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September 14, 2021

Via Email
Hon. Robert Gordon, Commissioner
Hon. Aida Camacho-Welch, Secretary
Board of Public Utilities
44 South Clinton Avenue
Suite 314, 3rd Floor
Trenton, NJ 08625-0350

Re: I/M/O 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

Dear Commissioner Gordon and Secretary Camacho-Welch:

The undersigned is Counsel to Jersey Central Power & Light Company ("JCP&L" or the "Company") in connection with the above referenced matter.

The Company hereby files the following materials collectively constituting the "Supplement" to the Verified Petition in this matter:

- this letter;
- Supplemental Direct Testimony of Carol Pittavino (Ex. JC-4) (explaining the reason for the Supplement); and
- Attachment A to Ms. Pittavino's Supplemental Direct Testimony (identifying the revised provisions of the original filing).

Commissioner Gordon previously granted the Company's request with the consent of the parties for a suspension of the Procedural Schedule in the January 13, 2021 Prehearing Order to facilitate on-going settlement discussions. Please note that this filing is not intended to re-activate the procedural schedule, but rather to provide a necessary update in order to further facilitate the settlement of this matter. With settlement discussions continuing, JCP&L is optimistic that this proceeding can be resolved without the need for further litigation. If the litigation schedule is reactivated, which we do not expect, the Company would provide the full Petition, testimonies and AMI Plan as revised by this Supplement for use of the parties.

The Supplemental Testimony explains an accounting policy change that has increased the capital cost of the AMI Plan, but that will be balanced out with reductions in base costs. Accordingly, this Supplement reflects a change in the AMI Plan's capital cost from approximately $360 million to $390.0 million over first six years of the AMI Plan that includes the one-year pre-deployment phase, three-year smart meter deployment phase, and two-year final engineering phase to address challenged locations. The AMI Plan capital cost has increased from $342 million to $370.7 million over the first four years of the Plan. There is no change in incremental O&M expense. Over the twenty-year study period, the benefit cost ratios remain positive at 1.74:1. Further, the Company's calculation of benefit to cost ratios on a net present value basis also remain positive from a societal perspective (1.55:1), customer perspective (1.44:1) and Company perspective (1.08:1).

There are a limited number of other items reflected in the Supplement that reflect corrections to the original filing identified in discovery and the Cost of Capital from the Company's most recent base rate case, as described in Ms. Pittavino's Supplemental Direct Testimony.

Because the Supplement reflects an increase in the overall cost of the AMI Plan, the Company is working with the parties to schedule two additional public hearings (on the same day).

Pursuant to the Board's March 19, 2020 Order regarding the COVID-19 pandemic (Docket No. EO20030254), this Supplement is being electronically filed by email with the Secretary and served by email upon the attached service list; no paper copies will follow.

Kindly have the Office of the Secretary or the Office of Case Management confirm receipt by email to the undersigned.

Thank you for your courtesy and cooperation.

Respectfully submitted,

/s/ James C. Meyer

James C. Meyer

cc: Service List (by email)

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** [September 14, 2021]

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***Receives two hard copies of pleadings; #Only receives filed pleadings-no discovery**

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***Receives two hard copies of pleadings; #Only receives filed pleadings-no discovery**

EXHIBIT JC-4

BEFORE THE
NEW JERSEY BOARD OF PUBLIC UTILITIES

In The Matter Of The Verified Petition Of Jersey Central Power & Light Company For Approval Of An Advanced Metering Infrastructure (AMI) Program
(JCP&L AMI)

BPU Docket No. EO20080545

Supplemental Direct Testimony
Of
Carol Pittavino

On Behalf Of
Jersey Central Power & Light Company

September 14, 2021

Q. Please state your name.

A. Carol Pittavino.

Q. Are you the same Carol Pittavino that submitted pre-filed testimony dated August 27, 2020 and marked as Exhibit JC-3 in this matter with Docket No. EO20080545.

A. Yes.

Q. What is the purpose of your supplemental testimony?

A. Since the filing of JCP&L's Petition and AMI Plan on August 27, 2020, FirstEnergy has made changes to its accounting policy regarding the application of overheads to capital projects. This change has impacted the capital cost of the AMI Plan. The purpose of my supplemental testimony is to explain this change in accounting policy and quantify the impacts to the capital cost of the AMI Plan.

Q. What are overheads?

A. Overheads are indirect costs that are charged to a project. Overheads include items such as stores (e.g., material warehousing), employee benefits, supervision and engineering, Pensions and Administrative & General costs. Overheads describe costs that are incurred to generally support capital projects but are not tracked and charged on a project-specific basis.

Q. Were overheads included in the $433.1 AMI Plan cost estimate included in JCP&L's August 27, 2020 filing?

A. No. Consistent with FirstEnergy's accounting procedures at the time, overheads were not applied to the capital costs for the AMI Plan.

Q. What was FirstEnergy's accounting policy with respect overheads at the time of the AMI Plan filing?

A. There were limitations within the accounting system with respect to selecting overheads that would be applied to a capital project. Essentially, the accounting policy was defined by the accounting system limitations. For capital projects, the options were either to apply all overheads to a project or apply no overheads to a project; basically, an all or nothing result. Depending on the types of the costs associated with each capital project, the company would determine whether it was more appropriate for the project to have all or no overheads applied.

Q. What criteria or guidelines were used by to determine whether it was appropriate to apply overheads to a capital project?

A. There was not a specific set of criteria or thresholds, but generally, the degree to which the project was outsourced, that is, completed by third-party labor, and how the project was managed were significant determining factors.

Q. Why was outsourcing and project management the factors used with respect to the determining the application of overheads to capital projects?

A. Certain capital project overheads follow internal labor costs. For example, direct supervision and line shop operating costs. However, in cases where the labor to complete a capital project was contracted to a third-party, these costs are much lower. When labor is outsourced other aspects of the project, including engineering, are sometimes outsourced as well. Project management costs also contribute to a significant portion of Supervision & Engineering ("S&E") overhead costs. Some large projects, particularly for emerging technologies, are set up with a centralized project management organization or PMO (both internal and external resources) that directly charge their costs to the project. In instances where engineering and project management charges are directly tracked and charged to project, it is not appropriate to also charge S&E overheads to the project.

