1, 2025 to September 30, 2025

Schedule CAP-3

Page 1 of 7

IIP Revenue Requirement - Monthly **\$1,057,260**
IIP Revenue Requirement for 6 Months **\$6,343,559**

	<u>TOTAL</u>	<u>RS</u>	<u>RT/RGT</u>	<u>GS</u>	<u>GST</u>	<u>GP</u>	<u>GT</u>	<u>LTG</u>
Base Rate Case Distribution Revenue (1)								
Customer Related (Customer, Fixture)	\$ 64,175,380	\$ 36,251,498	\$ 1,178,908	\$ 12,234,717	\$ 111,352	\$ 289,247	\$ 499,839	\$ 13,609,819
Non Customer (kW, kWh, kVar, Misc. Lighting)	\$ 570,216,758	\$ 306,526,637	\$ 5,907,765	\$ 191,490,041	\$ 12,084,279	\$ 27,694,357	\$ 20,640,790	\$ 5,872,889
Total Distribution Revenue	\$ 634,392,138	\$ 342,778,135	\$ 7,086,673	\$ 203,724,758	\$ 12,195,631	\$ 27,983,604	\$ 21,140,629	\$ 19,482,708

Proposed IIP Revenue Allocation

	<u>TOTAL</u>	<u>RS</u>	<u>RT/RGT</u>	<u>GS</u>	<u>GST</u>	<u>GP</u>	<u>GT</u>	<u>LTG</u>
Non Customer-related Distribution Revenues	\$ 570,216,758	\$ 306,526,637	\$ 5,907,765	\$ 191,490,041	\$ 12,084,279	\$ 27,694,357	\$ 20,640,790	\$ 5,872,889
% of Non Customer-related Revenues	100.0%	53.8%	1.0%	33.6%	2.1%	4.9%	3.6%	1.0%
Proposed IIP Revenue Requirements Allocation	\$6,343,559	\$3,410,054	\$65,723	\$2,130,292	\$134,435	\$308,095	\$229,625	\$65,335

Projected 6 Months Units for Recovery (2)

Total kWh	5,279,055,976	88,119,784	3,229,725,913					
Total kW				631,324	1,857,433	2,637,601		
Total # of Fixture								1,453,103
IIP Rate (\$/kWh)	\$0.000646	\$0.000746	\$0.000660					
IIP Rate (\$/kWh with SUT)	\$0.000689	\$0.000795	\$0.000704					
IIP Rate (\$/kW)				\$0.21	\$0.17	\$0.09		
IIP Rate (\$/kW with SUT)				\$0.22	\$0.18	\$0.10		
IIP Rate (\$/Fixture)								\$0.04
IIP Rate (\$/Fixture with SUT)								\$0.04

Proof of Revenues

Proposed IIP Revenue Recovered through Rates	\$6,351,477	\$3,410,270	\$65,737	\$2,131,619	\$132,578	\$315,764	\$237,384	\$58,124
Difference from IIP Revenue Requirements	\$7,918	\$216	\$15	\$1,327	-\$1,857	\$7,669	\$7,759	-\$7,211
\$/kWh, \$/kW or \$/Fixture		\$0.0000000	\$0.0000002	\$0.0000004	-\$0.003	\$0.004	\$0.003	-\$0.005

Note:

(1) BPU Order Docket No. ER20020146, dated 10/28/2020, "2020 Base Rate Filing"

(2) Forecast from April 1, 2025 to September 30, 2025

IIP Base Rate Derivation and Proof of Revenues

Proposed IIP Base Rate for Recovery Period October 1, 2025 to September 30, 2026

Schedule CAP-3

Page 2 of 7

IIP Revenue Requirement - Monthly **\$2,134,963**
IIP Revenue Requirement for 12 Months **\$25,619,556**

	<u>TOTAL</u>	<u>RS</u>	<u>RT/RGT</u>	<u>GS</u>	<u>GST</u>	<u>GP</u>	<u>GT</u>	<u>LTG</u>
Base Rate Case Distribution Revenue (1)								
Customer Related (Customer, Fixture)	\$ 64,175,380	\$ 36,251,498	\$ 1,178,908	\$ 12,234,717	\$ 111,352	\$ 289,247	\$ 499,839	\$ 13,609,819
Non Customer (kW, kWh, kVar, Misc. Lighting)	\$ 570,216,758	\$ 306,526,637	\$ 5,907,765	\$ 191,490,041	\$ 12,084,279	\$ 27,694,357	\$ 20,640,790	\$ 5,872,889
Total Distribution Revenue	\$ 634,392,138	\$ 342,778,135	\$ 7,086,673	\$ 203,724,758	\$ 12,195,631	\$ 27,983,604	\$ 21,140,629	\$ 19,482,708

