



Agenda Date: 12/20/23
Agenda Item: 2A

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu

ENERGY

IN THE MATTER OF THE VERIFIED PETITION)
OF JERSEY CENTRAL POWER & LIGHT)
COMPANY FOR APPROVAL OF AN)
INFRASTRUCTURE INVESTMENT PROGRAM II)
("ENERGIZENJ"))
)
) DOCKET NO. EO23110793

Parties of Record:

Gregory Eisenstark, Esq., Cozen O'Connor on behalf of Jersey Central Power & Light Company
Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

BACKGROUND

On November 9, 2023, Jersey Central Power & Light Company ("JCP&L" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") seeking approval of an Infrastructure Investment Program ("EnergizeNJ," "IIP," or "Program") and an associated cost recovery mechanism pursuant to N.J.A.C. 14:3-2A ("Petition").¹ The Company proposed a five (5)-year Program beginning in June 2024 with a total investment level of approximately \$934.8 million.

¹ On December 19, 2017, the Board adopted new regulations for utility "Infrastructure Investment and Recovery" supporting the implementation of an IIP, which allows 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. The rules are codified at N.J.A.C. 14:3-2A.1 et seq. and became effective on January 16, 2018.

In the Petition, JCP&L grouped its proposed work into three (3) Program categories: 1) Grid Modernization; 2) System Resiliency; and 3) Substation Modernization. The estimated cost and proposed programs in each category are as follows:

1. Grid Modernization
 - a. Cost: \$365.6 million
 - b. Projects:
 - i. Lateral Fuse Replacement with TripSaver II;
 - ii. Stand Alone Reclosers;
 - iii. Overhead Circuit of the Future;
 - iv. Underground Cable Replacement; and
 - v. Selective Undergrounding.

2. System Resiliency
 - a. Cost: \$469.2 million
 - b. Projects:
 - i. Distribution Voltage Standardization;
 - ii. Circuit Ties with Supervisory Control and Data Acquisition (SCADA) (Loop Schemes);
 - iii. New Distribution Sources; and
 - iv. Distribution Automation Enablement.

3. Substation Modernization
 - a. Cost: \$100.0 million
 - b. Projects:
 - i. Coastal Substation Switchgear Replacement;
 - ii. Oil Circuit Breaker Replacements;
 - iii. Protective Equipment Modernization;
 - iv. Remote Terminal Unit Upgrade; and
 - v. Mobile Substation Purchases.

JCP&L proposed to recover costs associated with the Program through its base rates via annual and semi-annual base rate adjustment filings.² As such, JCP&L requested a waiver of N.J.A.C. 14:3-2A.6(d), which requires that IIP-related costs be recovered through a separate clause of the utility's Board-approved tariff. For each base rate adjustment filing, JCP&L proposed to calculate the revenue requirements associated with the Program's costs as follows: Pre-Tax Cost of Capital multiplied by the rate base plus depreciation and/or amortization. JCP&L also proposed to earn a return on its investment based on the return on equity, long-term debt and capital structure approved by the Board in its most recent base rate case. As further proposed, any future changes in the Weighted Average Cost of Capital authorized by the Board would be reflected in the subsequent revenue requirement calculations and subsequent base rate adjustment filings for EnergizeNJ.

² Specifically, JCP&L proposed to conduct seven (7) rate adjustment filings, consisting of four (4) semi-annual filings and three (3) annual filings.

According to the Petition, the initial bill impact of the proposed rates effective on April 1, 2025 to the typical residential customer using 783 kWh/month is an increase of approximately \$0.54 in their average monthly bill, or approximately 0.5%. Additionally, the estimated cumulative bill impact of the proposed Program on the typical residential customer using 783 kWh/month is an increase of approximately \$4.16 in their average monthly bill, or approximately 3.6%.

DISCUSSION

The Board **HEREBY ORDERS** that the Petition be retained by the Board for hearing and, pursuant to N.J.S.A. 48:2-32, **HEREBY DESIGNATES** Commissioner Christodoulou as the presiding officer with authority to rule on all motions that arise during the pendency of this proceeding, and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues. Further, the Board **HEREBY DIRECTS** that any entities seeking to intervene or participate in this matter file the appropriate application with the Board by January 19, 2024. Any party wishing to file a motion for admission of counsel, *pro hac vice*, should do so concurrently with any motion to intervene or participate.

In addition, in compliance with the Board's Orders in Docket No. EO20030254, all parties are **HEREBY DIRECTED** to serve all documents electronically.³ No hard copies shall be filed until the Board lifts the restrictions imposed by the Orders. The Board **FURTHER DIRECTS** Staff to post this Order to the Board's website.

³ In re the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations, BPU Docket No. EO20030254, Orders dated March 19, 2020 and June 10, 2020.

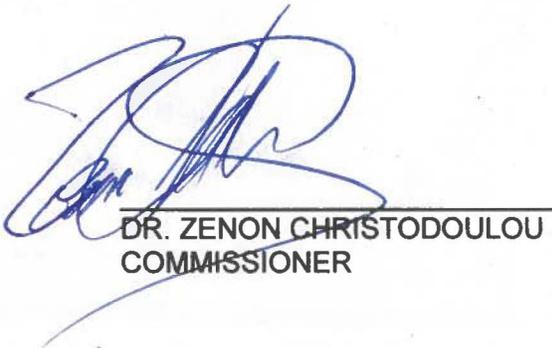
This Order shall be effective December 27, 2023.

DATED: December 20, 2023

BOARD OF PUBLIC UTILITIES
BY:


CHRISTINE GUHL-SADOVY
PRESIDENT


MARY-ANNA HOLDEN
COMMISSIONER


DR. ZENON CHRISTODOULOU
COMMISSIONER


MARIAN ABDOU
COMMISSIONER

ATTEST:


SHERRI L. GOLDEN
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 II
("ENERGIZENJ")

DOCKET NO. EO23110793

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