Q. Are there overheads that would be applicable even when project is outsourced with its own project management?

A. Yes. Other overheads such as Stores Handling and A&G may be applicable when most of the labor and project management are outsourced. Pension overheads would also be applicable to the small portion of internal labor in these projects. However, as Supervision & Engineering is the largest of the overhead pools, S&E overheads were the primary factor in determining whether the project received overheads or not.

Q. What factors determine the applicability of Stores, Pension and A&G to capital projects?

A. Stores overheads are applicable to all materials for the capital projects that are processed through the warehouse. Pension overheads are applicable to all internal labor dollars, however, on primarily outsourced projects the internal labor and pension overhead would be lower. A&G overheads do not follow labor costs. A&G overheads represent general, indirect costs incurred in support of capital construction programs. These costs are applicable to all distribution and transmission capital projects undertaken as part of FirstEnergy's overall capital construction programs.

Q. If A&G, Stores and Pension are applicable to all eligible capital project costs, why weren't the overheads applied to the AMI Plan capital costs?

A. Except for the limitations within the accounting system, as discussed previously, these overheads would have been applied to the AMI Plan capital costs. A determination was made that because the AMI project includes its own PMO that will direct charge the project, it was most appropriate not to include S&E overheads in the AMI Plan capital cost. Again, because of the accounting system limitations, all overheads are on or off, and no overheads were included in the AMI Plan capital costs. Instead, had all overheads been included in the AMI Plan capital cost, S&E costs would have been, to some extent, double-counted, once from the PMO direct charges and once from the application of S&E overheads. Therefore, applying all overheads, in this case, would have produced a result that was less appropriate than not applying any overheads at all.

Q. What change did FirstEnergy make to its accounting policy relative to the application of overheads to capital projects?

A. With this change in accounting policy, all Transmission and Distribution (T&D) capital projects, including the AMI Plan, will receive some assessment of overheads, including Pension, Stores and A&G overheads. Also, a formal policy with criteria in determining applicability of overheads was developed and approved.

Q. When was the change in accounting policy implemented?

A. The accounting policy was implemented during the first quarter of 2021, retroactive to January 1, 2021.

Q. Why was it necessary to make this change in accounting policy?

A. FirstEnergy determined with the enhancements to the accounting system that allowed certain subsets of overheads to be applied, each project should be evaluated to determine which subsets of overheads should be applied to a capital project to ensure the most appropriate application of overheads as possible.

Q. Does this change in accounting policy create new costs for JCP&L or shift costs from its parent, FirstEnergy, the Service Company or any other operating company to JCP&L?

A. No, it does not. The shift in costs is among capital projects at JCP&L, itself.

Q. How are the overhead costs charged to JCP&L determined?

A. Costs are allocated to the parent and each subsidiary, including JCP&L, according to FirstEnergy's Cost Allocation Manual (CAM) that has been filed with the BPU and other state and federal jurisdictions. The CAM prescribes how costs are allocated to entities receiving services. With respect to capital projects, once costs are allocated to JCP&L per the CAM, these allocated costs are grouped into categories of overheads.

Q. Did the change in accounting policy relative to overheads result in changes to the CAM?

A. No, it did not. As a result of to this accounting change, the CAM did not change; therefore, the cost allocation factors for JCP&L prescribed by the CAM have not changed. The table below provides the overhead percentages by state, by year for each overhead that will be applied to AMI. These overheads include A&G, Stores and Pension. From the table, the overhead rates are relatively consistent from year to year and, when comparing the forecast period (2021-2023) to history (2018-2020), it can be observed that the change in accounting policy relative to overheads will not impact cost allocations to JCP&L.

A&G	2018	2019	2020	2021	2022	2023
PA	32%	32%	36%	34%	33%	32%
NJ	13%	15%	15%	14%	14%	14%
WV/MD	10%	12%	12%	14%	14%	14%
OH	29%	31%	35%	38%	38%	39%
Unregulated/ServCo	15%	10%	2%	0%	0%	0%

Stores	2018	2019	2020	2021	2022	2023
PA	33%	39%	39%	38%	38%	39%
NJ	16%	19%	20%	19%	20%	18%
WV/MD	14%	15%	13%	15%	15%	15%
OH	34%	26%	27%	28%	27%	28%
Unregulated/ServCo	2%	2%	0%	0%	0%	0%

Pension	2018	2019	2020	2021	2022	2023
PA	30%	31%	32%	31%	31%	31%
NJ	16%	15%	15%	20%	19%	18%
WV/MD	15%	16%	16%	16%	16%	16%
OH	33%	34%	31%	34%	33%	34%
Unregulated/ServCo	6%	4%	5%	0%	0%	0%

Total	2018	2019	2020	2021	2022	2023
PA	32%	33%	35%	34%	33%	33%
NJ	14%	15%	16%	16%	16%	16%
WV/MD	12%	13%	14%	15%	14%	15%
OH	31%	31%	32%	35%	36%	36%
Unregulated/ServCo	11%	7%	3%	0%	0%	0%

Q. So, if there are no new costs to JCP&L and there is no increase in allocated cost to JCP&L, what is the basis of the overhead charges to the AMI Plan costs?

A. The overheads that will be applied to AMI Plan capital costs will be offset by reductions in overheads charged to other T&D capital projects at JCP&L resulting in a net $0 change in total for JCP&L. Overhead costs will be applied to capital projects that previously did not receive overhead costs, such as the AMI Plan. Overhead costs will be reduced for capital projects where overheads were previously applied, such as base capital T&D projects. Looking at the tables below, the table at the top provides the JCP&L budget with no overheads applied to AMI, as it was filed. The center table provides the overheads that will be charged to AMI and the offsets in T&D base capital. Lastly, the bottom table shows the revised budget with the reallocation of overheads. The result is that the additions of overheads for the AMI project are offset by a reduction in overheads applied to T&D base capital projects.