Proposed IIP Revenue Allocation

	<u>TOTAL</u>	<u>RS</u>	<u>RT/RGT</u>	<u>GS</u>	<u>GST</u>	<u>GP</u>	<u>GT</u>	<u>LTG</u>
Non Customer-related Distribution Revenues	\$ 570,216,758	\$ 306,526,637	\$ 5,907,765	\$ 191,490,041	\$ 12,084,279	\$ 27,694,357	\$ 20,640,790	\$ 5,872,889
% of Non Customer-related Revenues	100.0%	53.8%	1.0%	33.6%	2.1%	4.9%	3.6%	1.0%
Proposed IIP Revenue Requirements Allocation	\$25,619,556	\$13,772,090	\$265,433	\$8,603,553	\$542,941	\$1,244,294	\$927,380	\$263,866

Projected 12 Months Units for Recovery (2)

Total kWh	9,597,387,304	187,212,333	6,051,088,965					
Total kW				1,180,872	3,522,895	5,042,947		
Total # of Fixture								2,911,952
IIP Rate (\$/kWh)	\$0.001435	\$0.001418	\$0.001422					
IIP Rate (\$/kWh with SUT)	\$0.001530	\$0.001512	\$0.001516					
IIP Rate (\$/kW)				\$0.46	\$0.35	\$0.18		
IIP Rate (\$/kW with SUT)				\$0.49	\$0.37	\$0.19		
IIP Rate (\$/Fixture)								\$0.09
IIP Rate (\$/Fixture with SUT)								\$0.10

Proof of Revenues

Proposed IIP Revenue Recovered through Rates	\$25,588,386	\$13,772,251	\$265,467	\$8,604,649	\$543,201	\$1,233,013	\$907,730	\$262,076
Difference from IIP Revenue Requirements	-\$31,170	\$161	\$34	\$1,096	\$260	-\$11,281	-\$19,650	-\$1,790
\$/kWh, \$/kW or \$/Fixture		\$0.0000000	\$0.0000002	\$0.0000002	\$0.000	-\$0.003	-\$0.004	-\$0.001

Note:

(1) BPU Order Docket No. ER20020146, dated 10/28/2020, "2020 Base Rate Filing"

(2) Forecast from October 1, 2025 to September 30, 2026

IIP Base Rate Derivation and Proof of Revenues

Proposed IIP Base Rate for Recovery Period October 1, 2026 to September 30, 2027

Schedule CAP-3

Page 3 of 7

IIP Revenue Requirement - Monthly **\$3,692,226**
IIP Revenue Requirement for 12 Months **\$44,306,712**

	<u>TOTAL</u>	<u>RS</u>	<u>RT/RGT</u>	<u>GS</u>	<u>GST</u>	<u>GP</u>	<u>GT</u>	<u>LTG</u>
Base Rate Case Distribution Revenue (1)								
Customer Related (Customer, Fixture)	\$ 64,175,380	\$ 36,251,498	\$ 1,178,908	\$ 12,234,717	\$ 111,352	\$ 289,247	\$ 499,839	\$ 13,609,819
Non Customer (kW, kWh, kVar, Misc. Lighting)	\$ 570,216,758	\$ 306,526,637	\$ 5,907,765	\$ 191,490,041	\$ 12,084,279	\$ 27,694,357	\$ 20,640,790	\$ 5,872,889
Total Distribution Revenue	\$ 634,392,138	\$ 342,778,135	\$ 7,086,673	\$ 203,724,758	\$ 12,195,631	\$ 27,983,604	\$ 21,140,629	\$ 19,482,708

