



Agenda Date: 2/23/22
Agenda Item: 2B

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 ADVANCED)
METERING INFRASTRUCTURE (AMI))
PROGRAM (JCP&L AMI))

DECISION AND ORDER
APPROVING STIPULATION

DOCKET NO. EO20080545

Parties of Record:

James C. Meyer, Esq., Riker Danzig Scherer Hyland Perretti, LLP, on behalf of Jersey Central Power & Light Company

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

Christopher E. Torkelson, Esq., **Karen O. Moury, Esq.**, **Sarah C. Stoner, Esq.**, Eckert Seamans Cherin & Mellott, LLC, on behalf of the Market Participants

William Harla, Esq., **Alice M. Bergen, Esq.**, DeCotiis, FitzPatrick, Cole & Giblin, LLP, on behalf of Utilidata

BY THE BOARD:

On August 27, 2020, Jersey Central Power & Light Company ("JCP&L" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board" or "BPU") requesting approval of an Advanced Metering Infrastructure ("AMI") program ("Program") and an associated cost recovery mechanism ("Petition"). By this Decision and Order, the Board considers a stipulation of settlement ("Stipulation") executed by JCP&L, the New Jersey Division of Rate Counsel ("Rate Counsel"), Board Staff ("Staff"), and a group of entities consisting of Direct Energy Business, LLC, Direct Energy Business Marketing, LLC, Direct Energy Services, LLC, Gateway Energy Services Corporation, Centrica Business Solutions, and NRG Energy, Inc. ("Market Participants") (collectively, "Signatory Parties") which addresses the Company's requests related to the above-captioned matter. Utilidata, Inc. ("Utilidata") did not execute the Stipulation, but informed the Board that it takes no position on the Stipulation.

BACKGROUND

By Order dated February 19, 2020, the Board found that AMI is a means to achieve the objectives of the 2019 Energy Master Plan (“EMP”).¹ Accordingly, the Board lifted its moratorium on pre-approval of AMI, and directed JCP&L, Public Service Electric and Gas Company (“PSE&G”), and Atlantic City Electric Company (“ACE”) to file petitions, or update previously-filed petitions, for AMI implementation within 180 days.

PETITION

In the Petition, JCP&L sought approval, pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1, to deploy AMI throughout its service territory, including approximately 1.1 million smart meters, as well as communications infrastructure and Information Technology (“IT”) systems. As proposed, the Program would take place over a six (6)-year period commencing on January 1, 2022 and ending in December 2027. Beginning January 1, 2022 the Program would commence with a one (1)-year pre-deployment period consisting of two (2) successive six (6)-month periods (“Pre-Deployment Phase”). During the first six (6)-month period JCP&L would confirm its project team, assess market conditions and pricing, contract with key vendors, make arrangements for procurement of equipment and resources, and develop construction and deployment schedules. During the second six (6)-month period, JCP&L would build out the necessary AMI IT infrastructure.

Beginning January 1, 2023, the Company proposed initiating a three (3)-year deployment period, where the Company will install smart meters for approximately 99% of its customers (“Deployment Phase”). During the Deployment Phase, the Company would integrate the AMI system with an advanced distribution management system (“ADMS”). Following the Deployment Phase, there would be a final two (2)-year period wherein JCP&L will install AMI meters for its remaining customers in challenged locations (“Final Engineering Phase”).

JCP&L estimates that the six (6)-year rollout will cost approximately \$433 million, with approximately \$360 million in capital costs, and approximately \$73 million in incremental operations and maintenance (“O&M”) costs. Over the 20 year study period, JCP&L estimated AMI costs would be approximately \$732.42 million, with approximately \$505.59 million in capital investment, and approximately \$226.8 million in O&M costs.

The Company proposed to recover Program costs through a new rider, Rider AMI. As proposed, Rider AMI would employ a separate customer charge for residential and small commercial customers in rate classes Residential Service, Residential Time-of-Day Service/Residential Geothermal & Heat Pump Service, and General Service and for larger commercial and industrial customers in rate classes, General Service Secondary Time-of-Day and General Service Primary. JCP&L proposed that the costs recovered through Rider AMI would include return on net investment, plus depreciation expense, O&M, amortization of stranded meter costs and cost of removal. The proposed return on net investment would be the weighted average cost of capital (“WACC”) approved in the Company’s most recent rate case. JCP&L proposed to recover the revenue requirement associated with the Program through annual recovery filings.

¹ In re the Petition of Rockland Electric Company for Approval of an Advanced Metering Program; and for Other Relief, BPU Docket No. ER16060524, Order dated February 19, 2020 (“February 2020 AMI Order”).

JCP&L also sought approval to defer the stranded costs associated with the removed legacy non-AMI meters, which would be retired on a real-time basis, as a regulatory asset. According to JCP&L, the average remaining net book value of all non-AMI meters removed would be added to a regulatory asset and amortized over a rolling five (5)-year period from the month they are retired.²

Further, JCP&L proposed to allow residential customers to opt out of the Program, with such customers being subject to associated opt-out fees. The Company proposed a monthly opt-out fee of \$28.09 for meter reading services, as well as a one-time meter change-out fee of \$44.46 for customers that opt out after the AMI meter is installed on their premises.

According to the Petition, the Program would have an estimated maximum incremental bill impact on residential customers over the entire deployment period of approximately \$1.42, or 1.3% of the current average monthly bill.

PROCEDURAL HISTORY

By Order dated September 23, 2020, the Board determined that the Petition should be retained by the Board for hearing, and, pursuant to N.J.S.A. 48:2-32, designated Commissioner Robert M. Gordon as the Presiding Commissioner authorized to rule on all motions that arise, and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues.³ Further, the September 2020 Order directed that any entities seeking to intervene or participate in this matter file the appropriate application with the Board by October 14, 2020.

On October 14, 2020, motions to intervene were filed by Utilidata and the Market Participants. Motions to participate were filed by PSE&G and the Energy Efficiency Alliance of New Jersey ("EEANJ"). By Order dated January 13, 2021, Commissioner Gordon approved a procedural schedule and ruled on motions to intervene and participate.⁴ In the Prehearing Order, Commissioner Gordon granted intervener status to Utilidata and the Market Participants. Participant status was granted to PSE&G and EEANJ.

Following proper notice, the first set of public hearings were held telephonically on March 9, 2021 at 4:30 pm and 5:30 pm.⁵ Three (3) members of the public attended the public hearings, with two (2) members of the public expressing concerns regarding the implementation of AMI meters. The Board also received written correspondence from two (2) constituents, with one (1) constituent supporting the Program and the other opposing the Program.

² The net book value of JCP&L's meters was approximately \$126.7 million as of December 31, 2020.

³ In re the Verified Petition of Jersey Central Power & Light Company for Approval of an Advanced Metering Infrastructure (AMI) Program (JCP&L AMI), Order Designating a Commissioner, Setting A Bar Date and Manner of Service, BPU Docket No. EO20080545, Order dated September 23, 2020 ("September 2020 Order").

⁴ In re the Verified Petition of Jersey Central Power & Light Company for Approval of an Advanced Metering Infrastructure (AMI) Program (JCP&L AMI), Prehearing Order with Procedural Schedule and Order on Motions to Intervene or Participate and for Admission Pro Hac Vice, BPU Docket No. EO20080545, Order dated January 13, 2021 ("Prehearing Order").

⁵ Due to the COVID-19 pandemic, both the first and second set of public hearings were held telephonically.

By Order dated March 10, 2021, Commissioner Gordon suspended the procedural schedule and deadline for submission of documents, and adjourned the scheduled evidentiary hearings in this matter to afford the parties additional time to work toward a possible settlement.⁶

On September 14, 2021, JCP&L filed a supplement to the Petition reflecting a change in the Program's capital cost (plant in service) from approximately \$360 million to approximately \$390 million over the six (6) years of the Program, which resulted from a modification to the Company's accounting policy regarding the application of overheads to capital projects ("Supplement"). However, the Company noted that the increase of overhead costs assessed to the capital investment for the AMI Plan would be offset by a reduction to overhead costs assessed to other base capital transmission and distribution projects in each calendar year.

Following proper notice, the second set of public hearings were held telephonically on November 1, 2021 at 4:30 pm and 5:30 pm. Two (2) members of the public attended the public hearings and expressed concerns about AMI.

STIPULATION

Following extensive discovery and several settlement meetings, the Signatory Parties executed the Stipulation, which provides for the following:⁷

21. The Signatory Parties agree that JCP&L may implement the Program under terms and conditions described in the Stipulation. The Program consists of the AMI Plan included in the Petition (as updated in the Supplement), which appears at Exhibit B to the Direct Testimony of John C. Ahr and is incorporated in the Stipulation by reference, except as modified in the Stipulation, and the AMI Cost Recovery Mechanism set forth in the Stipulation.
22. The Company will invest in the accelerated deployment of AMI in accordance with the AMI Plan, except as modified in the Stipulation. The Company will install approximately 1.15 million AMI meters and related infrastructure over a six (6)-year period from 2022 through 2027, consisting of an estimated investment in plant in service of approximately \$390.0 million, an estimated incremental O&M cost of approximately \$73.3 million and approximately \$30.8 million of cost of removal. These costs include the costs of advanced meters, network infrastructure, and IT to be deployed.
23. The Signatory Parties acknowledge that the projected total plant in service cost of the AMI Plan over the six (6)-year period is approximately \$30 million greater than as originally filed in the Petition, due to a change in the Company's policy regarding the assessment of overhead costs to capital projects. The Company represents that this change in policy does not increase overall overhead charges to JCP&L, but only

⁶ In re the Verified Petition of Jersey Central Power & Light Company for Approval of an Advanced Metering Infrastructure (AMI) Program (JCP&L AMI), Order Suspending Procedural Schedule, BPU Docket No. EO20080545, Order dated March 10, 2021.

⁷ Although described at some length in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions in this Order. Paragraphs are numbered to coincide with the Stipulation.

changes the manner in which overhead charges are assessed to capital projects. The Company further represents that the increase in overhead costs assessed to the capital costs of the AMI Plan will be offset with a corresponding reduction to overhead costs assessed to base capital projects.

24. The estimated plant in service and incremental O&M costs for the AMI Plan over the six (6)-year period from 2022 through 2027 consist of the following estimated costs:

JCP&L AMI Plan Capital Investment and Incremental O&M	Estimated Expenditures (\$ Millions, rounded)
Advanced Meters	\$227.7
Network Infrastructure	\$26.9
IT	\$135.4
Total Capital Investment	\$390.0
Incremental O&M Expense	\$73.3
Total Expenditures	\$463.3

25. The Company shall deploy AMI in accordance with the schedule set forth in the AMI Plan, which is summarized in this paragraph.

- Pre-Deployment Phase (beginning no later than January 1, 2022 and continuing through December 31, 2022). The Pre-Deployment Phase will commence no later than January 1, 2022. This Phase consists of two (2) successive periods. The first period, through June 30, 2022, consists of a planning period wherein the Company will confirm its project team, assess market conditions and pricing, contract with key vendors, make arrangements for procurement of equipment and resources, and develop construction and deployment schedules. The second period, through December 31, 2022, is for the build out of necessary IT infrastructure to support initial deployment.
- Deployment Phase (January 1, 2023 - December 31, 2025). During the three (3)-year Deployment Phase commencing January 1, 2023, JCP&L will conduct the mass deployment of smart meters to its mass market customer base of residential, commercial, and industrial customers (approximately 99% of all meters) absent unforeseen circumstances. During the Deployment Phase, the Company will also integrate the AMI system with an ADMS.
- Final Engineering Phase (January 1, 2026 - December 31, 2027). During the 24-month Final Engineering Phase commencing January 1, 2026, the Company will address challenged locations and install AMI-related equipment (e.g., range extenders and connected grid routers) to its AMI communications network. During the Final Engineering Phase, the remaining 1% of customers (i.e., the customers that were not addressed in the Deployment Phase) will receive a smart meter and/or other communications solutions, except for (i) high-tension service (230 kV) customers taking service under Rate GT, who already have advanced meters, and (ii) customers served under the Restricted Off-Peak and Controlled Water Heating special provisions of the Residential Service and General Service Classifications, which require specialty meters for which there is currently no compatible AMI replacement.

Notwithstanding the planned deployment schedule set forth in the AMI Plan and summarized in this paragraph, the Signatory Parties understand that the actual number of AMI smart meters installed (and percentage as a percentage of total meters) will be impacted by the number of customers that opt out and elect to retain a conventional meter as permitted under paragraph 39 of the Stipulation.

JCP&L will use best efforts to maintain the Company's cost estimates and deployment schedule. JCP&L agrees to amend the costs and schedule of the Company's AMI Plan only for necessary and compelling reasons where the Board determines such amendments to be prudent. Further, JCP&L notes that the continuation of the COVID-19 pandemic could have the potential to disrupt global supply chains, equipment availability and pricing, and that such disruptions could impact the Company's cost estimates and deployment schedule in the Stipulation. In such event, JCP&L will meet and confer with the Signatory Parties, and if necessary, thereafter seek approval to amend its Plan from the Board as it determines to be necessary and prudent, wherein the Signatory Parties reserve all rights to take any positions including opposing any relief requested by JCP&L. Nonetheless, JCP&L will use best efforts to maintain the Company's cost estimates and deployment schedule.