Q. Now, with the allocation of overheads to the AMI Plan, what is the impact to the capital cost of this project?

A. As a result of this accounting policy change, $60 million, or 18% of overheads will be applied to the AMI Plan capital investment. JCP&L can absorb approximately $30 million of the increase in overheads to the AMI Plan within the as-filed capital budget. However, the total capital investment of the AMI Plan over the first six years needs to be increased by approximately $30 million, from approximately $360 million to $390 million, to accommodate this accounting policy change. The revised budget for the AMI Plan is provided below.

Capital Budget								
JCP&L	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**Total**
AMI	-	36	100	111	96	6	11	360
Dx	186	192	181	183	**Capital Budgets Not Available**			742
Tx	197	164	251	263				875
Total	383	392	532	557	96	6	11	1,977

Change in Overhead Allocation to JCP&L Capital Projects								
JCP&L	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**Total**
AMI	-	4	15	21	19	1	1	61
Dx	-	(2)	(8)	(12)	(11)	(0)	(0)	(33)
Tx	-	(2)	(7)	(9)	(8)	(1)	(1)	(28)
Total	-	-	-	-	-	-	-	-

Proposed AMI Plan Increase in Capital Cost for Overhead Allocation								
JCP&L	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**Total (1)**
AMI	-	4	6	9	9	1	1	30

Revised Capital Budget								
JCP&L	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**Total**
AMI	-	40	106	120	105	7	12	390
Dx	186	190	173	171	(11)	(0)	(0)	709
Tx	197	162	244	254	(8)	(1)	(1)	847
Total	383	392	523	545	86	6	11	1,946

(1) While the overhead allocation to the AMI Plan is $61 million, the Company is requesting to increase the AMI Plan Budget by $30 million from its original filing.

Q. Please summarize your supplemental testimony?

A. JCP&L proposes to move forward with the AMI Plan, increasing the capital investment by approximately $30 million from approximately $360 million to $390 million. JCP&L 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 at JCP&L. JCP&L also represents that the increase in overhead costs assessed to the capital investment for the AMI Plan will be off-set with a corresponding reduction to overhead costs assessed to other base capital T&D projects in each calendar year.

Q. Has the Company prepared a "Supplement" document that identifies the provisions of the originally filed Petition, Direct Testimony of John C. Ahr (Ex. JC-2), the AMI Plan that is Attachment B to the Ahr testimony, and Direct Testimony of Carol Pittavino (Ex. JC-3) that are modified as a result of my supplemental testimony?

A. Yes. Attachment A hereto represents the "Supplement" to the original filing and identifies all of the provisions of the original filing that are modified.

Q. Does the Supplement reflect any updates to the Petition and your Direct Testimony (Ex. JC-3) in addition to those related to the accounting policy change described above?

A. Yes, the Company has identified a few limited updates that should be made to reflect corrections made in discovery during this proceeding and the adjusted cost of capital from the Company's most recent base proceeding. Those updates (and the discovery responses in which they were reflected) are to:

- revise the bill impacts in the Petition which did not reflect to the correct bill impacts in Ms. Pittavino's direct testimony (S-JCP&L-AMI-REV-2);
- reflect book recovery of smart meter assets over a life of 20 years, rather than 15 years (see RCR-E-23, discussing a 20 year useful life of the advanced meters, which the Company agrees to employ in the supplement for book recovery);
- revise the depreciation life on Smart Meter Hardware from 20 years to a 5 year life (RCR-E-26(e));
- add an offset to the return on the legacy meters (i.e., return on equity and interest components) to the extent the return is currently recovered in base rates (RCR-E-26(e));
- revise the existing offset to depreciation on legacy meters (to the extent depreciation is recovered in base rates) to reflect the depreciation rate of 4.77% for legacy meters actually approved in the Company's most recent base rate proceeding in Docket No.

ER20020146 rather than 4.73% used in the original AMI filing (RCR-E-26(e); RCR-A-8 (Response and Supplemental Response));

- utilize the weighted average cost of capital approved in the Company's 2020 base rate proceeding in Docket No. ER20020146 (RCR-E-26(e)).

Q. Although this Supplemental Direct Testimony addresses an increase in capital costs of the AMI Plan of about $30 million, the Supplement reflects a decrease in the maximum bill impact -- which occurs in the year 2024 -- from $1.42 (set forth in your original testimony, JC-3 at page 13) to $1.36, or a decrease of $.06. Please explain the decrease in the maximum bill impact.

A. Preliminarily, it should be noted that the bill impacts described in the original filing and this Supplement all relate to the originally filed Rider AMI. The decrease in the maximum bill impact under the filed Rider AMI is attributable to the change in revenue requirements for 2024 resulting from the additional $30 million in capital costs, in combination with the updates in the other items noted in my prior response above. These updates collectively produce a $727,000 <u>decrease</u> in revenue requirement for the year 2024. The $727,000 revenue decrease consists of the sum of: (i) a depreciation increase of $2.1 million (reflecting higher capital costs of the AMI Plan, increased Hardware depreciation and reduced smart meter depreciation); (ii) an Interest and Equity Return decrease of $2.65 million (reflecting an increase in Rate Base for the AMI Plan, offset by a decrease in WACC from the last rate case and the legacy meter return credit); (iii) an Amortization decrease of $28,000 (due to the increased depreciation credit on legacy meters resulting from the adjusted legacy meter depreciation rates); and (iv) and an Income Tax decrease of $131,000 associated with the foregoing.

