



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE VERIFIED PETITION OF)	ORDER DESIGNATING
JERSEY CENTRAL POWER & LIGHT COMPANY FOR)	COMMISSIONER, SETTING
APPROVAL OF AN INFRASTRUCTURE INVESTMENT)	MANNER OR SERVICE AND
PROGRAM (JCP&L RELIABILITY PLUS))	BAR DATE
)	
)	DOCKET NO. EO18070728

Parties of Record:

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
James C. Meyer, Esq., Riker Danzig Hyland & Perretti, on behalf of Jersey Central Power & Light Company

BY THE BOARD:¹

JCP&L RELIABILITY PLUS PETITION

On July 13, 2018, Jersey Central Power and Light Company (“JCP&L” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board”) seeking approval to implement its Reliability Plus Infrastructure Investment Program (“JCP&L Reliability Plus” or “Program”),² including a proposed cost recovery mechanism, pursuant to N.J.A.C. 14:3-2A.1 et seq. (“II&R Rules”)³ and any other provision deemed applicable by the Board. JCP&L proposes to invest \$386.8 million over a four (4) year period from 2019 through 2022. The proposed Program includes fifteen (15) electric distribution infrastructure projects. The projects are divided into four Program categories: Overhead Circuit Reliability and Resiliency; Substation Reliability Enhancement; Distribution Automation; and Underground System Improvements.

¹ Commissioner Robert M. Gordon did not participate.

² The Company proposes cost recovery through a separate clause of JCP&L’s tariff, Rider RP-JCP&L Reliability Plus Charge (“Rider RP”). JCP&L anticipates that each year, a filing will be made by May 15 to recover revenue requirements for plant placed in-service during the period through and including July 31, with an update for actual data provided August 15, for rate adjustment November 1. Each year, a filing will also be made by November 15 to recover revenue requirements for plant placed in service during the period through and including January 31, with an update for actuals provided by February 15 of the following year for a rate adjustment effective May 1, of the following year.

³ On December 19, 2017, the Board adopted new rules for utility “Infrastructure Investment and Recovery” to encourage utilities to implement infrastructure investments. The rules are codified at N.J.A.C. 14:3-2A.1 et seq. (“II&R Rules”) and became effective on January 16, 2018.

According to the Petition, the Overhead Circuit Reliability and Resiliency category include projects such as the replacement of lateral fuses with Trip Saver II circuit-mounted reclosers; enhanced vegetation management; and the installation of permanent back-up generators at operations centers, which include line and substation shops. The estimated capital cost for this Program is \$132.9 million.

The Company's Substation Reliability Enhancement category include projects such as flood mitigation which comprises of adding permanent flood walls and automatic flood gates at nine substations and purchasing additional high capacity water pumps; replacing distribution equipment such as breakers, transformers and switchgear; purchasing four mobile substations over the next four years; replacing relays with new technology; and enhancing substation fences for stronger security. The estimated capital cost for this Program is \$85.9 million.

The Company's Distribution Automation includes projects such as replacing fuses on 4.8kV circuits with electronic reclosers and supervisory control and data acquisition ("SCADA") control; replacing existing reclosers with upgraded reclosers and install communications for SCADA; constructing distribution automatic loop schemes with reclosers and SCADA control for real time system monitoring and remote control capability; implementing an Advanced Distribution Management System ("ADMS"); and installing load voltage and data monitoring points to gather circuit level data via SCADA along with necessary upgrades to remote terminal units ("RTU") within substations. The estimated capital cost for this Program is \$108.4 million.

JCP&L's Underground System improvements includes projects such as replacing underground bare concentric neutral cable in areas with pre-1986 construction with jacketed cable and replacing associated underground switches and pad-mounted transformers as needed; replacing submersible transformers with pad mounted transformers; reinforcing and rehabilitating underground network ducted distribution system and conventional ducted distribution consisting of vaults, manholes, covers, duct, cable, transformers and switches. The estimated capital cost for this Program is \$59.7 million.

The Company proposes a return on investment based on a weighted average cost of capital ("WACC") of 7.47 percent, based on the Board's Order in JCP&L's last base rate case proceeding in Docket No. ER16040383. The initial WACC will be based on the return on equity of 9.6 percent, long term debt rate of 5.73 percent, and a capital structure of forty-five (45) percent equity and fifty-five (55) percent long term debt. Any future Board-approved changes in the WACC in future base rate cases would be reflected in any subsequent revenue requirement calculations for JCP&L Reliability Plus.