26. JCP&L commits to implementing the capabilities in Attachment A of the Stipulation, and ensuring the capabilities are realized. The Company will use best efforts to provide all such capabilities within the budget set forth in the Stipulation. Although AMI meters will be used and useful once installed, the Signatory Parties recognize that these capabilities may not be available until after the full deployment of AMI meters is complete.

JCP&L AMI Cost Recovery Mechanism

A. Prudency Review and Cost Deferral

27. The JCP&L AMI Cost Recovery Mechanism for recovery of AMI Plan-related costs will be as set forth in paragraphs 27 through 42 of the Stipulation.
28. Until being included in base rates (as described in the Stipulation), AMI Plan-related capital costs and legacy meter stranded costs shall be deferred and placed in regulatory assets, as separate and identifiable accounts, for recovery of the regulatory assets deemed prudent in the Company's subsequent base rate cases (as defined in paragraph 30 of the Stipulation) that address costs related to the AMI Plan.
29. The AMI Plan costs, including all those costs deferred and placed in regulatory assets, will be incurred for utility investment consistent with the Board's finding in the February 2020 AMI Order, wherein the Board found that AMI is a means to achieve the goals set forth in the EMP.⁸ The prudency of the AMI Plan costs, including those deferred and placed in regulatory assets, have not been agreed to in advance, but will be reserved for review and determination in the Company's subsequent base rate cases (as defined in paragraph 30 of the Stipulation). The regulatory assets will include AMI-related capital costs and legacy meter stranded costs as separate and identifiable accounts. An additional regulatory asset will include AMI-related incremental O&M costs and will be deferred separately without a return for recovery in the Company's

⁸ See February 2020 AMI Order at 3.

subsequent base rate cases, if deemed reasonable and prudent. The Company will also include a revenue requirement reduction pro forma in the subsequent base rate cases for future AMI-related O&M savings. The AMI-related O&M savings shall reflect estimated savings for meter reading costs, meter re-read truck rolls, back office activities and the contact center consistent with the Petition.⁹ Nonetheless, all costs incurred in connection with this proceeding remain subject to prudence review in subsequent base rate cases.

30. Subsequent base rate cases include any JCP&L base rate cases filed following Board approval of the Stipulation. The Company agreed to file a base rate case no later than July 1, 2026 in the Board-approved stipulation in Docket Nos. QO19010040 and EO20090620 regarding the Company's Energy Efficiency and Peak Demand Reduction Program ("Committed Base Rate Case").¹⁰ In subsequent base rate cases, at the Company's discretion, it may elect to include JCP&L AMI Plan investments (i.e., for rolling in AMI Plan costs to base rates for recovery) consistent with the JCP&L AMI Cost Recovery Mechanism and deferral provisions set forth in paragraphs 27 – 42 of the Stipulation, except as provided in paragraph 36 of the Stipulation.
31. The average service life of JCP&L's non-AMI legacy meters as determined in the 2012 base rate case depreciation study submitted with the Company's 2012 base rate case is 18 years.¹¹ As of October 31, 2021, the net book value of JCP&L's legacy electric meters was \$123.1 million. The typical service life of solid-state digital electric meters currently utilized by JCP&L is estimated to be approximately 20 years. The Signatory Parties recognize that the acceleration of AMI deployment will result in existing legacy and non-AMI meters being removed from service before they have been fully depreciated using existing depreciation rates, creating a stranded asset that the Company will place in a regulatory asset. Depreciation expense will be accelerated to ensure that the legacy meters are fully depreciated when they have all been removed from service. Each month the Company's property accounting group will calculate the depreciation expense necessary to fully depreciate the meters, and the amount of additional depreciation expense, beyond the approved depreciation rate will be recorded as a stranded cost for the legacy meters in a regulatory asset. JCP&L will implement the deployment in the manner described in paragraph 25 of the Stipulation. The prudence and recovery of the AMI Stranded Cost Regulatory Asset will be decided

⁹ Furthermore, simultaneous with the filing of its revenue requirement reduction pro forma, the Company will provide to the Signatory Parties an anticipatory discovery response responding to the following Rate Counsel interrogatory: "Provide a comparison of the Company's O&M savings with the savings described in S-JCP&L-AMI-REV-12, including the reasons why specific savings were lesser or greater than projected." The Signatory Parties reserve their rights to propound additional discovery on this issue.

¹⁰ In re the Implementation of L. 2018, C. 17 Regarding the Establishment of Energy Efficiency and Peak Reduction Programs and In re the Verified Petition of Jersey Central Power & Light Company for Approval of JCP&L's Energy Efficiency and Conservation Plan Including Energy and Peak Demand Reduction Programs (JCP&L EE&C), Order Adopting Stipulation, BPU Docket Nos. QO19010040 and EO20090620, Order dated April 27, 2021 at 13.

¹¹ In re the Verified Petition of Jersey Central Power & Light Company for Review and Approval of Increases In and Other Adjustments to its Rates and Charges for Electric Service, and for Approval of Other Proposed Tariff Revisions in Connection Therewith; and for Approval of an Accelerated Reliability Enhancement Program ("2012 Base Rate Filing"), Docket No. ER12111052, Petition Filed November 30, 2012.

after stranded costs are incurred, and upon full deployment (as defined in paragraph 25 of the Stipulation, full deployment occurs at the conclusion of the Company's Deployment Phase) which may be included for recovery in subsequent base rate cases. The Signatory Parties further agree that these stranded costs being deferred would not be incurred but for the accelerated AMI deployment.

32. The Signatory Parties agree that upon Board approval of the Stipulation, the Company will begin installing AMI meters as described in paragraph 22 of the Stipulation. The Company, at its sole discretion, may elect to further accelerate the investment in the Program as compared with the deployment schedule set forth in the AMI Plan and described in paragraph 25 of the Stipulation, and may elect to include such further accelerated investment for recovery in subsequent base rate cases. The Signatory Parties also agree that reasonable and prudent costs, as deemed by the Board, associated with the AMI Plan investment that are likely to be in-service by the end of six (6) months after the end of the test year in subsequent base rate cases shall be reflected in the rates established in that case, consistent with the Board's *Elizabethtown Water*¹² standards. AMI Plan-related capital investment that is not likely to be in-service by the end of six (6) months after the end of the test year, shall be deferred and placed in the AMI Investment Regulatory Asset (defined in paragraph 33 of the Stipulation), and reviewed and recovered in base rates, if deemed reasonable and prudent, in a subsequent base rate case. However, in the event that JCP&L is not able to implement the full AMI Plan investment within six (6) months of the end of the test year in a subsequent base rate case that is associated with the end of full deployment (full deployment occurs at the conclusion of the Company's Deployment Phase as defined in paragraph 25 of the Stipulation), JCP&L may request that it be permitted to hold that base rate case open for the purpose of rolling those reasonable and prudent costs into rates as soon as practicable after the associated infrastructure has been placed into service and associated stranded costs have been incurred. The Signatory Parties reserve their rights to challenge the Company's request if JCP&L requests to hold open such base rate case, and acceptance of the terms of the Stipulation in this proceeding does not constitute acceptance of such a request.

B. Cost Deferral Mechanism Details

33. As noted above and as further described in the paragraphs 34 of the Stipulation, the Company will either book or track, or some combination thereof, a regulatory asset ("AMI Investment Regulatory Asset") comprised of its AMI Plan related capital investment ("AMI Investment Deferral"). JCP&L will also book a regulatory asset ("AMI Stranded Cost Regulatory Asset") comprised of the associated stranded costs on legacy meters ("AMI Stranded Cost Deferral"). JCP&L will also book a regulatory asset ("AMI O&M Regulatory Asset"), as further described in paragraph 37 of the Stipulation, comprised of the incremental O&M deferred costs associated with the AMI Plan ("AMI O&M Deferral").

¹² In re Elizabethtown Water Company Rate Case, BPU Docket No. WR8504330, Decision on Motion for Determination of Test Year and Appropriate Time Period for Adjustments (May 23, 1985).

34. The formula for the AMI Monthly Investment Deferral in the AMI Investment Regulatory Asset is:

*AMI Monthly Investment Deferral = (((Pre-Tax Cost of Capital /12) * Average Monthly Rate Base) + Monthly Depreciation and/or Amortization Expense) + (Average Monthly Investment Deferral Balance * (WACC/12)).*

- a. The term “Pre-Tax Cost of Capital” means JCP&L’s pre-tax overall WACC in effect at the time of the deferral. The Company’s current WACC is 7.40% post-tax, or 9.34% on a pre-tax basis based on current tax rates. The WACC is based on the return on equity, long-term debt and capital structure approved by the Board in JCP&L’s most recent base rate case.¹³ Any change in the WACC authorized by the Board in a subsequent base rate case will be applied to AMI additions in subsequent periods. Also, any change to current tax rates will be reflected in the WACC in a subsequent period.
- b. The term “Average Monthly Rate Base” refers to the total of the beginning and ending monthly balances for the following items, divided by two (2):
 - o AMI Plant in Service;
 - o Less the associated Accumulated Depreciation and/or Amortization;
 - o Less Accumulated Deferred Income Tax;
 - o Plus Accumulated Deferred Cost of Removal, which will be the amount deferred in the Company’s regulatory asset that will be the actual Cost of Removal estimated to be \$30.8 million over the six (6)-year period amount incurred from removing the legacy meters.
- c. The term “Depreciation and/or Amortization Expense” provides for the recovery of JCP&L’s AMI investment over the useful book lives of the assets. The book depreciation rate for the smart meters will be based on a 20-year life. The book recovery for the Network and IT capital expenditures will be based on the Board-approved depreciation/amortization rates according to the those approved in either the Company’s 2012 (i.e. distribution) or 2020 (i.e. general) base rate case, as applicable. Attachment B to the Stipulation provides the schedule of the current depreciation rates applicable to the AMI Plan. Any future changes in Board-approved depreciation/amortization rates will be reflected in the deferral during the corresponding future period.
- d. The term “Average Monthly Investment Deferral Balance” refers to the cumulative sum of the Monthly Investment Deferrals at the beginning and the end of each month divided by two. The existing meter infrastructure will be replaced on an accelerated basis in accordance with the AMI Plan. The Signatory Parties agree the Company will accelerate the depreciation expense on the legacy meters to fully depreciate and defer the remaining net book value

¹³ In re the Verified Petition of Jersey Central Power & Light Company for Review and Approval of Increases In and Other Adjustments to its Rates and Charges for Electric Service, and for Approval of Other Proposed Tariff Revisions in Connection Therewith (“2020 Base Rate Filing”), Decision and Order Adopting Initial Decision and Stipulation of Settlement, BPU Docket No. ER20020146 and OAL Docket No. PUC 04343-2020N, Order dated October 28, 2020.

of the legacy meters by the end of the Final Engineering Phase. The Company reserves the right to accelerate the AMI Deployment schedule. The formula for the Stranded Cost Deferral in the AMI Stranded Cost Regulatory Asset is:

Stranded Cost Deferral = Accelerated Depreciation Expense associated with Legacy Meters – Depreciation Expense on Legacy Meters Removed from Service at the Approved Depreciation Rate as Determined in the 2012 Base Rate Case in BPU Docket No. ER12111052

- a. The term Accelerated Depreciation Expense means the incremental depreciation expense over depreciation expense calculated on meters in-service using the Approved Depreciation Rates.
 - b. The Accelerated Depreciation Expense will exclude meters included in the reclamation process as described in paragraph 41 of the Stipulation.
35. Subject to paragraph 30 of the Stipulation, JCP&L's subsequent base rate cases may include a request for recovery in base rates of all prudently incurred capital investments and stranded costs associated with the Program. Such costs will include the AMI Regulatory Assets described in the Stipulation, and AMI Plan costs, such as actual costs of engineering, design and construction, and deferred cost of removal (net of salvage), including actual labor, materials, overhead, and capitalized Allowance for Funds Used During Construction associated with the projects ("Capital Investment Costs"). Capital Investment Costs will be recorded, during construction, in an associated Construction Work In Progress account, or in a Plant In Service account, upon the respective investment being deemed used and useful. The Company will follow its current policies and practices with regard to capitalizing costs, including overheads. All AMI Plan investments not recovered through a base rate case proceeding will be tracked separately from all other base investments.
36. The Signatory Parties agree that the revenue requirement proposed in subsequent base rate cases, including the Committed Base Rate Case, will include a return of and on the prudent balances of the AMI Investment Regulatory Asset to the extent the costs deferred into the regulatory asset are deemed prudent. The recovery of the Stranded Cost Regulatory Asset shall be excluded from cost recovery until the subsequent base rate case associated with full deployment of AMI (full deployment occurs at the conclusion of the Company's Deployment Phase as defined in paragraph 25 of the Stipulation), if deemed reasonable and prudent. The prudence and recovery of the stranded cost regulatory asset will be decided upon full deployment.

With respect to the return on the Stranded Cost Regulatory Asset, the Signatory Parties agree the Company may request a return on the balance be included in the Stranded Cost Regulatory Asset in a subsequent base rate case, to permit this issue to be considered at that time. Notwithstanding anything in this paragraph, the Signatory Parties may take whatever positions they desire regarding a return on the Stranded Cost Regulatory Asset at that time.