Q. Does this conclude your Supplemental Direct Testimony at this time?

A. Yes.

JERSEY CENTRAL POWER & LIGHT **SCHEDULE CP-1**

AMI BUSINESS CASE

WEIGHTED AVERAGE COST OF CAPITAL (WACC)

	Ratio	Rate	Pre-Tax	Post-Tax
Debt	48.56%	5.083%	2.47%	2.47%
Equity	51.44%	9.60%	6.87%	4.94%
WACC			9.34%	7.41%

Tax Rate

State CBT	9.00%
Federal IT	21.00%
Composite	28.11%

JERSEY CENTRAL POWER & LIGHT **SCHEDULE CP-2**
AMI BUSINESS CASE
REVENUE REQUIREMENTS FOR THE PROGRAM RATE FILINGS

(A)	(B)	(C)	(D)	(E) = (C) + (D)	(F)	(G)	(H) = (E) + (F) + (G)	(I)	(J)	(K)	(L) = (H) x 2.47%/ 12	(M) = (H) x 4.94%/12	(N) = (M) x [(1/(1 - 28.11%) -(M)]	(O)	(R) = SUM((I):(O))
Year	Month	Gross Plant In-Service	Accumulated Reserve	Net Plant	ADIT	Legacy Meter/COR Regulatory Asset	Rate Base	Depeciation Expense	Amortization Expense	Amortization Over/(Under) Prior Period	Interest Expense	Equity Return	Income Tax Expense	Incremental O&M Expense	Revenue Requirement
2022	Dec-22	$ 40,931,038	$ (852,012)	$ 40,079,026	$ (1,767,910)	$ -	$ 38,311,116	$ 852,012	$ -	$ -	$ 161,909	$ 323,925	$ 126,659	$ 12,590,728	$ 14,055,234
2023	Dec-23	$ 147,701,316	$ (10,419,181)	$ 137,282,135	$ (4,839,566)	$ 32,127,057	$ 164,569,626	$ 9,567,168	$ 2,853,793	$ -	$ 2,074,167	$ 4,149,704	$ 1,622,593	$ 14,445,224	$ 34,712,649
2024	Dec-24	$ 267,782,537	$ (30,673,123)	$ 237,109,414	$ (15,441,417)	$ 71,628,733	$ 293,296,730	$ 20,253,943	$ 9,474,022	$ -	$ 4,494,146	$ 8,991,261	$ 3,515,709	$ 16,732,146	$ 63,461,226
2025	Dec-25	$ 372,619,692	$ (60,518,389)	$ 312,101,303	$ (31,123,313)	$ 100,653,906	$ 381,631,896	$ 29,845,266	$ 17,237,986	$ -	$ 6,287,222	$ 12,578,597	$ 4,918,408	$ 15,122,935	$ 85,990,413
2026	Dec-26	$ 379,833,560	$ (95,052,281)	$ 284,781,279	$ (43,152,558)	$ 73,275,948	$ 314,904,669	$ 34,533,892	$ 20,863,385	$ -	$ 6,034,658	$ 12,073,302	$ 4,720,831	$ 7,337,080	$ 85,563,149
2027	Dec-27	$ 392,084,401	$ (130,511,710)	$ 261,572,691	$ (47,430,234)	$ 45,332,228	$ 259,474,685	$ 35,459,429	$ 20,953,464	$ -	$ 4,496,966	$ 8,996,902	$ 3,517,915	$ 7,080,685	$ 80,505,362

Notes:

(C) Estimated Year-End Gross Plant In-Service
(D) Estimated Year-End Accumulated Reserve
(F) Estimated Year-End ADIT
(G) Estimated Regulatory Asset for Legacy Meter Replaced and Cost of Removal net cumulative amortizations
(I) Estimated depreciation expense. Deprecation rates used as approved.
(J) Estimated amortization expense for regulatory asset for legacy meter replaced less depreciation expense included in account 370 and Cost of Removal. Amortized over a rolling 5-year period
(K) Amortization of Prior Period reconciliation
(L) Interest Expense. See CP-1 for Interest Rate
(M) Total Equity Return. See CP-1 for Equity Rate
(N) See CP-1 for Tax Rate
(O) Estimated Incremental O&M expense

JERSEY CENTRAL POWER & LIGHT **SCHEDULE CP-3**
AMI BUSINESS CASE
RATE DERIVATION AND PROOF OF REVENUES

Revenue Requirement		
2022	$	14,055,234
2023	$	34,712,649
2024	$	63,461,226
2025	$	85,990,413
2026	$	85,563,149
2027	$	80,505,362

Source: CP-2

Revenue Requirement Allocation	**RS**	**RT/RGT**	**GS**	**GST**	**GP**	**GT**
Year	53.18%	1.35%	34.68%	2.39%	5.17%	3.24%
2022	$ 7,474,148	$ 189,502	$ 4,873,660	$ 335,294	$ 727,020	$ 455,609
2023	$ 18,459,137	$ 468,020	$ 12,036,631	$ 828,087	$ 1,795,544	$ 1,125,231
2024	$ 33,746,762	$ 855,627	$ 22,005,217	$ 1,513,897	$ 3,282,590	$ 2,057,133
2025	$ 45,727,103	$ 1,159,381	$ 29,817,225	$ 2,051,342	$ 4,447,933	$ 2,787,430
2026	$ 45,499,896	$ 1,153,621	$ 29,669,071	$ 2,041,149	$ 4,425,832	$ 2,773,580
2027	$ 42,810,318	$ 1,085,428	$ 27,915,280	$ 1,920,493	$ 4,164,214	$ 2,609,629

Annual Customers	**RS**	**RT/RGT**	**GS**	**GST**	**GP**	**GT**
Total	12,054,666	188,569	1,586,740	2,394	5,180	1,963

Source: Forecast

Rate	**RS**	**RT/RGT**	**GS**	**GST**	**GP**	**GT**
Year	$/Cust	$/Cust	$/Cust	$/Cust	$/Cust	$/Cust
2022	$ 0.62	$ 1.00	$ 3.07	$ 140.08	$ 140.35	$ 232.05
2023	$ 1.53	$ 2.48	$ 7.59	$ 345.97	$ 346.63	$ 573.10
2024	$ 2.80	$ 4.54	$ 13.87	$ 632.50	$ 633.70	$ 1,047.73
2025	$ 3.79	$ 6.15	$ 18.79	$ 857.04	$ 858.67	$ 1,419.69
2026	$ 3.77	$ 6.12	$ 18.70	$ 852.78	$ 854.41	$ 1,412.63
2027	$ 3.55	$ 5.76	$ 17.59	$ 802.37	$ 803.90	$ 1,329.13