Proposed IIP Revenue Allocation

	<u>TOTAL</u>	<u>RS</u>	<u>RT/RGT</u>	<u>GS</u>	<u>GST</u>	<u>GP</u>	<u>GT</u>	<u>LTG</u>
Non Customer-related Distribution Revenues	\$ 570,216,758	\$ 306,526,637	\$ 5,907,765	\$ 191,490,041	\$ 12,084,279	\$ 27,694,357	\$ 20,640,790	\$ 5,872,889
% of Non Customer-related Revenues	100.0%	53.8%	1.0%	33.6%	2.1%	4.9%	3.6%	1.0%
Proposed IIP Revenue Requirements Allocation	\$44,306,712	\$23,817,587	\$459,042	\$14,879,068	\$938,967	\$2,151,894	\$1,603,821	\$456,332

Projected 12 Months Units for Recovery (2)

Total kWh	9,572,293,822	186,795,406	5,834,432,397					
Total kW				1,139,480	3,412,078	4,870,803		
Total # of Fixture								2,919,658
IIP Rate (\$/kWh)	\$0.002488	\$0.002457	\$0.002550					
IIP Rate (\$/kWh with SUT)	\$0.002653	\$0.002620	\$0.002719					
IIP Rate (\$/kW)				\$0.82	\$0.63	\$0.33		
IIP Rate (\$/kW with SUT)				\$0.87	\$0.67	\$0.35		
IIP Rate (\$/Fixture)								\$0.16
IIP Rate (\$/Fixture with SUT)								\$0.17

Proof of Revenues

Proposed IIP Revenue Recovered through Rates	\$44,311,119	\$23,815,867	\$458,956	\$14,877,803	\$934,373	\$2,149,609	\$1,607,365	\$467,145
Difference from IIP Revenue Requirements	\$4,407	-\$1,720	-\$86	-\$1,266	-\$4,593	-\$2,284	\$3,544	\$10,813
\$/kWh, \$/kW or \$/Fixture		-\$0.0000002	-\$0.0000005	-\$0.0000002	-\$0.004	-\$0.001	\$0.001	\$0.004

Note:

(1) BPU Order Docket No. ER20020146, dated 10/28/2020, "2020 Base Rate Filing"

(2) Forecast from October 1, 2026 to September 30, 2027

IIP Base Rate Derivation and Proof of Revenues

Proposed IIP Base Rate for Recovery Period October 1, 2027 to March 30, 2028

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IIP Revenue Requirement - Monthly **\$4,930,597**
IIP Revenue Requirement for 6 Months **\$29,583,583**

	<u>TOTAL</u>	<u>RS</u>	<u>RT/RGT</u>	<u>GS</u>	<u>GST</u>	<u>GP</u>	<u>GT</u>	<u>LTG</u>
Base Rate Case Distribution Revenue (1)								
Customer Related (Customer, Fixture)	\$ 64,175,380	\$ 36,251,498	\$ 1,178,908	\$ 12,234,717	\$ 111,352	\$ 289,247	\$ 499,839	\$ 13,609,819
Non Customer (kW, kWh, kVar, Misc. Lighting)	\$ 570,216,758	\$ 306,526,637	\$ 5,907,765	\$ 191,490,041	\$ 12,084,279	\$ 27,694,357	\$ 20,640,790	\$ 5,872,889
Total Distribution Revenue	\$ 634,392,138	\$ 342,778,135	\$ 7,086,673	\$ 203,724,758	\$ 12,195,631	\$ 27,983,604	\$ 21,140,629	\$ 19,482,708

Proposed IIP Revenue Allocation

	<u>TOTAL</u>	<u>RS</u>	<u>RT/RGT</u>	<u>GS</u>	<u>GST</u>	<u>GP</u>	<u>GT</u>	<u>LTG</u>
Non Customer-related Distribution Revenues	\$ 570,216,758	\$ 306,526,637	\$ 5,907,765	\$ 191,490,041	\$ 12,084,279	\$ 27,694,357	\$ 20,640,790	\$ 5,872,889
% of Non Customer-related Revenues	100.0%	53.8%	1.0%	33.6%	2.1%	4.9%	3.6%	1.0%
Proposed IIP Revenue Requirements Allocation	\$29,583,583	\$15,902,998	\$306,502	\$9,934,751	\$626,948	\$1,436,819	\$1,070,871	\$304,693

Projected 6 Months Units for Recovery (2)