37. The Signatory Parties agree that the Company will defer incremental AMI-related O&M costs associated with the AMI implementation into a separate regulatory asset (i.e., the AMI O&M Regulatory Asset), without a return, for recovery in subsequent base rate cases, if deemed reasonable and prudent. The Company will track actual O&M

- cost savings during the Pre-Deployment and Deployment Phases under the AMI Plan and will adjust the Incremental AMI-related O&M costs that have been deferred to reflect O&M savings resulting from the AMI Plan in the subsequent base rate cases. JCP&L will provide testimony regarding its progress toward O&M savings described in the AMI Plan. The amortization period of the deferred incremental O&M costs and revenue reduction pro forma will be determined in the subsequent base rate cases.
38. For the AMI Plan investment that is placed into service, but not yet reflected in customer base rates, JCP&L will record a monthly accrual of a deferred return that will be capitalized (for ratemaking purposes) and included in the plant balance as described in paragraph 34 of the Stipulation. For ratemaking purposes, depreciation expense will not begin on AMI Plan investment until reflected in base rates in subsequent base rate cases. Since depreciation expense must be booked when the investment is placed in service for tax and financial reporting purposes, the Company will defer the depreciation in the AMI Plan investment regulatory asset.
39. Opt-Out and Associated Fees. Customers shall be permitted to opt-out of AMI meter reading, either by retaining the existing meter¹⁴ or having an AMI meter installed with two-way communications systems disabled, unless they are participating in a net metering program or taking service under a time varied rate in which case they will not be permitted to opt out. The monthly recurring fee for customers not participating in AMI meter reading shall be \$15.00 (for customers either retaining the existing meter or having an AMI meter installed with two-way communications systems disabled). The one-time fee for the removal of an AMI meter and re-installation of a conventional meter shall be \$44.46. JCP&L will provide testimony and actual cost information for these fees in the first subsequent base rate case that is filed following the commencement of the Deployment Phase, at which time the fees will be subject to review and modification. JCP&L estimates that allowing commercial and industrial customers to opt-out, which was not proposed in the Company's Petition, could increase projected AMI Plan costs by \$1.769 million. A tariff sheet for AMI Opt-outs, including fees, is attached to the Stipulation as Attachment C. The Company will file this tariff sheet following approval of the Stipulation and prior to the commencement of the Deployment Phase.
40. Make Ready Work. The Company will make repairs on customer-owned equipment if an emergency repair is needed for the customer to retain services at the premises while the meter exchange is completed, i.e., the meter socket jaws fail during the exchange and will not safely secure the new meter in the socket unless the customer is present and the customer elects to make the repair. The recovery of any such repair costs shall be directly from the customer requiring an emergency repair and collection of any such emergency repair costs from the customer requiring an emergency repair shall be the responsibility of the Company. Customers other than those requiring emergency repairs will not be responsible for emergency repair costs. Prior to meter exchange, customers must be provided reasonable notice of the potential liability for repairs. The Signatory Parties agree that work performed by the Company on customer-owned meter sockets may constitute a violation of Section 5.08 of JCP&L's

¹⁴ So long as it is consistent with JCP&L's Periodic Testing Program and the Board's Order in re the Verified Petition of Jersey Central Power & Light Company Seeking A Temporary Waiver Of The Requirements Of N.J.A.C. 14:5-4.2 and the Company's Meter Sampling Plan, Pursuant to N.J.A.C. 14:1-1.2, BPU Docket No. EW20070482 (Order dated Dec. 1, 2021).

current Tariff for Service. Accordingly, the Signatory Parties agree that the Board should waive Section 5.08 of JCP&L's current Tariff for Service with respect to work related to AMI deployment and performed specifically for the installation of an AMI meter at the customer's location. The Company further agrees that any costs incurred for make-ready work on customer-owned equipment shall not be capitalized in rates or otherwise charged to ratepayers other than by directly charging the customers that require the emergency repairs. The Signatory Parties agree that the emergency repair costs included in the AMI Plan in the Company's Petition were estimated to be \$6.5 million. Because any emergency repair costs will be directly recovered from the customer requiring an emergency repair, it is expected that the cost of the AMI Plan would be lowered by this amount.

41. Legacy Meter Stranded Costs. Should the Board approve the Stipulation, the Company will not seek stranded cost recovery, via paragraph 34 of the Stipulation, on any legacy meters installed on or after the first day of the month following the effective date of a Board Order memorializing such approval. Because the Company will leverage interval data made available from all AMI meters to derive billing determinants for Demand and Time of Use ("TOU") Energy to minimize its inventory of meter types, AMI meters will not be configured with Demand or TOU registers typically read in the field, nor are they a current stock item. The exchange of meters supporting rates that require Demand and TOU billing determinants is dependent upon the communication network being built in the surrounding area such that the interval data can be retrieved through the AMI network to support billing (i.e., the billing demand will be derived through processing interval data retrieved from the AMI meter). Additionally, the Company historically leveraged Encoder Receiver Transmitter ("ERT") metering technology enabling remote reads for premises with access-issues (i.e. safety concerns). Replacement of or continued use of these legacy ERT meters may occur until the AMI network is sufficient to support communication with an AMI meter upon exchange. In addition, the Company may be required to install meters under a periodic testing program, as discussed in paragraph 42 of the Stipulation. As such, the Company will have to continue to deploy legacy meters for these applications (estimated at approximately 30,000 meters from present through 2025, which is the end of the Deployment Phase) until these meters can be exchanged and simultaneously connected to the communications network. In order to limit the level of stranded costs for these legacy meter types, which must continue to be deployed, and in lieu of stranded cost recovery under paragraph 34 of the Stipulation for such legacy meters installed after the first day of the month following an effective date of a Board Order approving the Stipulation, the Company will reclaim any such installed legacy meters that are removed through its reclamation process for future use (e.g., in other affiliated operating companies outside of JCP&L's service territory where AMI meters have not been deployed). Under the reclamation process, removed meters are entered into a Meter Management System where the final meter read is recorded. Meters deemed to be reclaimed are then processed through a cleaning station where any stickers are removed from the meter nameplate, the meter blades are inspected and cleaned, and the meter cover is cleaned or replaced. After the meter passes through the cleaning station, the meter is sent to the testing station where the meter is tested for accuracy in accordance with N.J.A.C. 14:5-4.5, the meter registers are cleared and set to zero and the meter is configured to conform with the latest meter program. Therefore, the Signatory Parties agree that the Company will recover only the following costs for reclaimed legacy meters deployed after the first day of the month following the effective date of the Board Order approving the Stipulation in the

- following manner: (i) up to \$1.2 million will be recoverable in the AMI O&M Regulatory Asset for undepreciated installation costs associated with these reclaimed meters, and (ii) up to \$0.5 million will be recoverable in the AMI O&M Regulatory Asset for meter testing costs for reclaiming meters. These cost recovery limits include the costs associated with reclaimed meters that are subject of a periodic meter testing program discussed in paragraph 42 of the Stipulation.
42. Waiver Petition. JCP&L filed a petition dated July 13, 2020 (“Waiver Petition”) seeking a waiver request in an effort to reduce stranded meter costs associated with its AMI Plan.¹⁵ On October 8, 2021, the Company, Rate Counsel and Staff, which are the parties to Docket No. EW20070482, filed a signed stipulation with the Board in the Waiver Petition matter that is consistent with the terms described in this paragraph and paragraph 41 of the Stipulation. JCP&L shall place all meter types that are scheduled to be tested under the Company’s Meter Sampling Plan, as approved in the Board’s Order¹⁶ in Docket No. EO18101187 dated March 29, 2019, in “rejected status,” which shall result in the Company no longer having an obligation to perform testing of these meters and avoid the creation of additional stranded costs. The Company shall endeavor, to the extent possible, to replace all such meters that are in service within five (5) years from the date that they are placed in rejected status. For meter types tested under a periodic testing program as provided for in N.J.A.C. 14:5-4.2 that are replaced with a legacy meter, JCP&L shall attempt to reclaim such replacement legacy meters installed and return such meters to inventory rather than retiring them, in accordance with paragraph 41 of the Stipulation. The recovery of costs associated with reclaimed meters subject to a periodic testing program (i.e., undepreciated installation costs and testing costs) is pursuant to paragraph 41 of the Stipulation. The Board Order entered on December 1, 2021 approving the stipulation in Docket No. EW20070482 constitutes a final resolution of all issues raised by the Waiver Petition in Docket No. EW20070482. The Market Participants take no position on this paragraph.

Reporting/Communications

43. Periodic Reports. The Company will provide semi-annual status reports to Rate Counsel and the Board not later than September 1 and March 1 of each year, reporting actual results through the preceding June 30 and December 31, respectively. The first semi-annual report is to be filed by September 1, 2023 and the second report by March 1, 2024.
44. The metrics to be reported in the semi-annual reports are set forth in the AMI Plan, Chapter 4, Metrics and Reporting and Appendix C: Metrics Tracker Template as revised and attached to the Stipulation as Attachment D.

¹⁵ In re the Verified Petition of Jersey Central Power & Light Company Seeking a Temporary Waiver of the Requirements of N.J.A.C. 14:5-4.2 and the Company’s Meter Sampling Plan, Pursuant to N.J.A.C. 14:1-1.2, Docket No. EW20070482, Petition Filed July 13, 2020.

¹⁶ In re the Verified Petition of Jersey Central Power & Light Company for Authorization to Revise: the Statistical Sampling Aspects of its Electric Meter Testing Program Pursuant to N.J.A.C. 14:5-4.2, and the Form of Quarterly Reporting of Meter Test Results Pursuant to N.J.A.C. 14:3-4.7, Decision and Order, BPU Docket No. EO18101187, Order dated March 29, 2019.

45. Customer Communications. The Company will undertake customer outreach, education, and communication in accordance with the JCP&L Customer Communications Plan attached as Appendix A to the AMI Plan.

Data Access

46. A customers' AMI usage data from utility-supplied AMI meters belongs to the customer, who may choose to share AMI usage data from the meters with any licensed third-party supplier or other third-parties, if and as authorized by the customer. Notwithstanding the foregoing, Company maintains its rights to access and use customer meter data for the same utility purposes as it does currently and as outlined in the AMI Plan, which include, but are not limited to: load forecasting; system planning; billing; outage management; wholesale market coordination and in support of any regulated products, services or programs approved by the Board, and as the Board may approve in the future.
47. The development of a Data Access Plan shall be deferred pending the statewide stakeholder proceeding in BPU Docket No. EO20110716.¹⁷ If that AMI Work Session does not produce a Company-agreed upon and Board-approved Data Access Plan within 180 days of a Board Order approving this Stipulation, within 60 days after that period, JCP&L will convene at least one meeting with the parties to discuss the data access issues raised by the Market Participants in this proceeding. The Signatory Parties agree to use best efforts to reach an agreement on data access within 120 days of the initial stakeholder meeting. If there is no agreement on the data access issues within 120 days, this proceeding will be reopened for the limited purpose of adjudicating data access issues only, and the parties may supplement the record on data access issues at that time.

DISCUSSION AND FINDINGS

The Board is cognizant that not all parties signed the Stipulation in this proceeding. Utilidata, a non-signatory party, filed a letter indicating that it takes no position with regard to the Stipulation. In evaluating a proposed settlement, the Board must review the record, balance the interests of the ratepayers and the shareholders, and determine whether the settlement represents a reasonable disposition of the issues that will enable the Company to provide its customers in this State with safe, adequate, and proper service at just and reasonable rates.¹⁸ The February 2020 AMI Order found that it was appropriate to require the State's electric utilities to submit detailed proposals for AMI implementation designed to benefit the distribution system, streamline and modernize utility operations, provide an enhanced customer experience, enhance competition, and benefit the environment. After carefully considering the record in this proceeding including the Petition, the Supplement, comments from the public hearings, the Stipulation and the submission of Utilidata, the Board is persuaded that the current settlement satisfies these goals as well as the directives of the February 2020 AMI Order.

¹⁷ In re Notice of Advance Metering Infrastructure (AMI) Work Session, BPU Docket No. EO20110716, Dated November 10, 2020 ("AMI Work Session").

¹⁸ In re Petition of Pub. Serv. Elec. & Gas, 304 N.J. Super. 247 (App. Div.), cert. denied, 152 N.J. 12 (1997).

Additionally, the Board notes that the deployment of AMI is a critical step towards achieving the State's clean energy goals. As noted in the 2019 EMP:

AMI is a foundational component of a modernized electric distribution grid and uses an integrated system of smart meters, communications networks, and data management systems to enable two-way communication between utilities and customers. Statewide AMI installation is a prerequisite of many additional clean energy objectives as laid out in this EMP. Potential benefits include realization of potential gains in efficiencies and cost savings, accelerated service restoration during outages, better environmental outcomes, lower operations and maintenance costs, better demand-side customer engagement, and alternative rate designs.¹⁹

AMI has the potential to reduce energy consumption by enabling customers to monitor their usage in real time, allowing them to fully engage and manage their own energy usage. Additionally, AMI will enable the deployment of other advanced technologies, such as voltage optimization, which could further reduce energy usage. Further, the deployment of AMI will result in immediate carbon emissions reductions by decreasing the number of truck rolls needed for meter reading, service connections/disconnections, and outage investigations. Therefore, the Board **HEREBY FINDS** that the deployment of AMI is in the public interest and meets the objectives of the EMP.