Revenue Proof						
Year	**RS**	**RT/RGT**	**GS**	**GST**	**GP**	**GT**
2022	$ 7,473,893	$ 188,569	$ 4,871,291	$ 335,286	$ 727,013	$ 455,610
2023	$ 18,443,640	$ 467,650	$ 12,043,353	$ 828,090	$ 1,795,543	$ 1,125,233
2024	$ 33,753,066	$ 856,102	$ 22,008,078	$ 1,513,909	$ 3,282,565	$ 2,057,128
2025	$ 45,687,185	$ 1,159,697	$ 29,814,837	$ 2,051,352	$ 4,447,909	$ 2,787,440
2026	$ 45,446,092	$ 1,154,040	$ 29,672,030	$ 2,041,156	$ 4,425,842	$ 2,773,578
2027	$ 42,794,066	$ 1,086,155	$ 27,910,749	$ 1,920,498	$ 4,164,200	$ 2,609,633

Rounding - Total Revenue	**RS**	**RT/RGT**	**GS**	**GST**	**GP**	**GT**
2022	($255)	($934)	($2,370)	($8)	($7)	$2
2023	($15,498)	($369)	$6,722	$4	($1)	$2
2024	$6,304	$474	$2,861	$11	($25)	($5)
2025	($39,917)	$316	($2,388)	$11	($24)	$10
2026	($53,804)	$420	$2,959	$7	$10	($2)
2027	($16,252)	$727	($4,531)	$5	($13)	$4

Rounding - Revenue Per Customer	**RS**	**RT/RGT**	**GS**	**GST**	**GP**	**GT**
2022	$0.0000	-$0.0001	-$0.0002	$0.0000	$0.0000	$0.0000
2023	-$0.0013	$0.0000	$0.0006	$0.0000	$0.0000	$0.0000
2024	$0.0005	$0.0000	$0.0002	$0.0000	$0.0000	$0.0000
2025	-$0.0033	$0.0000	-$0.0002	$0.0000	$0.0000	$0.0000
2026	-$0.0045	$0.0000	$0.0002	$0.0000	$0.0000	$0.0000
2027	-$0.0013	$0.0001	-$0.0004	$0.0000	$0.0000	$0.0000

JERSEY CENTRAL POWER & LIGHT
AMI BUSINESS CASE
Bill Impact Summary

	Current (1)	Proposed Class Average Incremental Monthly Bill Increase					
	2020	2022	2023	2024	2025	2026	2027
	Monthly ($)	Monthly ($)	Monthly ($)	Monthly ($)	Monthly ($)	Monthly ($)	Monthly ($)
RS	$106.75	$0.66	$0.97	$1.36	$1.05	($0.02)	($0.23)
RT/RGT	$142.87	$1.07	$1.57	$2.20	$1.72	($0.03)	($0.39)
GS	$573.82	$3.27	$4.82	$6.70	$5.24	($0.09)	($1.18)
GST	$29,049.94	$149.36	$219.53	$305.51	$239.42	($4.54)	($53.75)
GP	$34,931.98	$149.65	$219.94	$306.09	$239.88	($4.55)	($53.85)
GT	$89,481.74	$247.42	$363.65	$506.07	$396.60	($7.52)	($89.04)

	Proposed Class Average Incremental Monthly Bill Increase in Percentage					
	2022	2023	2024	2025	2026	2027
RS	0.6%	0.9%	1.3%	1.0%	0.0%	-0.2%
RT/RGT	0.7%	1.1%	1.5%	1.2%	0.0%	-0.3%
GS	0.6%	0.8%	1.2%	0.9%	0.0%	-0.2%
GST	0.5%	0.8%	1.0%	0.8%	0.0%	-0.2%
GP	0.4%	0.6%	0.9%	0.7%	0.0%	-0.2%
GT	0.3%	0.4%	0.6%	0.4%	0.0%	-0.1%

(1) Based on rates in effect as of August 1, 2020, including Customer, Delivery and Basic Generation Charges.
Including 6.625% NJ SUT
Usage are based on Test Year Weather Normalized units from JCP&L "2016 Base Rate Filing"

AMI Program - Average Residential Rate Impact						
Recovery Period	1	2	3	4	5	6
Effective Date	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027
Monthly Increase	$0.66	$0.97	$1.36	$1.05	($0.02)	($0.23)
% Monthly Bill	0.6%	0.9%	1.3%	1.0%	0.0%	-0.2%

Rider AMI
Advanced Metering Infrastructure Charge

APPLICABILITY: Rider AMI provides for full and timely recovery of revenue requirements associated with advanced metering infrastructure investment projects.

The Advanced Metering Infrastructure (AMI) Charge is a fixed monthly charge and applicable to any Full Service Customer or Delivery Service Customer of Service Classifications RS (Residential Service) except those on water heating special provisions, RT (Residential Time-of-Day), RGT (Residential Geothermal & Heat Pump), GS (General Service Secondary) except those on water heating special provisions, GST (General Service Secondary Time-of-Day), GP (General Service Primary) and GT (General Service Transmission) except those on High Tension service and Special Provision D.

Service Classification	AMI Charge (Including SUT)	
RS	$ 0.66	per month
RT/RGT	$ 1.07	per month
GS	$ 3.27	per month
GST	$149.36	per month
GP	$149.65	per month
GT	$247.42	per month

The AMI costs shall accrue interest on any over or under recovered balances of such costs at the interest rate based on a two-year constant maturity Treasuries as published in the Federal Reserve Statistical Release on the first day of each month (or the closest day thereafter on which rates are published), plus sixty basis points, but shall not exceed the Company's overall rate of return as approved by the BPU. Such interest rate shall be reset each month. The interest calculation shall be based on the net of tax beginning and end average monthly balance, consistent with the methodology in the Board's Final Order dated May 17, 2004 (Docket No. ER02080506 et al.), compounded annually (added to the balance on which interest is accrued annually) on January 1 of each year.

The Company will make subsequent annual filings to reset the AMI Charges to recover prior year true-up with interests and forward-looking revenue requirement for the recovery period as approved by the Board.