Total kWh	4,326,184,034	98,977,637	2,755,431,129					
Total kW				526,061	1,608,197	2,316,879		
Total # of Fixture								1,462,769
IIP Rate (\$/kWh)	\$0.003676	\$0.003097	\$0.003606					
IIP Rate (\$/kWh with SUT)	\$0.003920	\$0.003302	\$0.003845					
IIP Rate (\$/kW)				\$1.19	\$0.89	\$0.46		
IIP Rate (\$/kW with SUT)				\$1.27	\$0.95	\$0.49		
IIP Rate (\$/Fixture)								\$0.21
IIP Rate (\$/Fixture with SUT)								\$0.22

Proof of Revenues

Proposed IIP Revenue Recovered through Rates	\$29,575,924	\$15,903,053	\$306,534	\$9,936,085	\$626,012	\$1,431,295	\$1,065,764	\$307,182
Difference from IIP Revenue Requirements	-\$7,659	\$54	\$31	\$1,334	-\$936	-\$5,524	-\$5,107	\$2,488
\$/kWh, \$/kW or \$/Fixture		\$0.0000000	\$0.0000003	\$0.0000005	-\$0.002	-\$0.003	-\$0.002	\$0.002

Note:

(1) BPU Order Docket No. ER20020146, dated 10/28/2020, "2020 Base Rate Filing"

(2) Forecast from October 1, 2027 to March 30, 2028

IIP Base Rate Derivation and Proof of Revenues

Proposed IIP Base Rate for Recovery Period April 1, 2028 to March 31, 2029

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IIP Revenue Requirement - Monthly **\$5,808,404**
IIP Revenue Requirement for 12 Months **\$69,700,853**

	<u>TOTAL</u>	<u>RS</u>	<u>RT/RGT</u>	<u>GS</u>	<u>GST</u>	<u>GP</u>	<u>GT</u>	<u>LTG</u>
Base Rate Case Distribution Revenue (1)								
Customer Related (Customer, Fixture)	\$ 64,175,380	\$ 36,251,498	\$ 1,178,908	\$ 12,234,717	\$ 111,352	\$ 289,247	\$ 499,839	\$ 13,609,819
Non Customer (kW, kWh, kVar, Misc. Lighting)	\$ 570,216,758	\$ 306,526,637	\$ 5,907,765	\$ 191,490,041	\$ 12,084,279	\$ 27,694,357	\$ 20,640,790	\$ 5,872,889
Total Distribution Revenue	\$ 634,392,138	\$ 342,778,135	\$ 7,086,673	\$ 203,724,758	\$ 12,195,631	\$ 27,983,604	\$ 21,140,629	\$ 19,482,708

Proposed IIP Revenue Allocation

	<u>TOTAL</u>	<u>RS</u>	<u>RT/RGT</u>	<u>GS</u>	<u>GST</u>	<u>GP</u>	<u>GT</u>	<u>LTG</u>
Non Customer-related Distribution Revenues	\$ 570,216,758	\$ 306,526,637	\$ 5,907,765	\$ 191,490,041	\$ 12,084,279	\$ 27,694,357	\$ 20,640,790	\$ 5,872,889
% of Non Customer-related Revenues	100.0%	53.8%	1.0%	33.6%	2.1%	4.9%	3.6%	1.0%
Proposed IIP Revenue Requirements Allocation	\$69,700,853	\$37,468,503	\$722,140	\$23,406,922	\$1,477,130	\$3,385,240	\$2,523,042	\$717,877
<u>Projected 12 Months Units for Recovery (2)</u>								
Total kWh		9,576,603,305	186,578,008	5,520,351,924				
Total kW					1,073,083	3,227,753	4,629,771	
Total # of Fixture								2,931,360
IIP Rate (\$/kWh)		\$0.003913	\$0.003870	\$0.004240				
IIP Rate (\$/kWh with SUT)		\$0.004172	\$0.004126	\$0.004521				
IIP Rate (\$/kW)					\$1.38	\$1.05	\$0.54	
IIP Rate (\$/kW with SUT)					\$1.47	\$1.12	\$0.58	
IIP Rate (\$/Fixture)								\$0.24
IIP Rate (\$/Fixture with SUT)								\$0.26