The Board is also cognizant that some situations may require additional work to be performed on the customer side of the meter in order to accommodate the AMI meter installation. While the Board agrees that this make-ready work is necessary for the safe installation of the AMI meter in order to avoid unnecessary delays in the Program's implementation, the Board notes that work performed on certain customer-owned equipment by JCP&L would be in violation of the Company's current Tariff for Service, which specifies that the customer is responsible for the maintenance of such equipment.²⁰ Therefore, the Board **HEREBY WAIVES** Section 5.08 of JCP&L's current Tariff for Service only with respect to work related to AMI deployment and performed specifically for the installation of an AMI meter at the customer's location. Any work on customer-owned equipment that is not related to the AMI rollout shall continue to be the responsibility of the customer. Additionally, the Board notes that any costs incurred by the Company for such work shall not be recovered in rates, as described in the Stipulation.

With respect to cost recovery, the Stipulation provides that all associated costs will be reviewed for recovery in JCP&L's subsequent base rate case(s). The Board, in its discretion, may require JCP&L to file its next base rate case prior to its committed filing date of July 1, 2026. In light of the recent economic downturn brought on by the COVID-19 pandemic, the Board is **HEREBY SATISFIED** that the implementation of the Program will support job growth, while the associated costs of the Program will not be borne by JCP&L's customers until the conclusion of the Company's subsequent base rate case(s) following AMI deployment. The Stipulation also mandates the Company to maintain certain reporting requirements, which provides additional protection to ratepayers.

¹⁹ See EMP at Page 184.

²⁰ See JCP&L Tariff for Electric Service, Section 5.08 – Meter Sockets and Current Transformer Cabinets.

With regard to the issues of data access, transparency, billing and customer privacy, the Board notes that these topics are being addressed within the AMI Work Session in Docket No. EO20110716 as previously directed in the Board's Order approving PSE&G's AMI matter and reinforced in the Board's Order approving ACE's AMI matter.^{21,22} Further, Staff released its straw proposal in that proceeding and plans to work with stakeholders until these issues are fully resolved through stakeholder meetings.²³ Because the Board has previously ensured that there is a venue to resolve these important issues, the Board is **HEREBY SATISFIED** that the Stipulation balances the interests of ratepayers, shareholders, and the parties, and that the settlement should be accepted.

Based on the Board's careful review and consideration of the record in this proceeding, including the Petition, the Supplement, comments from the public hearings, the Stipulation and the submission of Utilidata, the Board **HEREBY FINDS** the Stipulation to be reasonable and in accordance with the law, striking an appropriate balance between the needs of customers and of the Company, while promoting competition.

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

The Company is **HEREBY DIRECTED** to file tariff sheets reflecting the opt-out fees and other opt-out provisions associated with the Program before the commencement of the Deployment Phase, which is projected to begin on January 1, 2023.

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

The Company's costs, including those related to the Program, will remain subject to audit by the Board. This Decision and Order shall not preclude, nor prohibit, the Board from taking any actions determined to be appropriate as a result of any such audit.

²¹ In re Notice of Advance Metering Infrastructure (AMI) Work Session, BPU Docket No. EO20110716, Dated November 10, 2020 ("AMI Work Session").

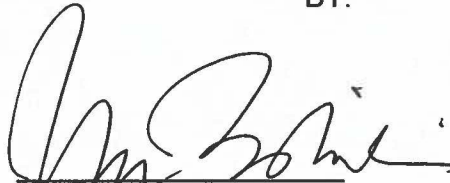
²² In re the Petition of Public Service Electric and Gas Company for Approval of its Clean Energy Future-Cloud ("CEF-EC") Program on a Regulated Basis, Decision and Order Approving Stipulation, BPU Docket No. EO18101115, Order dated January 7, 2021 at 13; In re the Petition of Atlantic City Electric Company for Approval of the Smart Energy Network Program and Cost Recovery Mechanism and Other Related Relief, Decision and Order Approving Stipulation, BPU Docket No. EO20080541, Order dated July 14, 2021 at 13.

²³ In re Notice – Straw Proposal on Advanced Metering Infrastructure (AMI) Data Transparency, Privacy & Billing, BPU Docket No. EO20110716, Issued August 23, 2021.

This Order shall be effective on March 1, 2022.

DATED: February 23, 2022

BOARD OF PUBLIC UTILITIES
BY:



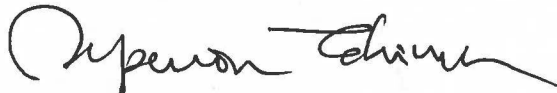
JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER




UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

IN THE MATTER OF THE VERIFIED PETITION OF JERSEY CENTRAL POWER & LIGHT COMPANY
FOR APPROVAL OF AN ADVANCED METERING INFRASTRUCTURE (AMI) PROGRAM (JCP&L AMI)

BPU DOCKET NO. EO20080545

SERVICE LIST

<p><u>Jersey Central Power & Light Company</u> 300 Madison Ave Morristown, NJ 07960</p> <p>Mark Mader mamader@firstenergycorp.com</p> <p>James E. O'Toole jotoole@firstenergycorp.com</p> <p>First Energy Service Company 800 Cabin Hill Drive Greensburg, PA 15601</p> <p>Carol Pittavino cpittavino@firstenergycorp.com</p> <p>John Ahr jahr@firstenergycorp.com</p> <p>Lauren Lepkoski, Esq. FirstEnergy Service Company 2800 Pottsville Pike Reading, PA 19612-6001 llepkoski@firstenergycorp.com</p> <p>Riker Danzig Scherer Hyland & Perretti Headquarters Plaza One Speedwell Avenue Morristown, NJ 07962</p> <p>James Meyer, Esq. jmeyer@riker.com</p> <p>Edward K. DeHope, Esq. edehope@riker.com</p> <p><u>Division of Rate Counsel</u> 140 East Front Street, 4th Floor Post Office Box 003 Trenton, NJ 08625-0003</p> <p>Brian O. Lipman, Esq., Director blipman@rpa.nj.gov</p> <p>T. David Wand, Esq., Managing Attorney dwand@rpa.nj.gov</p>	<p><u>Board of Public Utilities</u> 44 South Clinton Avenue, 1st Floor Post Office Box 350 Trenton, NJ 08625-0350</p> <p>Aida Camacho-Welch, Secretary board.secretary@bpu.nj.gov</p> <p>Stacy Peterson, Deputy Executive Director stacy.peterson@bpu.nj.gov</p> <p>Taryn Boland, Chief of Staff taryn.boland@bpu.nj.gov</p> <p><u>Office of the Chief Counsel</u></p> <p>Abe Silverman, Esq., General Counsel abe.silverman@bpu.nj.gov</p> <p>Carol Artale, Esq., Deputy General Counsel carol.artale@bpu.nj.gov</p> <p>Heather Weisband, Esq. heather.weisband@bpu.nj.gov</p> <p><u>Division of Energy</u></p> <p>Paul Lupo, Acting Director paul.lupo@bpu.nj.gov</p> <p>David Brown david.brown@bpu.nj.gov</p> <p>Ryan Moran ryan.moran@bpu.nj.gov</p> <p>Dean Taklif dean.taklif@bpu.nj.gov</p> <p><u>Division of Law</u> NJ Department of Law and Public Safety Richard J. Hughes Justice Complex Public Utilities Section 25 Market Street, P.O. Box 112 Trenton, NJ 08625-0112</p> <p>Pamela Owen, DAG, ASC pamela.owen@law.njoag.gov</p>
---	---

<p>Maria Novas-Ruiz, Esq. mnovas-ruiz@rpa.nj.gov</p> <p>Christine Juarez, Esq. cjuarez@rpa.nj.gov</p> <p>Robert Glover, Esq. rglover@rpa.nj.gov</p> <p><u>Rate Counsel Consultants</u></p> <p>Paul Alvarez Alvarez and Associates Post Office Box 150963 Lakewood, CO 80215 palvarez@wiredgroup.net</p> <p>Matthew Kahal Exeter Associates, Inc. 1108 Pheasant Crossing Charlottesville, VA 22901 mkahal@exeterassociates.com</p> <p>David Peterson Chesapeake Reg. Consultants, Inc. 10351 Southern Maryland Blvd. Suite 202 Dunkirk, MD 20754 davep@chesapeake.net</p> <p><u>Energy Efficiency Alliance of New Jersey</u></p> <p>John M. Kolesnik, Esq. Energy Efficiency Alliance of New Jersey 701 E. Gate Drive Mount Laurel, NJ 08054 jkolesnik@eeafnj.org</p> <p><u>Public Service Electric and Gas Company</u> 80 Park Plaza, T5 Post Office Box 570 Newark, NJ 07102</p> <p>Matthew M. Weissman, Esq. matthew.weissman@pseg.com</p> <p>Katherine E. Smith, Esq. katherine.smith@pseg.com</p> <p>Bernard Smalls bernard.smalls@pseg.com</p> <p>Caitlyn White caitlyn.white@pseg.com</p>	<p>Michael Beck, DAG michael.beck@law.njoag.gov</p> <p>Terel Klein, DAG terel.klein@law.njoag.gov</p> <p>Daren Eppley, DAG daren.eppley@law.njoag.gov</p> <p><u>Market Participants</u></p> <p>Christopher E. Torkelson, Esq. Eckert Seamans Cherin & Mellott, LLC P.O. Box 5404 Princeton, NJ 08543 ctorkelson@eckertseamans.com</p> <p>Eckert Seamans Cherin & Mellott, LLC 213 Market Street, 8th Floor Harrisburg, PA 17101</p> <p>Karen O. Moury, Esq. kmoury@eckertseamans.com</p> <p>Sarah C. Stoner, Esq. sstoner@eckertseamans.com</p> <p><u>Utilidata</u> 225 Dyer Street Providence, RI 02903</p> <p>Jess Melanson, Chief Operating Officer jmelanson@utilidata.com</p> <p>Nikhil Balakumar nbalakumar@utilidata.com</p> <p>DeCotiis, FitzPatrick, Cole & Giblin, LLP 61 South Paramus Road, Suite 250 Paramus, NJ 07652</p> <p>William Harla, Esq. wharla@decotiislaw.com</p> <p>Alice M. Bergen, Esq. abergen@decotiislaw.com</p>
--	---

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

In the Matter of the Verified Petition of **Jersey** :
Central Power & Light Company For : BPU Docket No. EO20080545
Approval of An Advanced Metering :
Infrastructure (**JCP&L AMI**) :
:

STIPULATION OF SETTLEMENT

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

APPEARANCES:

James C. Meyer, Esq. (Riker Danzig Scherer Hyland & Perretti, LLP, attorneys), for the Petitioner, Jersey Central Power & Light Company

Lauren Lepkoski, Esq., FirstEnergy Service Company, for the Petitioner, Jersey Central Power & Light Company

T. David Wand, Esq. (Managing Attorney), **Maria Novas-Ruiz, Esq.**, **Christine Juarez, Esq.**, **Robert Glover, Esq.** (Assistant Deputies Rate Counsel), Division of Rate Counsel (Brian O. Lipman, Esq., Director)

Terel Klein, Esq., Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (Andrew J. Bruck, Acting Attorney General of New Jersey)

Christopher E. Torkelson, Esq., **Karen O. Moury, Esq.** and **Sarah C. Stoner, Esq.** (Eckert Seamans, Cherin & Mellot, LLC, attorneys), for intervenors NRG Energy, Inc., Direct Energy Business, LLC, Direct Energy Business Marketing, LLC, Direct Energy Services, LLC, Gateway Energy Services Corporation, and Centrica Business Solutions

William Harla, Esq. and **Alice M. Bergen, Esq.** (Decotiis, Fitzpatrick, Cole & Giblin, LLP attorneys) for intervenor Utilidata, Inc.

This Stipulation of Settlement (“Stipulation” or “Settlement”) is made by and among the Petitioner, Jersey Central Power & Light Company (“JCP&L” or “Company”), the New Jersey Division of Rate Counsel (“Rate Counsel”), the Staff of the New Jersey Board of Public Utilities (“Staff”), and NRG Energy, Inc., Direct Energy Business, LLC, Direct Energy Business

Marketing, LLC, Direct Energy Services, LLC, Gateway Energy Services Corporation, and Centrica Business Solutions (“Market Participants”) (referred to herein individually as a “Signatory Party” and collectively as “Signatory Parties”) to resolve JCP&L’s petition in this docket and to recommend that the New Jersey Board of Public Utilities (“Board”) issue a Final Decision and Order approving this Stipulation without modification. Utilidata, Inc. has indicated it will not be executing the Stipulation and will file a letter with the Board indicating it is not taking a position on the Stipulation.

BACKGROUND

1. On February 19, 2020, the Board ordered three (3) of New Jersey’s electric distribution utilities, including JCP&L, to file, or update previously filed, petitions for an Advanced Metering Infrastructure (“AMI”) program by August 27, 2020.¹

2. In compliance with the AMI Order, on August 27, 2020, JCP&L filed a Verified Petition (“Petition”) seeking approval of an AMI Program (“JCP&L AMI Program” or “Program”), including an AMI Plan (“AMI Plan” or “Plan”) and associated cost recovery mechanism pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1. The Petition was supported by attached pre-filed testimony.