JCP&L-AMI Supplement Filing: Updated Sections of Original Filing (September 14, 2021)

BPU Docket No. EO20080545

Petition (subject)	**Original Provision-** text to be updated in track changes	**Updated Provision-** updated text in **bold**
Paragraph 9 (Est. Cost)	“Over the twenty-year study period, the Company projects total costs of the Program of $~~732~~781 million, with $~~506~~554 million in capital investment and $227 million in operations and maintenance (“O&M”) costs. During the Deployment Phase and the one-year period prior to the start of the Deployment Phase (the “Pre-deployment Phase”), JCP&L estimates expenditures of $~~418~~446.7 million, consisting of capital investment of $370.7 42 million and O&M costs of approximately $76 million.”	“Over the twenty-year study period, the Company projects total costs of the Program of $**781** million, with $**554** million in capital investment and $227 million in operations and maintenance (“O&M”) costs. During the Deployment Phase and the one-year period prior to the start of the Deployment Phase (the “Pre-deployment Phase”), JCP&L estimates expenditures of $**446.7** million, consisting of capital investment of $**370.7** million and O&M costs of approximately $76 million.”
Paragraph 12 (CBA)	“...during the twenty year study period the Program is estimated to provide benefits to customers of $1.358 billion, compared to estimated costs of $~~732~~781 million (including capital and expense), or a benefit to cost ratio of ~~1.85:1~~1.74:1. The Company has also calculated benefit to cost ratios on a net present value basis from a societal perspective (~~1.65:1~~1.55:1), customer perspective (**~~1.54:1~~1.44:1**) and Company perspective (~~1.17:1~~1.08:1).”	“...during the twenty year study period the Program is estimated to provide benefits to customers of $1.358 billion, compared to estimated costs of $**781** million (including capital and expense), or a benefit to cost ratio of **1.74:1**. The Company has also calculated benefit to cost ratios on a net present value basis from a societal perspective (**1.55:1**), customer perspective (**1.44:1**) and Company perspective (**1.08:1**).”
Paragraph 14 (rate impacts)	“The JCP&L AMI Program will have an estimated maximum incremental bill impact on residential customers over the entire deployment period of approximately **$**~~1.47~~ 1.36 or about ~~1.4~~1.3% of the current average monthly bill” [*Note: See S-JCPL-REV-2, RCR-E-26(e), RCR-A-8, RCR-E-23 and Supplemental Direct Testimony of Carol Pittavino]*]	“The JCP&L AMI Program will have an estimated maximum incremental bill impact on residential customers over the entire deployment period of approximately $**1.36** or about **1.3**% of the current average monthly bill”
Paragraph 17 (WACC)	“The initial WACC will be based on the return on equity (“ROE”), long term debt rate, and capital structure approved by Order ~~dated December 12, 2016 in JCP&L’s base rate proceeding in Docket No. ER1604383~~ dated October 28, 2020 in the 2020 JCP&L base rate case, BPU Docket No. ER20020146. A Board-approved change in the WACC in []a future base rate case will be reflected in any subsequent revenue requirement calculations for the JCP&L AMI Program” [*Note: Updated for most recent base rate order. See RCR-E-26(e)]*]	“The initial WACC will be based on the return on equity (“ROE”), long term debt rate, and capital structure approved by Order **dated October 28, 2020 in the 2020 JCP&L base rate case, BPU Docket No. ER20020146**. A Board-approved change in the WACC in []a future base rate case will be reflected in any subsequent revenue requirement calculations for the JCP&L AMI Program.”
Paragraph 22		[*Add reference to supplemental testimony*] Carol Pittavino JC-4 Overheads Supplemental Direct Testimony

Ahr Testimony Page: line(s) (subject)	**Original Provision-** text to be updated in track changes	**Updated Provision-** updated text in **bold**
6:1-3 (Ext. Costs)	"Plan would result in accelerated investment by the Company of $~~418~~447 million through the completion of the one-year pre-deployment period and three-year deployment period and $~~732~~781 million on a nominal dollar basis in total over the twenty-year study period"	"Plan would result in accelerated investment by the Company of $**447** million through the completion of the one-year pre-deployment period and three-year deployment period and $**781** million on a nominal dollar basis in total over the twenty-year study period"
7:8-11 (Ext. Costs/CBA)	"The Company's cost benefit analysis estimated operational, customer and societal benefits from the proposed AMI Plan of $1.358 billion on a cumulative, nominal dollar basis, compared to estimated costs of $~~732~~781 million (including capital and expense) during the twenty-year study period, or a nominal benefit to cost ratio of ~~1.85:1~~1.74:1."	"The Company's cost benefit analysis estimated operational, customer and societal benefits from the proposed AMI Plan of $1.358 billion on a cumulative, nominal dollar basis, compared to estimated costs of $**781** million (including capital and expense) during the twenty-year study period, or a nominal benefit to cost ratio of **1.74:1."**
20:22-21:5 (Est. Costs)	"The Company has estimated costs for the AMI Plan over a twenty-year study period of $~~732~~781 million in the Business Case. These costs for a successful AMI implementation can be grouped into the following cost categories: (i) smart meters and FAN ($~~268~~ 294 million); (ii) Information Technology ("IT") ($~~324~~ 341million); and (iii) staffing and support ($~~140~~ 146 million). Through the Pre-deployment and Deployment Phases, these costs are estimated to be: (i) smart meters and FAN ($~~216~~ 233 million); (ii) Information Technology ("IT") ($~~128~~ 137 million); and (iii) staffing and support ($7~~5~~7 million)."	"The Company has estimated costs for the AMI Plan over a twenty-year study period of $**781** million in the Business Case. These costs for a successful AMI implementation can be grouped into the following cost categories: (i) smart meters and FAN ($**294** million); (ii) Information Technology ("IT") ($**341** million); and (iii) staffing and support ($**146** million). Through the Pre-deployment and Deployment Phases, these costs are estimated to be: (i) smart meters and FAN ($**233** million); (ii) Information Technology ("IT") ($**137** million); and (iii) staffing and support ($**77** million)."
28:4-10 (Est. Costs/CBA)	"over the twenty year study period, JCP&L AMI Plan is estimated to provide benefits to customers of $1.358 billion on a cumulative, nominal dollar basis, compared to estimated costs of $~~732~~781 million (including capital and expense), or a benefit to cost ratio of ~~1.85:1~~1.74:1. On a Net Present Value ("NPV") basis, the AMI Plan is estimated to provide a benefit to cost ratio of ~~1.54:1~~1.44:1 from the customer perspective, ~~1.65:1~~ 1.55:1 from the societal perspective, and ~~1.17:1~~1.08:1 from the Company perspective."	"over the twenty year study period, JCP&L AMI Plan is estimated to provide benefits to customers of $1.358 billion on a cumulative, nominal dollar basis, compared to estimated costs of $**781** million (including capital and expense), or a benefit to cost ratio of **1.74:1**. On a Net Present Value ("NPV") basis, the AMI Plan is estimated to provide a benefit to cost ratio of **1.44:1** from the customer perspective, **1.55:1** from the societal perspective, and **1.08:1** from the Company perspective."