Proof of Revenues

Proposed IIP Revenue Recovered through Rates	\$69,675,196	\$37,473,249	\$722,057	\$23,406,292	\$1,480,854	\$3,389,141	\$2,500,077	\$703,526
Difference from IIP Revenue Requirements	-\$25,657	\$4,746	-\$83	-\$630	\$3,724	\$3,901	-\$22,965	-\$14,350
\$/kWh, \$/kW or \$/Fixture		\$0.0000005	-\$0.0000004	-\$0.0000001	\$0.003	\$0.001	-\$0.005	-\$0.005

Note:

(1) BPU Order Docket No. ER20020146, dated 10/28/2020, "2020 Base Rate Filing"

(2) Forecast from April 1, 2028 to March 31, 2029

IIP Base Rate Derivation and Proof of Revenues

Proposed IIP Base Rate for Recovery Period April 1, 2029 to September 30, 2029

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IIP Revenue Requirement - Monthly **\$6,583,856**
IIP Revenue Requirement for 6 Months **\$39,503,133**

	<u>TOTAL</u>	<u>RS</u>	<u>RT/RGT</u>	<u>GS</u>	<u>GST</u>	<u>GP</u>	<u>GT</u>	<u>LTG</u>
Base Rate Case Distribution Revenue (1)								
Customer Related (Customer, Fixture)	\$ 64,175,380	\$ 36,251,498	\$ 1,178,908	\$ 12,234,717	\$ 111,352	\$ 289,247	\$ 499,839	\$ 13,609,819
Non Customer (kW, kWh, kVar, Misc. Lighting)	\$ 570,216,758	\$ 306,526,637	\$ 5,907,765	\$ 191,490,041	\$ 12,084,279	\$ 27,694,357	\$ 20,640,790	\$ 5,872,889
Total Distribution Revenue	\$ 634,392,138	\$ 342,778,135	\$ 7,086,673	\$ 203,724,758	\$ 12,195,631	\$ 27,983,604	\$ 21,140,629	\$ 19,482,708

Proposed IIP Revenue Allocation

	<u>TOTAL</u>	<u>RS</u>	<u>RT/RGT</u>	<u>GS</u>	<u>GST</u>	<u>GP</u>	<u>GT</u>	<u>LTG</u>
Non Customer-related Distribution Revenues	\$ 570,216,758	\$ 306,526,637	\$ 5,907,765	\$ 191,490,041	\$ 12,084,279	\$ 27,694,357	\$ 20,640,790	\$ 5,872,889
% of Non Customer-related Revenues	100.0%	53.8%	1.0%	33.6%	2.1%	4.9%	3.6%	1.0%
Proposed IIP Revenue Requirements Allocation	\$39,503,133	\$21,235,368	\$409,275	\$13,265,932	\$837,167	\$1,918,593	\$1,429,940	\$406,858
<u>Projected 6 Months Units for Recovery (2)</u>								
Total kWh		5,258,939,165	87,832,244	2,747,697,911				
Total kW					544,518	1,616,799	2,306,898	
Total # of Fixture								1,468,608
IIP Rate (\$/kWh)		\$0.004038	\$0.004660	\$0.004828				
IIP Rate (\$/kWh with SUT)		\$0.004306	\$0.004969	\$0.005148				
IIP Rate (\$/kW)					\$1.54	\$1.19	\$0.62	
IIP Rate (\$/kW with SUT)					\$1.64	\$1.27	\$0.66	
IIP Rate (\$/Fixture)								\$0.28
IIP Rate (\$/Fixture with SUT)								\$0.30

Proof of Revenues

Proposed IIP Revenue Recovered through Rates	\$39,514,816	\$21,235,596	\$409,298	\$13,265,886	\$838,558	\$1,923,990	\$1,430,277	\$411,210
Difference from IIP Revenue Requirements	\$11,682	\$228	\$24	-\$46	\$1,391	\$5,397	\$336	\$4,352
\$/kWh, \$/kW or \$/Fixture		\$0.0000000	\$0.0000003	\$0.0000000	\$0.003	\$0.003	\$0.000	\$0.003

Note:

(1) BPU Order Docket No. ER20020146, dated 10/28/2020, "2020 Base Rate Filing"

(2) Forecast from April 1, 2029 to September 30, 2029

IIP Base Rate Derivation and Proof of Revenues

Proposed IIP Base Rate for Recovery Period October 1, 2029 to September 30, 2030

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IIP Revenue Requirement - Monthly **\$7,417,954**
IIP Revenue Requirement for 12 Months **\$89,015,444**