3. Under the AMI Plan, the Company proposed to install advanced meters and other AMI infrastructure throughout its service territory over a three (3)-year period commencing on January 1, 2023 and ending December 31, 2025 (“Deployment Phase”). Under the AMI Plan, prior to the start of the Deployment Phase, the Company proposed to engage in a one (1)-year Pre-Deployment Phase, commencing January 1, 2022, consisting of two (2) successive six (6)-

¹ In re the Petition of Rockland Electric Company for Approval of an Advanced Metering Program; and For Other Relief, BPU Docket No. ER16060524, Decision and Order dated February 19, 2020 (“AMI Order”).

month periods. The first six (6)-month period would consist of a planning period wherein the Company would confirm its project team, assess market conditions and pricing, contract with key vendors, make arrangements for procurement of equipment and resources, and develop construction and deployment schedules. The second six (6)-month period in the Pre-Deployment Phase would be for the build out of necessary Information Technology (“IT”) infrastructure.

4. Additionally, the Company proposed to install approximately 1.15 million advanced meters and related infrastructure throughout its service territory over the course of the Deployment Phase. JCP&L’s entire customer base of residential and commercial and industrial customers (approximately 99% of all customers), with certain limited exceptions, would receive a smart meter during this time. During the Deployment Phase, the Company also proposed to integrate the AMI system with an advanced distribution management system (“ADMS”).

5. The Company also proposed a 24-month period following the Deployment Phase (“Final Engineering Phase”), wherein the remaining 1% of customers would receive a smart meter and/or other communications solutions. During the Final Engineering Phase, the Company would address large commercial and industrial customers that already have advanced interval metering (such as MV-90), customers whose locations are difficult to reach, and customers that may require alternative communications solutions (collectively “Challenged Locations”) and install related equipment to complete its AMI communications network.

6. In the Petition, the Company estimated that through the first 20 years, AMI Program Costs would be approximately \$732.42 million, with approximately \$505.59 million in capital investment, and approximately \$226.83 million in operations and maintenance (“O&M”) costs. During the six (6)-year period from 2022 through 2027 which includes the Pre-Deployment Phase, the Deployment Phase, and the Final Engineering Phase, JCP&L estimated

expenditures of \$433,061,272, consisting of an estimated capital investment cost of \$359,752,474 and an estimated incremental O&M cost of \$73,308,798. These costs include the costs of advanced meters, network infrastructure, and IT to be deployed.

7. The Company proposed to recover Program costs through a new “Rider AMI,” which would be a separate clause of its tariff. The Company proposed that an initial Rider AMI tariff rate would be fixed in this proceeding to be effective at the commencement of the Pre-Deployment Phase, with annual rate filings thereafter for the recovery of the capital and O&M expenditures for the AMI Program. As proposed, Rider AMI would employ a separate customer charge for residential and smaller commercial customers in rate classes Residential Service (RS), Residential Time of Day Service/Residential Geothermal & Heat Pump Service (RT/RGT) and General Service (GS). Rider AMI would also employ a separate customer charge for larger commercial and industrial customers in rate classes General Service Secondary Time-of-Day (GST) and General Service Primary (GP). Lighting classes would not be charged this rate because lighting is unmetered. Further, the Company proposed that AMI Program costs would not be allocated to: (i) the high-tension service (230 kV) customers taking service under Rate GT; and (ii) residential and commercial customers under Service Classifications RS and GS that are taking service under Restricted Off-Peak and Controlled Water Heating Service Special Provisions at this time.

8. The Company proposed that the costs to be recovered in Rider AMI rates would include a return on net investment (i.e., return on rate base), plus depreciation expense, O&M, a return on and amortization of stranded legacy meter costs and cost of removal (“COR”). The proposed return on net investment would be based upon the weighted average cost of capital (“WACC”) approved by the Board in the Company’s most recent base rate case.

9. In the Petition, the Company sought approval to defer the stranded costs associated with the removed legacy non-AMI meters, which would be retired on real-time basis, as a regulatory asset. The average remaining net book value (“NBV”) of all non-AMI meters removed would be added to a regulatory asset and amortized over a rolling five (5)-year period from the month they are retired.

10. By Order dated September 23, 2020, the Board retained this matter, designated Commissioner Robert M. Gordon as the Presiding Officer to rule on all motions and determine schedules, directed that any motions to intervene or participate be filed on or before October 14, 2020, and specified the manner of service of documents.²

11. Utilidata and the Market Participants filed motions to intervene. Public Service Electric and Gas Company (“PSE&G”) and Energy Efficiency Alliance of New Jersey (“EEANJ”) filed motions to participate.

12. Commissioner Gordon issued a Prehearing Order dated January 13, 2021, setting forth a procedural schedule for the pre-filing of witness testimony, discovery, evidentiary hearings and other matters.³ In the Prehearing Order, Commissioner Gordon granted intervenor status to Utilidata and the Market Participants. Participant status was granted to PSE&G and EEANJ.

13. Notice of Telephonic Public Hearings, including an explanation of the Petition, and the hearings dates, times and dial-in number, was placed in newspapers having a circulation

² In re the Verified Petition of Jersey Central Power & Light Company for Approval of an Advanced Metering Infrastructure (AMI) Program (JCP&L AMI), Order Designating a Commissioner, Setting A Bar Date and Manner of Service, BPU Docket No. EO20080545, Order dated September 23, 2020.

³ In re the Verified Petition of Jersey Central Power & Light Company for Approval of an Advanced Metering Infrastructure (AMI) Program (JCP&L AMI), Prehearing Order with Procedural Schedule and Order on Motions to Intervene or Participate and for Admission Pro Hac Vice, BPU Docket No. EO20080545, Order dated January 13, 2021 (“Prehearing Order”).

in the Company's electric service territory, and was served by mail on the municipal clerks, the clerks of the Board of County Commissioners, and the County Executives within the Company's service territory ("Notice").⁴

14. In accordance with the Notice, two (2) telephonic public hearings on the Petition were conducted at 4:30 p.m. and 5:30 p.m. on March 9, 2021. Three (3) members of the public attended the public hearings, two of which expressed concerns regarding the implementation of AMI. The Board also received written correspondence from two (2) members of the public, one supporting the Program, and the other opposing the Program. Additional telephonic public hearings were conducted at 4:30 p.m. and 5:30 p.m. on November 1, 2021. Two (2) members of the public attended the public hearings and expressed concerns about AMI.

15. During the course of this proceeding, the parties engaged in extensive discovery. The Company provided over 200 responses, containing written and documentary information, to comprehensive interrogatories, many with subparts, addressing all of the Company's proposals, the Petition, and the pre-filed direct testimony, including the AMI Plan and the cost benefit analysis addressed therein.

16. A technical/discovery conference was held on January 27, 2021.

17. Following the January 27, 2021 conference, the parties held a series of settlement conferences.

18. After conferring with the parties, and in order to facilitate ongoing settlement discussions, the Company, by letter dated February 26, 2021, requested Commissioner Gordon to suspend the Procedural Schedule embodied in the Prehearing Order, including suspension of the deadline for the filing of Intervenor and Rate Counsel testimony. By Order dated March 10,

⁴ Hearings were held telephonically due to the COVID-19 pandemic.

2021, Commissioner Gordon granted the requested suspension of the procedural schedule.⁵ Further settlement discussions were held among the parties following the schedule suspension.

19. While settlement discussions were pending, the Company filed a Supplement to the Petition on September 14, 2021, which reflected an increase in the cost of the AMI Plan as a result of an accounting policy change made to the Company's application of overheads to capital projects ("Supplement"). As described in the Supplement, the Company updated the projected costs to approximately \$390 million in plant in service over the first six (6) years of the AMI Plan, rather than the originally estimated approximately \$360 million.

20. As a result of settlement discussions and negotiations, the Signatory Parties reached an agreement to the within Stipulation establishing the JCP&L AMI Program, including a cost recovery mechanism, and resolving all issues raised in or related to the Petition.

STIPULATED MATTERS

In consideration of the Petition, discovery responses, settlement discussions, the foregoing recitals, the Supplement, and based upon the terms and conditions set forth herein, the undersigned Signatory Parties DO HEREBY STIPULATE AND AGREE as follows:

JCP&L AMI Program

21. The Signatory Parties agree that JCP&L may implement the JCP&L AMI Program under terms and conditions described herein. The JCP&L AMI Program consists of the AMI Plan included in its August 27, 2020 Petition filing (as updated in the Supplement), which appears at Exhibit B to the Direct Testimony of John C. Ahr and is incorporated herein by reference, except as modified herein, and the AMI Cost Recovery Mechanism set forth herein.

⁵ In re the Verified Petition of Jersey Central Power & Light Company for Approval of an Advanced Metering Infrastructure (AMI) Program (JCP&L AMI), Order Suspending Procedural Schedule, BPU Docket No. EO20080545, Order dated March 10, 2021.

22. The Company will invest in the accelerated deployment of AMI in accordance with the AMI Plan, except as modified herein. The Company will install approximately 1.15 million AMI meters and related infrastructure over a six (6)-year period from 2022 through 2027, consisting of an estimated investment in plant in service of approximately \$390.0 million, an estimated incremental O&M cost of approximately \$73.3 million and approximately \$30.8 million of COR. These costs include the costs of advanced meters, network infrastructure, and IT to be deployed.

23. The Signatory Parties acknowledge that the projected total plant in service cost of the AMI Plan over the six (6)-year period is approximately \$30 million greater than as originally filed in the Petition, due to a change in the Company’s policy regarding the assessment of overhead costs to capital projects. The Company represents that this change in policy does not increase overall overhead charges to JCP&L, but only changes the manner in which overhead charges are assessed to capital projects. The Company further represents that the increase in overhead costs assessed to the capital costs of the AMI Plan will be offset with a corresponding reduction to overhead costs assessed to base capital projects.

24. The estimated plant in service and incremental O&M costs for the AMI Plan over the six (6)-year period from 2022 through 2027 consists of the following estimated costs:

JCP&L AMI Plan Capital Investment and Incremental O&M	Estimated Expenditures (\$ Millions, rounded)
Advanced Meters	\$227.7
Network Infrastructure	\$26.9
IT	\$135.4
Total Capital Investment	\$390.0
Incremental O&M Expense	\$73.3
Total Expenditures	\$463.3

25. The Company shall deploy AMI in accordance with the schedule set forth in the AMI Plan, which is summarized in this paragraph.

- Pre-deployment Phase (beginning no later than January 1, 2022 and continuing through December 31, 2022). The Pre-Deployment Phase will commence no later than January 1, 2022. This Phase consists of two (2) successive periods. The first period, through June 30, 2022, consists of a planning period wherein the Company will confirm its project team, assess market conditions and pricing, contract with key vendors, make arrangements for procurement of equipment and resources, and develop construction and deployment schedules. The second period, through December 31, 2022, is for the build out of necessary IT infrastructure to support initial deployment.
- Deployment Phase (January 1, 2023-December 31, 2025). During the three (3)-year Deployment Phase commencing January 1, 2023, JCP&L will conduct the mass deployment of smart meters to its mass market customer base of residential, commercial, and industrial customers (approximately 99% of all meters) absent unforeseen circumstances. During the Deployment Phase, the Company will also integrate the AMI system with an ADMS.
- Final Engineering Phase (January 1, 2026-December 31, 2027). During the 24-month Final Engineering Phase commencing January 1, 2026, the Company will address Challenged Locations and install AMI-related equipment (e.g., range extenders and connected grid routers) to its AMI communications network. During the Final Engineering Phase, the remaining 1% of customers (i.e., the customers that were not addressed in the Deployment Phase) will receive a smart meter and/or other communications solutions, except for (i) high-tension service (230 kV) customers taking service under Rate GT, who already have advanced meters, and (ii) customers served under the Restricted Off-Peak and Controlled Water Heating special provisions of the Residential Service and General Service Classifications, which require specialty meters for which there is currently no compatible AMI replacement.

Notwithstanding the planned deployment schedule set forth in the AMI Plan and summarized in this paragraph, the Signatory Parties understand that the actual number of AMI smart meters installed (and percentage as a percentage of total meters) will be impacted by the number of customers that opt out and elect to retain a conventional meter as permitted under paragraph 39 of this Stipulation.

JCP&L will use best efforts to maintain the Company's cost estimates and deployment schedule. JCP&L agrees to amend the costs and schedule of the Company's AMI Plan only for

necessary and compelling reasons where the Board determines such amendments to be prudent. Further, JCP&L notes that the continuation of the COVID-19 pandemic could have the potential to disrupt global supply chains, equipment availability and pricing, and that such disruptions could impact the Company's cost estimates and deployment schedule in this Stipulation. In such event, JCP&L will meet and confer with the Signatory Parties, and if necessary, thereafter seek approval to amend its Plan from the Board as it determines to be necessary and prudent, wherein the Signatory Parties reserve all rights to take any positions including opposing any relief requested by JCP&L. Nonetheless, JCP&L will use best efforts to maintain the Company's cost estimates and deployment schedule.