<table>
<tr><th>Att. B to Ahr AMI PLAN Page, Section (subject)</th><th>**Original Provision-** text to be updated in track changes</th><th>**Updated Provision-** updated text in **bold**</th></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>p. 11, § 1.6 (Est. Costs)</td><td>“the projected twenty-year lifecycle cost for this AMI Plan is estimated to be $~~732~~781 million on a nominal dollar basis and approximately $~~469~~500 million on a net present value (“NPV”) basis when viewed from the Company’s perspective. On the twenty-year lifecycle benefits side, operational benefits, customer-specific benefits and societal benefits have been estimated to be $1.358 billion on a cumulative, nominal dollar basis, and approximately $542 million on an NPV basis. This results in an overall positive benefit/cost ratio of ~~1.85:1~~1.74:1 on a nominal basis and ~~1.17:1~~1.08:1 on an NPV basis (Company perspective). The NPV benefit-cost ratios from both a customer and societal perspective are ~~1.54:1~~1.44:1 and ~~1.65:1~~1.55:1, respectively.”</td><td>“the projected twenty-year lifecycle cost for this AMI Plan is estimated to be $**781** million on a nominal dollar basis and approximately $**500** million on a net present value (“NPV”) basis when viewed from the Company’s perspective. On the twenty-year lifecycle benefits side, operational benefits, customer-specific benefits and societal benefits have been estimated to be $1.358 billion on a cumulative, nominal dollar basis, and approximately $542 million on an NPV basis. This results in an overall positive benefit/cost ratio of **1.74:1** on a nominal basis and **1.08:1** on an NPV basis (Company perspective). The NPV benefit-cost ratios from both a customer and societal perspective are **1.44:1** and **1.55:1**, respectively.”</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>p. 11, § 1.6 (Ext. Costs)</td><td>
Costs – 20-Year
Millions
<table>
<tr><th></th><th>Capital</th><th>O&M</th><th>Total</th></tr>
<tr><td>Meters</td><td>$222.43</td><td>-</td><td>$222.43</td></tr>
<tr><td>Field Network</td><td>$24.37</td><td>$21.29</td><td>$45.66</td></tr>
<tr><td>Business Staff</td><td>$20.81</td><td>$57.63</td><td>$78.44</td></tr>
<tr><td>External Staff</td><td>$7.40</td><td>$43.91</td><td>$51.31</td></tr>
<tr><td>Shared Services</td><td>$2.70</td><td>$7.60</td><td>$10.30</td></tr>
<tr><td>IT</td><td>$227.88</td><td>$96.40</td><td>$324.28</td></tr>
<tr><td>Total Costs</td><td>$505.59</td><td>$226.83</td><td>$732.42</td></tr>
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Costs – 20-Year
Millions
<table>
<tr><th></th><th>Capital</th><th>O&M</th><th>Total</th></tr>
<tr><td>Meters</td><td>$242.03</td><td>-</td><td>$242.03</td></tr>
<tr><td>Field Network</td><td>$30.32</td><td>$21.29</td><td>$51.61</td></tr>
<tr><td>Business Staff</td><td>$24.97</td><td>$57.63</td><td>$82.60</td></tr>
<tr><td>External Staff</td><td>$8.14</td><td>$43.91</td><td>$52.05</td></tr>
<tr><td>Shared Services</td><td>$3.46</td><td>$7.60</td><td>$11.06</td></tr>
<tr><td>IT</td><td>$244.95</td><td>$96.40</td><td>$341.35</td></tr>
<tr><td>Total Costs</td><td>$553.87</td><td>$226.83</td><td>$780.70</td></tr>
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<tr><td></td><td></td><td></td></tr>
<tr><td>p. 20. § 3 (Est. Costs)</td><td>“the estimated cost of installing and operating an AMI system over a twenty year study period is $~~732~~781 million in nominal dollars, $~~506~~554 million of which are for capital expenditures (Capital) and $227 million for operations and maintenance (O&M) costs. Approximately $~~418~~447 million ($~~342~~ 371capital; $76 O&M) is expected to be spent over the Pre-Deployment and Deployment Phases.”</td><td>“the estimated cost of installing and operating an AMI system over a twenty-year study period is $**781** million in nominal dollars, $**554** million of which are for capital expenditures (Capital) and $227 million for operations and maintenance (O&M) costs. Approximately $**447** million ($**371** capital; $76 O&M) is expected to be spent over the Pre-Deployment and Deployment Phases.”</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>p. 20 § 3 (CBA)</td><td>the NPV benefit-cost ratios from the Company’s perspective, the customer’s perspective and society’s perspective are ~~1.17:1, 1.54:1~~ 1.08:1, 1.44:1 and ~~1.65:1~~1.55:1, respectively. On a nominal basis, the overall benefit-cost ratio is ~~1.85:1~~1.74:1 and represents the summation of all benefits over the 20-year study period divided by the summation of all costs.</td><td>“the NPV benefit-cost ratios from the Company’s perspective, the customer’s perspective and society’s perspective are **1.08:1, 1.44:1** and **1.55:1**, respectively. On a nominal basis, the overall benefit-cost ratio is **1.74:1** and represents the summation of all benefits over the 20-year study period divided by the summation of all costs.”</td></tr>
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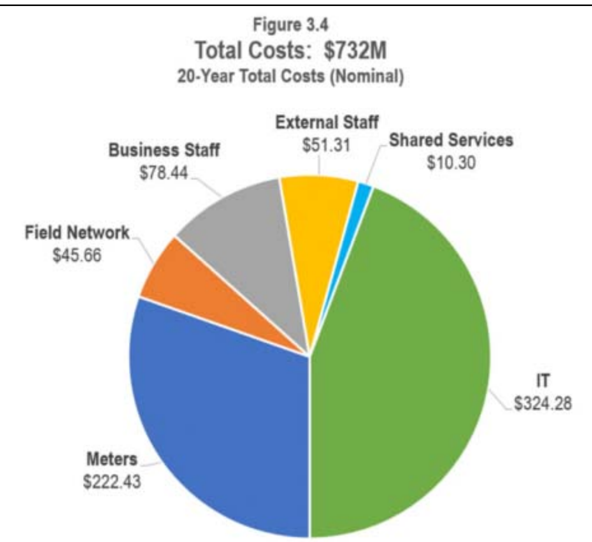