	<u>TOTAL</u>	<u>RS</u>	<u>RT/RGT</u>	<u>GS</u>	<u>GST</u>	<u>GP</u>	<u>GT</u>	<u>LTG</u>
Base Rate Case Distribution Revenue (1)								
Customer Related (Customer, Fixture)	\$ 64,175,380	\$ 36,251,498	\$ 1,178,908	\$ 12,234,717	\$ 111,352	\$ 289,247	\$ 499,839	\$ 13,609,819
Non Customer (kW, kWh, kVar, Misc. Lighting)	\$ 570,216,758	\$ 306,526,637	\$ 5,907,765	\$ 191,490,041	\$ 12,084,279	\$ 27,694,357	\$ 20,640,790	\$ 5,872,889
Total Distribution Revenue	\$ 634,392,138	\$ 342,778,135	\$ 7,086,673	\$ 203,724,758	\$ 12,195,631	\$ 27,983,604	\$ 21,140,629	\$ 19,482,708

Proposed IIP Revenue Allocation

	<u>TOTAL</u>	<u>RS</u>	<u>RT/RGT</u>	<u>GS</u>	<u>GST</u>	<u>GP</u>	<u>GT</u>	<u>LTG</u>
Non Customer-related Distribution Revenues	\$ 570,216,758	\$ 306,526,637	\$ 5,907,765	\$ 191,490,041	\$ 12,084,279	\$ 27,694,357	\$ 20,640,790	\$ 5,872,889
% of Non Customer-related Revenues	100.0%	53.8%	1.0%	33.6%	2.1%	4.9%	3.6%	1.0%
Proposed IIP Revenue Requirements Allocation	\$89,015,444	\$47,851,285	\$922,250	\$29,893,143	\$1,886,454	\$4,323,313	\$3,222,194	\$916,805

Projected 12 Months Units for Recovery (2)

Total kWh	9,600,502,874	187,051,460	5,166,605,025					
Total kW				1,006,658	3,044,336	4,375,516		
Total # of Fixture								2,943,218
IIP Rate (\$/kWh)	\$0.004984	\$0.004930	\$0.005786					
IIP Rate (\$/kWh with SUT)	\$0.005314	\$0.005257	\$0.006169					
IIP Rate (\$/kW)				\$1.87	\$1.42	\$0.74		
IIP Rate (\$/kW with SUT)				\$1.99	\$1.51	\$0.79		
IIP Rate (\$/Fixture)								\$0.31
IIP Rate (\$/Fixture with SUT)								\$0.33

Proof of Revenues

Proposed IIP Revenue Recovered through Rates	\$89,020,734	\$47,848,906	\$922,164	\$29,893,977	\$1,882,450	\$4,322,957	\$3,237,882	\$912,397
Difference from IIP Revenue Requirements	\$5,290	-\$2,379	-\$86	\$834	-\$4,003	-\$356	\$15,688	-\$4,408
\$/kWh, \$/kW or \$/Fixture		-\$0.0000002	-\$0.0000005	\$0.0000002	-\$0.004	\$0.000	\$0.004	-\$0.001

Note:

(1) BPU Order Docket No. ER20020146, dated 10/28/2020, "2020 Base Rate Filing"

(2) Forecast from October 1, 2029 to September 30, 2030

Proposed Effective Date ==>	IIP1	IIP2	IIP3	IIP4	IIP5	IIP6	IIP7
Proposed Months of Recovery ==>	4/1/2025	10/1/2025	10/1/2026	10/1/2027	4/1/2028	4/1/2029	10/1/2029
	6	12	12	6	12	6	12