Following the filing of the petition, the New Jersey Large Energy Users Coalition ("NJLEUC") filed a motion to intervene and for the admission pro hac vice of Paul F. Forshay, Esq., a member of the bar of the District of Columbia.

DISCUSSION

The Board has determined that the Petition described above should be retained by the Board for hearing, and pursuant to N.J.S.A. 48:2-32, **HEREBY DESIGNATES** Commissioner Upendra Chivukula as the presiding officer with authority to rule on all motions that arise during the pendency of these proceedings and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues. Further, the Board **HEREBY DIRECTS** that any entity seeking to intervene or participate in this matter file the appropriate

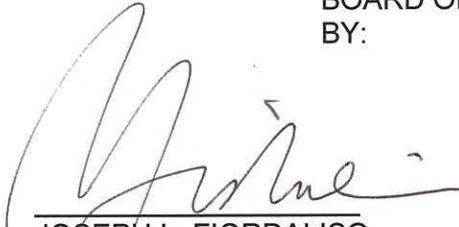
application with the Board by September 21, 2018. Any party wishing to file a motion for admission of counsel, pro hac vice, should do so concurrently with any motion to intervene or participate. Commissioner Chivukula, as the presiding officer, will render a decision with regard to any pending motions following the expiration of the September 21, 2018 deadline, including the pending motions filed by NJLEUC.

In the interests of economy, all parties are **HEREBY DIRECTED** to serve all documents electronically, while still providing hard copies to the Board for those documents, which must be filed, with the Board, and also providing hard copies to each party as requested. Finally, the Board **HEREBY DIRECTS** Staff to post this Order on the Board's website.

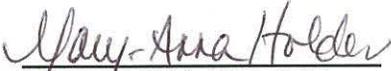
The effective date of this Order is September 8, 2018.

DATED: 8/29/18

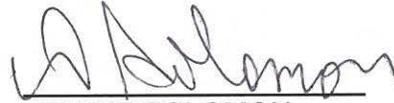
BOARD OF PUBLIC UTILITIES
BY:



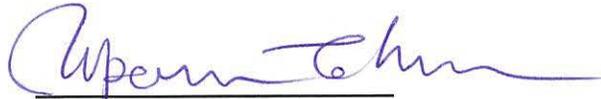
JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER

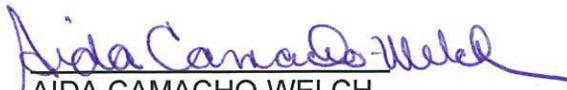


DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

IN THE MATTER OF THE PETITION OF THE VERIFIED PETITION OF JERSEY CENTRAL
POWER & LIGHT COMPANY FOR APPROVAL OF AN INFRASTRUCTURE INVESTMENT
PROGRAM (JCP&L RELIABILITY PLUS)
DOCKET NO. EO18070728

SERVICE LIST

Jersey Central Power & Light

Mark A. Mader
Jersey Central Power & Light
300 Madison Avenue
Morristown, NJ 07962-1911
mamader@firstenergycorp.com

Lauren Lepkowski, Esq.
FirstEnergy Corp.
2800 Pottsville Pike
P.O. Box 16001
Reading, PA 19612-6001
lepkoski@firstenergycorp.com

James C. Meyer, Esq.
Edward K. DeHope, Esq.
Riker Daning Scherer Hyland & Perretti
Headquarters Plaza
One Speedwell Avenue
Morristown, NJ 07962-1981
jmeyer@riker.com
edehope@riker.com

Division of Rate Counsel

140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003

Stefanie A. Brand, Esq., Director
sbrand@rpa.nj.gov

Ami Morita, Esq.
amorita@rpa.nj.gov

Brian Lipman, Esq.
blipman@rpa.nj.gov

Lisa Gurkas
lgurkas@rpa.nj.gov

Board of Public Utilities

44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350

Division of Energy

Stacy Peterson, Director
stacy.peterson@bpu.nj.gov

Oneil Hamilton
oneil.hamilton@bpu.nj.gov

John Zarzycki
john.zarzycki@bpu.nj.gov

Office of the Chief Counsel

Noreen Giblin, Esq., Chief Counsel
noreen.giblin@bpu.nj.gov

Bethany Rocque-Romaine- Esq.
Deputy Chief Counsel
bethany.romaine@bpu.nj.gov

Andrea Hart, Esq.
andrea.hart@bpu.nj.gov

Division of Law

124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029

Geoffrey Gersten, DAG
geoffrey.gersten@law.njoag.gov

Alex Moreau, DAG
alex.moreau@law.njoag.gov

Renee Greenberg, DAG
renee.greenberg@law.njoag.gov