26. JCP&L commits to implementing the capabilities in Attachment A hereto, and ensuring the capabilities are realized. The Company will use best efforts to provide all such capabilities within the budget set forth in this Stipulation. Although AMI meters will be used and useful once installed, the Signatory Parties recognize that these capabilities may not be available until after the full deployment of AMI meters is complete.

JCP&L AMI Cost Recovery Mechanism

A. Prudency Review and Cost Deferral

27. The JCP&L AMI Cost Recovery Mechanism for recovery of AMI Plan-related costs will be as set forth in paragraphs 27 through 42 of this Stipulation.

28. Until being included in base rates (as described further below), AMI Plan-related capital costs and legacy meter stranded costs shall be deferred and placed in regulatory assets, as separate and identifiable accounts, for recovery of the regulatory assets deemed prudent in the Company's subsequent base rate cases (as defined in paragraph 30 below) that address costs related to the AMI Plan.

29. The AMI Plan costs, including all those costs deferred and placed in regulatory assets, will be incurred for utility investment consistent with the Board's finding in the AMI Order, wherein the Board found that AMI is a means to achieve the goals set forth in the Energy Master Plan.⁶ The prudence of the AMI Plan costs, including those deferred and placed in regulatory assets, have not been agreed to in advance, but will be reserved for review and determination in the Company's subsequent base rate cases (as defined in paragraph 30). The regulatory assets will include AMI-related capital costs and legacy meter stranded costs as separate and identifiable accounts. An additional regulatory asset will include AMI-related incremental O&M costs and will be deferred separately without a return for recovery in the Company's subsequent base rate cases, if deemed reasonable and prudent. The Company will also include a revenue requirement reduction pro forma in the subsequent base rate cases for future AMI-related O&M savings. The AMI-related O&M savings shall reflect estimated savings for meter reading costs, meter re-read truck rolls, back-office activities and the contact center consistent with the Company's Petition⁷. Nonetheless, all costs incurred in connection with this proceeding remain subject to prudence review in subsequent base rate cases.

30. Subsequent base rate cases include any JCP&L base rate cases filed following Board approval of this Stipulation. The Company agreed to file a base rate case no later than July 1, 2026 in the Board-approved Stipulation in Docket Nos. QO19010040 and EO20090620 regarding the Company's Energy Efficiency and Peak Demand Reduction Program ("Committed

⁶ See AMI Order at 3.

⁷ Furthermore, simultaneous with the filing of its revenue requirement reduction pro forma, the Company will provide to the Signatory Parties an anticipatory discovery response responding to the following Rate Counsel interrogatory: "Provide a comparison of the Company's the O&M savings with the savings described in S-JCP&L-AMI-REV-12, including the reasons why specific savings were lesser or greater than projected." The Signatory Parties reserve their rights to propound additional discovery on this issue.

Base Rate Case”).⁸ In subsequent base rate cases, at the Company’s discretion, it may elect to include JCP&L AMI Plan investments (i.e., for rolling in AMI Plan costs to base rates for recovery) consistent with the JCP&L AMI Cost Recovery Mechanism and deferral provisions set forth in paragraphs 27 – 42, except as provided in paragraph 36.

31. The average service life of JCP&L’s non-AMI legacy meters as determined in the 2012 Base Rate Case depreciation study submitted with the Company’s 2012 base rate case is 18 years.⁹ As of October 31, 2021, the NBV of JCP&L’s legacy electric meters was \$123.1 million. The typical service life of solid-state digital electric meters currently utilized by JCP&L is estimated to be approximately 20 years. The Signatory Parties recognize that the acceleration of AMI deployment will result in existing legacy and non-AMI meters being removed from service before they have been fully depreciated using existing depreciation rates, creating a stranded asset that the Company will place in a regulatory asset. Depreciation expense will be accelerated to ensure that the legacy meters are fully depreciated when they have all been removed from service. Each month the Company’s property accounting group will calculate the depreciation expense necessary to fully depreciate the meters, and the amount of additional depreciation expense, beyond the approved depreciation rate will be recorded as a stranded cost for the legacy meters in a regulatory asset. JCP&L will implement the deployment in the manner described in

⁸ In re the Implementation of L. 2018, C. 17 Regarding the Establishment of Energy Efficiency and Peak Reduction Programs and In re the Verified Petition of Jersey Central Power & Light Company for Approval of JCP&L’s Energy Efficiency and Conservation Plan Including Energy and Peak Demand Reduction Programs (JCP&L EE&C), Order Adopting Stipulation, BPU Docket Nos. QO19010040 and EO20090620, Order dated April 27, 2021 at 13.

⁹ In re the Verified Petition of Jersey Central Power & Light Company for Review and Approval of Increases In and Other Adjustments to its Rates and Charges for Electric Service, and for Approval of Other Proposed Tariff Revisions in Connection Therewith; and for Approval of an Accelerated Reliability Enhancement Program (“2012 Base Rate Filing”), Docket No. ER12111052, Petition Filed November 30, 2012.

paragraph 25 above. The prudence and recovery of the AMI Stranded Cost Regulatory Asset will be decided after stranded costs are incurred, and upon full deployment (as defined in paragraph 25, full deployment occurs at the conclusion of the Company's Deployment Phase) which may be included for recovery in subsequent base rate cases. The Signatory Parties further agree that these stranded costs being deferred would not be incurred but for the accelerated AMI deployment.

32. The Signatory Parties agree that upon Board approval of this Stipulation, the Company will begin installing AMI meters as described in paragraph 22. The Company, at its sole discretion, may elect to further accelerate the investment in the Program as compared with the deployment schedule set forth in the AMI Plan and described in paragraph 25 above, and may elect to include such further accelerated investment for recovery in subsequent base rate cases. The Signatory Parties also agree that reasonable and prudent costs, as deemed by the Board, associated with the AMI Plan investment that are likely to be in-service by the end of six (6) months after the end of the test year in subsequent base rate cases shall be reflected in the rates established in that case, consistent with the Board's *Elizabethtown Water*¹⁰ standards. AMI Plan related capital investment that is not likely to be in-service by the end of six (6) months after the end of the test year, shall be deferred and placed in the AMI Investment Regulatory Asset (defined in paragraph 33), and reviewed and recovered in base rates, if deemed reasonable and prudent, in a subsequent base rate case. However, in the event that JCP&L is not able to implement the full AMI Plan investment within six (6) months of the end of the test year in a subsequent base rate case that is associated with the end of full deployment (full deployment

¹⁰ In re Elizabethtown Water Company Rate Case, BPU Docket No. WR8504330, Decision on Motion for Determination of Test Year and Appropriate Time Period for Adjustments (May 23, 1985).

occurs at the conclusion of the Company’s Deployment Phase as defined in paragraph 25), JCP&L may request, that it be permitted to hold that base rate case open for the purpose of rolling those reasonable and prudent costs into rates as soon as practicable after the associated infrastructure has been placed into service and associated stranded costs have been incurred. The Signatory Parties reserve their rights to challenge the Company’s request if JCP&L requests to hold open such base rate case, and acceptance of the terms of the Stipulation in this proceeding does not constitute acceptance of such a request.

B. Cost Deferral Mechanism Details

33. As noted above and as further described in paragraph 34 below, the Company will either book or track, or some combination thereof, a regulatory asset (“AMI Investment Regulatory Asset”) comprised of its AMI Plan related capital investment (“AMI Investment Deferral”). JCP&L will also book a regulatory asset (“AMI Stranded Cost Regulatory Asset”) comprised of the associated stranded costs on legacy meters (“AMI Stranded Cost Deferral”). JCP&L will also book a regulatory asset (“AMI O&M Regulatory Asset”), as further described in paragraph 37, comprised of the incremental O&M deferred costs associated with the AMI Plan (“AMI O&M Deferral”).

34. The formula for the AMI Monthly Investment Deferral in the AMI Investment Regulatory Asset is:

$$\text{AMI Monthly Investment Deferral} = (((\text{Pre-Tax Cost of Capital} / 12) * \text{Average Monthly Rate Base}) + \text{Monthly Depreciation and/or Amortization Expense}) + (\text{Average Monthly Investment Deferral Balance} * (\text{WACC} / 12)).$$

- a. The term “Pre-Tax Cost of Capital” means JCP&L’s pre-tax overall WACC in effect at the time of the deferral. The Company’s current WACC is 7.40% post-tax, or 9.34% on a pre-tax basis based on current tax rates. The WACC is based on the return on equity, long-term debt

and capital structure approved by the Board in JCP&L's most recent base rate case.¹¹ Any change in the WACC authorized by the Board in a subsequent base rate case will be applied to AMI additions in subsequent periods. Also, any change to current tax rates will be reflected in the WACC in a subsequent period.

- b. The term "Average Monthly Rate Base" refers to the total of the beginning and ending monthly balances for the following items, divided by two (2):
- AMI Plant in Service;
 - Less the associated Accumulated Depreciation and/or Amortization;
 - Less Accumulated Deferred Income Tax;
 - Plus Accumulated Deferred Cost of Removal, which will be the amount deferred in the Company's regulatory asset that will be the actual Cost of Removal estimated to be approximately \$30.8 million over the six (6)-year period amount incurred from removing the legacy meters.
- c. The term "Depreciation and/or Amortization Expense" provides for the recovery of JCP&L's AMI investment over the useful book lives of the assets. The book depreciation rate for the smart meters will be based on

¹¹ In re the Verified Petition of Jersey Central Power & Light Company for Review and Approval of Increases In and Other Adjustments to its Rates and Charges for Electric Service, and for Approval of Other Proposed Tariff Revisions in Connection Therewith ("2020 Base Rate Filing"), Decision and Order Adopting Initial Decision and Stipulation of Settlement, BPU Docket No. ER20020146 and OAL Docket No. PUC 04343-2020N, Order dated October 28, 2020.

a 20-year life. The book recovery for the Network and IT capital expenditures will be based on the Board-approved depreciation/amortization rates according to the those approved in either the Company's 2012 (i.e. distribution) or 2020 (i.e. general) base rate case, as applicable. Attachment B hereto provides the schedule of the current depreciation rates applicable to the AMI Plan. Any future changes in Board-approved depreciation/amortization rates will be reflected in the deferral during the corresponding future period.

d. The term "Average Monthly Investment Deferral Balance" refers to the cumulative sum of the Monthly Investment Deferrals at the beginning and the end of each month divided by two. The existing meter infrastructure will be replaced on an accelerated basis in accordance with the AMI Plan. The Signatory Parties agree the Company will accelerate the depreciation expense on the legacy meters to fully depreciate and defer the remaining NBV of the legacy meters by the end of the Final Engineering Phase. The Company reserves the right to accelerate the AMI Deployment schedule. The formula for the Stranded Cost Deferral in the AMI Stranded Cost Regulatory Asset is:

Stranded Cost Deferral = Accelerated Depreciation Expense associated with Legacy Meters – Depreciation Expense on Legacy Meters Removed from Service at the Approved Depreciation Rate as Determined in the 2012 Base Rate Case in BPU Docket No. ER12111052

- a. The term Accelerated Depreciation Expense means the incremental depreciation expense over depreciation expense calculated on meters in-service using the Approved Depreciation Rates.

- b. The Accelerated Depreciation Expense will exclude meters included in the reclamation process as described in paragraph 41 below.

35. Subject to paragraph 30, JCP&L's subsequent base rate cases may include a request for recovery in base rates of all prudently incurred capital investments and stranded costs associated with the Program. Such costs will include the AMI Regulatory Assets described above, and AMI Plan costs, such as actual costs of engineering, design and construction, and deferred cost of removal (net of salvage), including actual labor, materials, overhead, and capitalized Allowance for Funds Used During Construction associated with the projects ("Capital Investment Costs"). Capital Investment Costs will be recorded, during construction, in an associated Construction Work In Progress account, or in a Plant In Service account, upon the respective investment being deemed used and useful. The Company will follow its current policies and practices with regard to capitalizing costs, including overheads. All AMI Plan investments not recovered through a base rate case proceeding will be tracked separately from all other base investments.

36. The Signatory Parties agree that the revenue requirement proposed in subsequent base rate cases, including the Committed Base Rate Case, will include a return of and on the prudent balances of the AMI Investment Regulatory Asset to the extent the costs deferred into the regulatory asset are deemed prudent. The recovery of the Stranded Cost Regulatory Asset shall be excluded from cost recovery until the subsequent base rate case associated with full deployment of AMI (full deployment occurs at the conclusion of the Company's Deployment Phase as defined in paragraph 25), if deemed reasonable and prudent. The prudence and recovery of the stranded cost regulatory asset will be decided upon full deployment.

With respect to the return on the Stranded Cost Regulatory Asset, the Signatory Parties agree the Company may request a return on the balance be included in the Stranded Cost

Regulatory Asset in a subsequent base rate case, to permit this issue to be considered at that time. Notwithstanding anything in this paragraph, the Signatory Parties may take whatever positions they desire regarding a return on the Stranded Cost Regulatory Asset at that time.

37. The Signatory Parties agree that the Company will defer incremental AMI-related O&M costs associated with the AMI implementation into a separate regulatory asset (i.e., the AMI O&M Regulatory Asset), without a return, for recovery in subsequent base rate cases, if deemed reasonable and prudent. The Company will track actual O&M cost savings during the Pre-deployment and Deployment Phases under the AMI Plan and will adjust the Incremental AMI-related O&M costs that have been deferred to reflect O&M savings resulting from the AMI Plan in the subsequent base rate cases. JCP&L will provide testimony regarding its progress toward O&M savings described in the AMI Plan. The amortization period of the deferred incremental O&M costs and revenue reduction pro forma will be determined in the subsequent base rate cases.