Class Average Per Customer/Fixture								
	Current	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
Rate Class	Bill (1)	Bill (2)	Bill (2)	Bill (2)	Bill (2)	Bill (2)	Bill (2)	Bill (2)
Residential (RS)	\$119.02	\$119.56	\$120.22	\$121.10	\$122.10	\$122.30	\$122.40	\$123.19
Residential Time of Day (RT/RGT)	\$164.20	\$165.08	\$165.89	\$167.13	\$167.93	\$168.82	\$169.72	\$170.08
General Service – Secondary (GS)	\$612.43	\$615.47	\$618.99	\$624.19	\$629.07	\$631.99	\$634.70	\$639.12
General Service - Secondary Time of Day (GST)	\$34,850.66	\$34,980.72	\$35,140.34	\$35,364.99	\$35,598.17	\$35,719.70	\$35,820.20	\$36,027.11
General Service – Primary (GP)	\$48,532.18	\$48,669.61	\$48,814.67	\$49,043.71	\$49,257.14	\$49,386.93	\$49,501.46	\$49,689.74
General Service – Transmission (GT)	\$124,314.63	\$124,563.44	\$124,861.21	\$125,309.85	\$125,705.56	\$125,954.37	\$126,178.69	\$126,525.43
Lighting (Average Per Fixture)	\$11.70	\$11.75	\$11.80	\$11.87	\$11.93	\$11.96	\$12.00	\$12.03

Incremental Monthly Increase in \$								
	Current	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
Rate Class	Bill (1)	Bill (2)	Bill (2)	Bill (2)	Bill (2)	Bill (2)	Bill (2)	Bill (2)
Residential (RS)	\$119.02	\$0.54	\$0.66	\$0.88	\$1.00	\$0.20	\$0.10	\$0.79
Residential Time of Day (RT/RGT)	\$164.20	\$0.88	\$0.81	\$1.24	\$0.80	\$0.89	\$0.90	\$0.36
General Service – Secondary (GS)	\$612.43	\$3.04	\$3.52	\$5.20	\$4.88	\$2.92	\$2.71	\$4.42
General Service - Secondary Time of Day (GST)	\$34,850.66	\$130.06	\$159.62	\$224.65	\$233.18	\$121.53	\$100.50	\$206.91
General Service – Primary (GP)	\$48,532.18	\$137.43	\$145.06	\$229.04	\$213.43	\$129.79	\$114.53	\$188.28
General Service – Transmission (GT)	\$124,314.63	\$248.81	\$297.77	\$448.64	\$395.71	\$248.81	\$224.32	\$346.74
Lighting (Average Per Fixture)	\$11.70	\$0.05	\$0.05	\$0.07	\$0.06	\$0.03	\$0.04	\$0.03

Incremental Monthly Increase by %								
	Current	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
Rate Class	Bill (1)	Bill (2)	Bill (2)	Bill (2)	Bill (2)	Bill (2)	Bill (2)	Bill (2)
Residential (RS)	\$119.02	0.5%	0.6%	0.7%	0.8%	0.2%	0.1%	0.6%
Residential Time of Day (RT/RGT)	\$164.20	0.5%	0.5%	0.7%	0.5%	0.5%	0.5%	0.2%
General Service – Secondary (GS)	\$612.43	0.5%	0.6%	0.8%	0.8%	0.5%	0.4%	0.7%
General Service - Secondary Time of Day (GST)	\$34,850.66	0.4%	0.5%	0.6%	0.7%	0.3%	0.3%	0.6%
General Service – Primary (GP)	\$48,532.18	0.3%	0.3%	0.5%	0.4%	0.3%	0.2%	0.4%
General Service – Transmission (GT)	\$124,314.63	0.2%	0.2%	0.4%	0.3%	0.2%	0.2%	0.3%
Lighting (Average Per Fixture)	\$11.70	0.4%	0.4%	0.6%	0.5%	0.3%	0.3%	0.2%

Typical Residential Customer on RS Rate								
	Current	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
	Bill (1)	Bill (2)	Bill (2)	Bill (2)	Bill (2)	Bill (2)	Bill (2)	Bill (2)
Residential (RS) using 783 kW per Month	\$116.88	\$117.42	\$118.07	\$118.95	\$119.94	\$120.14	\$120.25	\$121.04
Incremental Increase		\$0.54	\$0.66	\$0.88	\$0.99	\$0.20	\$0.10	\$0.79
% of Incremental Increase		0.5%	0.6%	0.7%	0.8%	0.2%	0.1%	0.7%
Cumulative Increase from Current		\$0.54	\$1.20	\$2.08	\$3.07	\$3.27	\$3.37	\$4.16
% of Cumulative Increase from Current		0.5%	1.0%	1.8%	2.6%	2.8%	2.9%	3.6%

Note: (1) Rates effective as of October 1, 2023

(2) IIP rates rolled into Base Rates effective as proposed, all other rates unchanged from October 1, 2023.