38. For the AMI Plan investment that is placed into service, but not yet reflected in customer base rates, JCP&L will record a monthly accrual of a deferred return that will be capitalized (for ratemaking purposes) and included in the plant balance as described in paragraph 34 above. For ratemaking purposes, depreciation expense will not begin on AMI Plan investment until reflected in base rates in subsequent base rate cases. Since depreciation expense must be booked when the investment is placed in service for tax and financial reporting purposes, the Company will defer the depreciation in the AMI Plan investment regulatory asset.

39. Opt-Out and Associated Fees. Customers shall be permitted to opt-out of AMI meter reading, either by retaining the existing meter¹² or having an AMI meter installed with two-way communications systems disabled, unless they are participating in a net metering program or taking service under a time varied rate in which case they will not be permitted to opt out. The monthly recurring fee for customers not participating in AMI meter reading shall be \$15.00 (for customers either retaining the existing meter or having an AMI meter installed with two-way communications systems disabled). The one-time fee for the removal of an AMI meter and re-installation of a conventional meter shall be \$44.46. JCP&L will provide testimony and actual cost information for these fees in the first subsequent base rate case that is filed following the commencement of the Deployment Phase, at which time the fees will be subject to review and modification. JCP&L estimates that allowing C&I customers to opt-out, which was not proposed in the Company's Petition, could increase projected AMI Plan costs by \$1.769 million. A tariff sheet for AMI Opt-outs, including fees, is attached hereto as Attachment C. The Company will file this tariff sheet following approval of the Stipulation and prior to the commencement of the Deployment Phase.

40. Make Ready Work. The Company will make repairs on customer-owned equipment if an emergency repair is needed for the customer to retain services at the premises while the meter exchange is completed, i.e., the meter socket jaws fail during the exchange and will not safely secure the new meter in the socket unless the customer is present and the customer elects to make the repair. The recovery of any such repair costs shall be directly from the customer requiring an emergency repair and collection of any such emergency repair costs

¹² So long as it is consistent with JCP&L's Periodic Testing Program and the Board's Order in I/M/O Verified Petition of Jersey Central Power & Light Company Seeking A Temporary Waiver Of The Requirements Of N.J.A.C. 14:5-4.2 and the Company's Meter Sampling Plan, Pursuant to N.J.A.C. 14:1-1.2, BPU Docket No. EW20070482 (Dec. 1, 2021).

from the customer requiring an emergency repair shall be the responsibility of the Company. Customers other than those requiring emergency repairs will not be responsible for emergency repair costs. Prior to meter exchange, customers must be provided reasonable notice of the potential liability for repairs. The Signatory Parties agree that work performed by the Company on customer-owned meter sockets may constitute a violation of Section 5.08 of JCP&L's current Tariff for Service. Accordingly, the Signatory Parties agree that the Board should waive Section 5.08 of JCP&L's current Tariff for Service with respect to work related to AMI deployment and performed specifically for the installation of an AMI meter at the customer's location. The Company further agrees that any costs incurred for make-ready work on customer-owned equipment shall not be capitalized in rates or otherwise charged to ratepayers other than by directly charging the customers that require the emergency repairs. The Signatory Parties agree that the emergency repair costs included in the AMI Plan in the Company's Petition, were estimated to be, \$6.5 million. Because any emergency repair costs will be directly recovered from the customer requiring an emergency repair, it is expected that the cost of the AMI Plan would be lowered by this amount.

41. Legacy Meter Stranded Costs. Should the Board approve this Stipulation, the Company will not seek stranded cost recovery, via paragraph 34, on any legacy meters installed on or after the first day of the month following the effective date of a Board Order memorializing such approval. Because the Company will leverage interval data made available from all AMI meters to derive billing determinants for Demand and Time of Use ("TOU") Energy to minimize its inventory of meter types, AMI meters will not be configured with Demand or TOU registers typically read in the field, nor are they a current stock item. The exchange of meters supporting rates that require Demand and TOU billing determinants is dependent upon the communication

network being built in the surrounding area such that the interval data can be retrieved through the AMI network to support billing (i.e., the billing demand will be derived through processing interval data retrieved from the AMI meter). Additionally, the Company historically leveraged Encoder Receiver Transmitter (“ERT”) metering technology enabling remote reads for premises with access-issues (i.e. safety concerns). Replacement of or continued use of these legacy ERT meters may occur until the AMI network is sufficient to support communication with an AMI meter upon exchange. In addition, the Company may be required to install meters under a periodic testing program, as discussed in paragraph 42. As such, the Company will have to continue to deploy legacy meters for these applications (estimated at approximately 30,000 meters from present through 2025, which is the end of the Deployment Phase) until these meters can be exchanged and simultaneously connected to the communications network. In order to limit the level of stranded costs for these legacy meter types, which must continue to be deployed, and in lieu of stranded cost recovery under paragraph 34 for such legacy meters installed after the first day of the month following an effective date of a Board Order approving this Stipulation, the Company will reclaim any such installed legacy meters that are removed through its reclamation process for future use (e.g., in other affiliated operating companies outside of JCP&L’s service territory where AMI meters have not been deployed). Under the reclamation process, removed meters are entered into a Meter Management System where the final meter read is recorded. Meters deemed to be reclaimed are then processed through a cleaning station where any stickers are removed from the meter nameplate, the meter blades are inspected and cleaned, and the meter cover is cleaned or replaced. After the meter passes through the cleaning station, the meter is sent to the testing station where the meter is tested for accuracy in accordance with N.J.A.C. 14:5-4.5, the meter registers are cleared and set to zero and

the meter is configured to conform with the latest meter program. Therefore, the Signatory Parties agree that the Company will recover only the following costs for reclaimed legacy meters deployed after the first day of the month following the effective date of the Board Order approving this Stipulation in the following manner: (i) up to \$1.2 million will be recoverable in the AMI O&M Regulatory Asset for undepreciated installation costs associated with these reclaimed meters, and (ii) up to \$0.5 million will be recoverable in the AMI O&M Regulatory Asset for meter testing costs for reclaiming meters. These cost recovery limits include the costs associated with reclaimed meters that are subject of a periodic meter testing program discussed in paragraph 42.

42. Waiver Petition. JCP&L filed a petition dated July 13, 2020 (“Waiver Petition”) seeking a waiver request in an effort to reduce stranded meter costs associated with its AMI Plan.¹³ On October 8, 2021, the Company, Rate Counsel and Staff, which are the parties to Docket No. EW20070482, filed a signed stipulation with the Board in the Waiver Petition matter that is consistent with the terms described in this paragraph and paragraph 41. JCP&L shall place all meter types that are scheduled to be tested under the Company’s Meter Sampling Plan, as approved in the Board’s Order¹⁴ in Docket No. EO18101187 dated March 29, 2019, in “rejected status,” which shall result in the Company no longer having an obligation to perform testing of these meters and avoid the creation of additional stranded costs. The Company shall endeavor, to the extent possible, to replace all such meters that are in service within five (5)

¹³ In re the Verified Petition of Jersey Central Power & Light Company Seeking a Temporary Waiver of the Requirements of N.J.A.C. 14:5-4.2 and the Company’s Meter Sampling Plan, Pursuant to N.J.A.C. 14:1-1.2, Docket No. EW20070482, Petition Filed July 13, 2020.

¹⁴ In re the Verified Petition of Jersey Central Power & Light Company for Authorization to Revise: the Statistical Sampling Aspects of its Electric Meter Testing Program Pursuant to N.J.A.C. 14:5-4.2, and the Form of Quarterly Reporting of Meter Test Results Pursuant to N.J.A.C. 14:3-4.7, Decision and Order, BPU Docket No. EO18101187, Order dated March 29, 2019.

years from the date that they are placed in rejected status. For meter types tested under a periodic testing program as provided for in N.J.A.C. 14:5-4.2 that are replaced with a legacy meter, JCP&L shall attempt to reclaim such replacement legacy meters installed and return such meters to inventory rather than retiring them, in accordance with paragraph 41. The recovery of costs associated with reclaimed meters subject to a periodic testing program (i.e., undepreciated installation costs and testing costs) is pursuant to paragraph 41. The Board Order entered on December 1, 2021 approving the stipulation in Docket No. EW20070482 constitutes a final resolution of all issues raised by the Waiver Petition in Docket No. EW20070482. The Market Participants take no position on this paragraph.

Reporting/Communications

43. Periodic Reports. The Company will provide semi-annual status reports to Rate Counsel and the Board not later than September 1 and March 1 of each year, reporting actual results through the preceding June 30 and December 31, respectively. The first semi-annual report is to be filed by September 1, 2023 and the second report by March 1, 2024.

44. The metrics to be reported in the semi-annual reports are set forth in the AMI Plan, Chapter 4, Metrics and Reporting and Appendix C: Metrics Tracker Template as revised and attached hereto as Attachment D.

45. Customer Communications. The Company will undertake customer outreach, education, and communication in accordance with the JCP&L Customer Communications Plan attached as Appendix A to the AMI Plan.

Data Access

46. A customers' AMI usage data from utility-supplied AMI meters belongs to the customer, who may choose to share AMI usage data from the meters with any licensed third-

party supplier or other third-parties, if and as authorized by the customer. Notwithstanding the foregoing, Company maintains its rights to access and use customer meter data for the same utility purposes as it does currently and as outlined in the AMI Plan, which include, but are not limited to: load forecasting; system planning; billing; outage management; wholesale market coordination and in support of any regulated products, services or programs approved by the Board, and as the Board may approve in the future.

47. The development of a Data Access Plan shall be deferred pending the statewide stakeholder proceeding in BPU Docket No. EO20110716.¹⁵ If that AMI Work Session does not produce a Company-agreed upon and Board-approved Data Access Plan within 180 days of a Board Order approving this Stipulation, within 60 days after that period, JCP&L will convene at least one meeting with the parties to discuss the data access issues raised by the Market Participants in this proceeding. The Signatory Parties agree to use best efforts to reach an agreement on data access within 120 days of the initial stakeholder meeting. If there is no agreement on the data access issues within 120 days, this proceeding will be reopened for the limited purpose of adjudicating data access issues only, and the parties may supplement the record on data access issues at that time.

FURTHER PROVISIONS

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

49. Voluntariness. The Signatory Parties agree that this Stipulation is voluntary, consistent with law, fully dispositive of the issues addressed herein, and in the public interest.

¹⁵ In re Notice of Advance Metering Infrastructure (AMI) Work Session, BPU Docket No. EO20110716, Dated November 10, 2020 (“AMI Work Session”).

The Signatory Parties have entered this Stipulation after consideration of the Petition, the pre-filed testimony, discovery, Board Orders and after settlement discussions.

50. Board Approval. The Signatory Parties agree that the JCP&L AMI Program established in this Stipulation, including cost recovery provisions, is an appropriate resolution of the Petition. The Signatory Parties agree and recommend that the Board should approve, without modification, this Stipulation of Settlement and authorize the Company to implement the AMI Program, including the cost recovery mechanism, based on the terms and conditions set forth herein. Each Signatory Party agrees to use best efforts to ensure that this Stipulation is submitted to the Board in a timely fashion.

51. Rights Upon Disapproval or Modification. The Signatory Parties agree that this Stipulation contains mutual balancing and interdependent clauses, the various parts hereof are not severable without upsetting the balance of the agreements and compromises achieved among the Signatory Parties, and the Stipulation intended to be accepted and approved in its entirety. In the event any particular provision of this Stipulation is not accepted and approved in its entirety by the Board, without modification, or is modified by a court of competent jurisdiction, then any Signatory Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right, upon written notice to be provided to all other Signatory Parties, within 10 days after receipt of any such adverse decision, to proceed with the litigation at the point in the procedural schedule where the matter was left off at the date of the Stipulation and litigate all issues addressed herein to a conclusion. More particularly, in the event this Stipulation is not adopted in its entirety by the Board, without modification, in an appropriate Order, or is modified by a court of competent jurisdiction, then any Signatory Party hereto is free, upon the timely

provision of such written notice, to pursue its then available legal remedies with respect to all issues addressed in this Stipulation, as though this Stipulation had not been signed.

52. Signatory Party Reservations. It is specifically understood and agreed by the Signatory Parties that this Stipulation represents a negotiated agreement and shall be binding on them for all purposes herein. By executing this Stipulation no Signatory Party waives any rights it possesses under any prior Stipulations, except where the terms of this Stipulation supersede such prior Stipulation. The contents of this Stipulation shall not in any way be considered, cited or used by any of the undersigned Signatory Parties as an indication of any Signatory Party's position on any related or other issue litigated in any other proceeding or forum, except to enforce the terms of this Stipulation.

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


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

55. Execution. This Stipulation may be executed in any number of counterparts, each of which shall be considered one and the same and shall become effective when one or more counterparts have been signed by each of the Signatory Parties. Each Signatory Party has caused its duly authorized representative to execute below and deliver this Stipulation. The Signatory Parties understand that the Board's written Order approving this Stipulation shall become effective in accordance with N.J.S.A. 48:2-40.

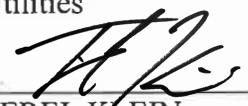
CONCLUSION

WHEREFORE, the Signatory Parties hereto have duly executed and do respectfully submit this Stipulation to the Board and recommend that the Board issue a Final Decision and Order adopting and approving this Stipulation in its entirety, and without modification, in accordance with the terms hereof.

JERSEY CENTRAL POWER & LIGHT COMPANY

By:  2/7/2022
JAMES C. MEYER
Riker Danzig Scherer Hyland & Perretti, LLP
Attorneys for JCP&L

ANDREW J. BRUCK
ACTING ATTORNEY GENERAL OF NEW
JERSEY
Attorney For The Staff of The Board of Public
Utilities

By:  2/8/2022
TEREL KLEIN
Deputy Attorney General

BRIAN O. LIPMAN
Director, Division of Rate Counsel

By: T. David Wand 2/8/2022
T. David Wand Managing Attorney

NRG ENERGY, INC., DIRECT ENERGY BUSINESS, LLC, DIRECT ENERGY BUSINESS MARKETING, LLC, DIRECT ENERGY SERVICES, LLC, GATEWAY ENERGY SERVICES CORPORATION, AND CENTRICA BUSINESS SOLUTIONS (“MARKET PARTICIPANTS”)

By: _____
CHRISTOPHER E. TORKELSON
Eckert Seamans Cherin & Mellot, LLC
Attorneys for Market Participants

CONCLUSION

WHEREFORE, the Signatory Parties hereto have duly executed and do respectfully submit this Stipulation to the Board and recommend that the Board issue a Final Decision and Order adopting and approving this Stipulation in its entirety, and without modification, in accordance with the terms hereof.

JERSEY CENTRAL POWER & LIGHT COMPANY

By: _____
JAMES C. MEYER
Riker Danzig Scherer Hyland & Perretti, LLP
Attorneys for JCP&L


ANDREW J. BRUCK
ACTING ATTORNEY GENERAL OF NEW
JERSEY
Attorney For The Staff of The Board of Public
Utilities

By: _____
TEREL KLEIN
Deputy Attorney General

BRIAN O. LIPMAN
Director, Division of Rate Counsel

By: _____
T. David Wand Managing Attorney

NRG ENERGY, INC., DIRECT ENERGY BUSINESS, LLC, DIRECT ENERGY
BUSINESS MARKETING, LLC, DIRECT ENERGY SERVICES, LLC, GATEWAY
ENERGY SERVICES CORPORATION, AND CENTRICA BUSINESS SOLUTIONS
("MARKET PARTICIPANTS")

By: 
CHRISTOPHER E. TORKELSON
Eckert Seamans Cherin & Mellot, LLC
Attorneys for Market Participants

Attachment A

JCP&L AMI APPLICATIONS AND CAPABILITIES

#	Name	AMI Applications and Capabilities Expected to be Completed During Deployment
1	Two-way Communication Capability	Provides the ability to send and receive data, enabling firmware, software, and configuration updates to the meter over the air
2	Open Standards and Upgradability	Provides the capability for the meter to be remotely programmed and upgradeable as technology advances
3	Automated Meter Reading and Interval Metering	Enables interval metering for all customer classes, including residential and small commercial and industrial accounts
4	Billing with Validation, Editing, and Estimating	Allows for the Meter Data Management System (“MDMS”) to process raw meter data using validation, editing, and estimating (“VEE”) algorithms for utilization in corporate systems, such as billing and customer service
5	Settlement	Allows for settlement with interval meter data for all customer classes
6	Theft Detection / Meter Tampering	Provides functionality to detect meter tampering that is further enhanced by the communication network that will recognize and report a meter that may be missing from the mesh network, due to a customer’s attempt to disconnect the meter
7	Remote Service Switch	Allows for voluntary (move-in/ move-out) and involuntary (non-pay) disconnection and reconnection
8	Home Area Network	Provides the capability for a customer’s home or business to connect a customer’s qualified energy monitoring device to a smart meter to allow the customer to observe near real-time energy usage through the energy monitoring device
9	Voltage Monitoring / Outages and Restoration	Provides for meter ping capability as well as Power Outage Notification (“PON”) and Power Restoration Notification (“PRN”) with Advanced Distribution Management System (“ADMS”) integration
10	Customer Portal	Allows customer access to interval meter data through a customer portal

JCP&L AMI APPLICATIONS AND CAPABILITIES

#	Name	AMI Applications and Capabilities Expected to be Leveraged Over Time
11	Grid Operations Analytics	Enables connectivity mapping and load forecasting to better understand and forecast Electric Vehicle and Distributed Energy Resources affected demand and output, to predict its locational effects on the grid, and more effectively perform resource, capital, and operational planning
12	Asset Management Analytics	Smart meters can be considered sensors in the low voltage network, monitoring capabilities at the grid edge, and providing detailed actual versus planned profiles of assets
13	Customer Experience Analytics	Leverage AMI datasets to support customer segmentation
14	AMI and Energy Efficiency	Leverage AMI to improve consumer energy reports that include more granular information; enable peak demand reduction program offerings to reach residential and small commercial and industrial customers who did not previously have interval metering; AMI data to support program evaluation, measurement, and verification activities
15	AMI Firmware Updates	AMI meters are capable of firmware updates and expectations are that additional use cases will arise in the future

Attachment B - Current Depreciation Rates

(as of December 31, 2012)		
Distribution Plant		
360.12	Distribution Substation Easements	1.31
360.22	Distribution Line Easements	0.73
361.10	Structures and Improvements	0.71
361.20	Structures and Improvements - Clearing	1.50
362.00	Substation Equipment	1.25
364.00	Poles, Towers and Fixtures	2.15
365.00	Overhead Conductors and Devices	1.93
365.10	Overhead Conductors and Devices - Clearing	1.56
366.00	Underground Conduit	1.27
367.00	Underground Conductors and Devices	1.61
368.00	Line Transformers	2.42
369.00	Services	1.21
370.00	Meters	4.77
371.00	Installations on Customer Premises	3.71
373.00	Street Lighting and Signal Systems	2.86
Total Distribution Plant		1.94

(as of March 31, 2019)		
General Plant		
389.20	LAND RIGHTS	4.00
390.10	STRUCTURES AND IMPROVEMENTS	1.41
390.20	STRUCTURES AND IMPROVEMENTS - CL	0.40
391.10	OFFICE FURNITURE	4.00
391.15	OFFICE EQUIPMENT	*
391.20	PERSONAL COMPUTERS	20.00
391.25	INFORMATION SYSTEMS	**
392.00	TRANSPORTATION EQUIPMENT	3.99
393.00	STORES EQUIPMENT	3.33
394.00	TOOLS, SHOP AND GARAGE EQUIPMENT	4.00
395.00	LABORATORY EQUIPMENT	5.00
396.00	POWER OPERATED EQUIPMENT	2.98
397.00	COMMUNICATION EQUIPMENT	5.00
398.00	MISCELLANEOUS EQUIPMENT	5.00
Total General Plant		2.71

Intangible Plant (7-year amortization)		14.29
--	--	-------

* Assets as of January 1, 2019 will utilize a 5.00% annual accrual rate consistent with the amortization period.

** Assets as of January 1, 2019 will utilize a 20.00% annual accrual rate consistent with the amortization period.

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

Section 3 - Billings, Payments, Credit Deposits & Metering

3.23 Metering: (Continued)

If requested by the Customer, the Company may, in its sole discretion, elect to provide kilowatt-hour pulses and/or time pulses from the Company's metering equipment. All costs for providing the meter pulses shall be paid by the Customer. If a Customer's consumption of kilowatts and/or kilowatt-hours increases as a result of interruptions or deficiencies in the supply of pulses for any reason, the Company shall not be responsible or liable, for damages or otherwise, for resulting increases in the Customer's bill.

If requested by a Customer, the Company may, in its sole discretion, elect to provide metering to a service location other than what is presently installed or otherwise proposed to be installed by the Company at that location. All costs for special metering facilities provided by the Company, including, but not limited to, all material, labor, overheads and administrative and general expenses, shall be billed to and paid by the Customer.

3.24 Advanced Metering Opt-Out

Any Full Service Customer or Delivery Service Customer who declines to have an AMI meter installed when notified, requests the transmitter of an AMI meter be disabled or requests an AMI meter be removed for a digital non-communicating meter, will be classified as having opted-out of AMI metering and shall be subject to the following terms:

- 1.) Monthly Meter Reading – A monthly fee of \$15.00 shall apply to any customer who: refuses to allow the Company to install an AMI meter; requests that the transmitter of an AMI meter be disabled; or requests that an AMI meter be removed.
- 2.) Meter Replacements – Customers shall be charged a one-time fee of \$44.46 for the replacement of an AMI meter with a non-AMI meter. The replacement meter will be manually read. This fee will also apply to any customer who elects to participate in AMI metering after requesting the removal of such meter.
- 3.) Access to Premises – Customers who Opt-out of AMI metering must provide reasonable access for meter reading and meter maintenance that free of safety hazard to customers, the public or the utility personnel or facilities. If the customer fails to provide access for two months in a twelve-month period, then the customer will be required to: (a) relocate their metering equipment to an external location, at the customer's expense; or (b) permit the Company to reinstall an AMI meter or enable the AMI meter transmitter feature.

Customers who are taking generation service under a time differentiated rate or are involved in net metered generation will not have the option to opt out of having a smart meter.

Issued:

Effective:

Filed pursuant to Order of Board of Public Utilities

Docket No.

dated

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

Performance Metrics		Year 1		Year 2		Year 3	
		June	Dec	June	Dec	June	Dec
AMI / Meter Metrics							
Physical Meters		Metric Definition					
Certified meters	The number of AMI meters installed, communicating, and available for billing. • Meters certified each month						
AMI meters installed, but not certified	The number of AMI meters installed, but not communicating and considered Active. • Meters installed each month that have not been certified						
Certified smart meter failures	The number of certified AMI Meters that are replaced each month due to fatal errors.						
Legacy meter tests	<i>The number of legacy meter tests performed, and of those, how many were inaccurate</i>						
Meter Reading		Metric Definition					
Manual Meter Reads	The number of meter reads conducted by an individual on-site for monthly billing.						
Successful ("actual" for the purpose of billing) AMI meter reads	Total of actual reads recorded from AMI meters						
Meter readers employed by JCP&L, expressed in FTEs	Number of meter readers (expressed in FTE) employed by JCP&L each month						
Meter readers employed by external contractor, expressed in FTEs	Number of meter readers (expressed in FTE) employed by contractor each month						
Data Access & Utilization		Metric Definition					
Web Portal Views	Number of customers who have viewed the web portal each month						
HAN Authorized Devices	Number of customers who have authorized the connection of home area network (HAN) devices, including a break out of devices by category, each month						
TPS (Third Party Access) Data Access	Number of customers who have authorized TPS access to customer energy usage data each month						
Net Metering	Number of customers taking service under the net energy metering rider each month						
Net Metering (AMI)	Number of customers with certified AMI meters taking service under the net energy metering rider each month						
Shopping Levels	Number of customers with certified AMI meters shopping each month, broken out by customer class						
Billing Related		Metric Definition					
Residential bills issued	Number of residential bills issued each month						
Residential bills based upon estimated read	The number of estimated customer bills for all customers. • Number of estimated residential bills issued each month						
Customers eligible for disconnect due to non-pay (All JCP&L)	Number of customers eligible for disconnection each month						
Customers eligible for disconnect due to non-pay (AMI Deployment Area)	Customers with an AMI meter eligible for disconnection each month						
Non-Pay Disconnects (All JCP&L)	Number of customers disconnected due to non-pay each month						
Non-Pay Disconnects (AMI Deployment Area)	Customers with an AMI meter installed disconnected due to non-pay each month						
AMI Meter Tampering Cases (#)	Number of AMI meter tampering cases found each month						
AMI Meter Tampering Case Investigation Outcomes (\$)	Outcomes of AMI meter tampering investigations, including any monetary value identified each month						
Customers Impact Measures		Metric Definition					
Total call center calls	Number of call center calls received each month						
Call center calls related to meter reading	Value based on Investigation orders type for check reads initiated from the call center. • Number of call center calls related to meter reading received each month						
Call center calls related to billing complaints	Value based on Investigation orders type for HI/LO Bill - Cust Complaint initiated from the call center						
Opt-out	<i>The number of customers opting out each reporting period and the total number of opt-out customers for the program-to-date</i>						
Remote connects / disconnects	<i>The number of remote connects / disconnects performed each period and for the program-to-date</i>						
AMI Program Measures		Metric Definition					
Program costs	<i>The forecasted and actual Program costs for the reporting period and for the program-to-date</i>						
O&M expense	<i>The forecasted and actual O&M expenses for the reporting period and for the program-to-date</i>						
Meter installation costs	<i>Average cost per residential and commercial installation, broken down by labor and meter costs</i>						
Network deployment status	<i>Number of Connected Grid Routers and Range Extenders deployed</i>						
Stranded costs	<i>The forecasted and actual legacy meter stranded costs deferred for the reporting period and for the program-to-date</i>						
Program completion	<i>The estimated Program completion date</i>						