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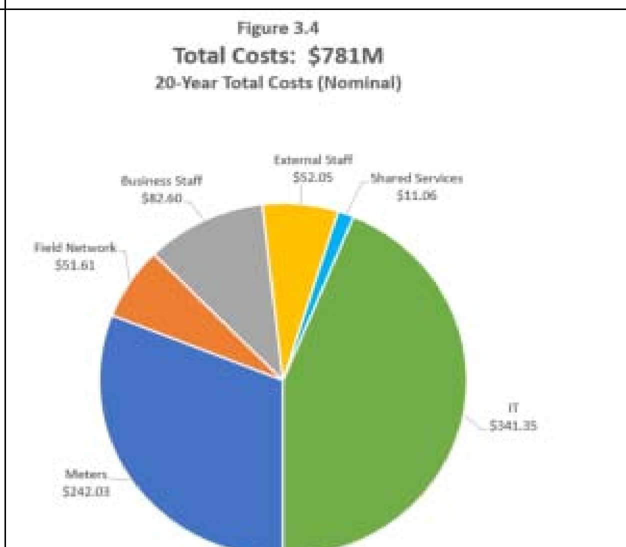

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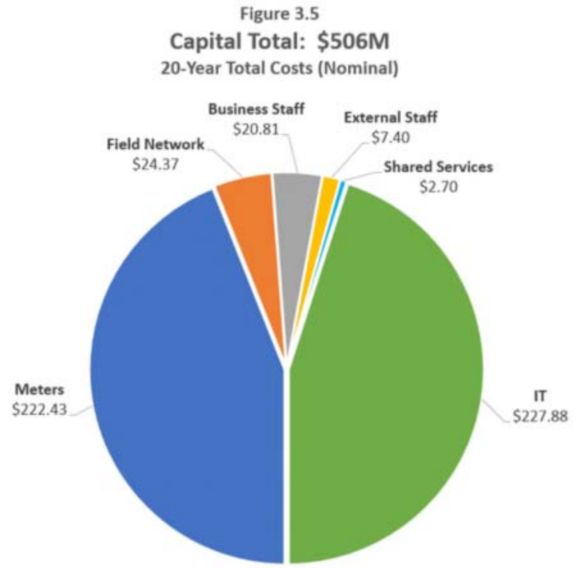
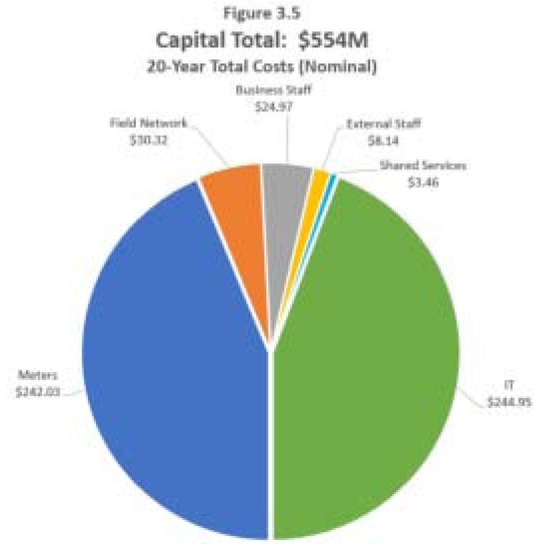
Figure 3.5</td><td>
</td><td>
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<tr><td></td><td></td><td></td></tr>
<tr><td>p. 25
§3.2.1</td><td>Meter and Field Area Network
<table>
<tr><td>Total Estimated Cost</td><td>$268.09 million (36.6% of total project costs)</td></tr>
<tr><td>Meters (Capital)</td><td>$222.43 million</td></tr>
<tr><td>FAN (Capital)</td><td>$24.32 million</td></tr>
<tr><td>FAN (O&M)</td><td>$6.81 million</td></tr>
<tr><td>Public Backhaul (O&M)</td><td>$14.48 million</td></tr>
<tr><td>Public Backhaul (Capital)</td><td>$0.05 million</td></tr>
</table></td><td>Meter and Field Area Network
<table>
<tr><td>Total Estimated Cost</td><td>$293.63 million (37.6% of total project costs)</td></tr>
<tr><td>Meters (Capital)</td><td>$242.03 million</td></tr>
<tr><td>FAN (Capital)</td><td>$30.25 million</td></tr>
<tr><td>FAN (O&M)</td><td>$6.81 million</td></tr>
<tr><td>Public Backhaul (O&M)</td><td>$14.48 million</td></tr>
<tr><td>Public Backhaul (Capital)</td><td>$0.06 million</td></tr>
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<tr><td></td><td></td><td></td></tr>
<tr><td>p. 25
§3.2.1</td><td>[Meter and Field Area Network]
“The Company estimates that it will spend approximately $<s>216.2</s> 233.4 million during the Pre-Deployment and Deployment Phases.”</td><td>[Meter and Field Area Network]
“The Company estimates that it will spend approximately $233.4 million during the Pre-Deployment and Deployment Phases.”</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>p. 25, §3.2.1</td><td>Information Technology
<table>
<tr><td>Total Estimated Cost</td><td>$324.28 million (44.4% of total project costs)</td></tr>
<tr><td>Software Applications (Capital)</td><td>$73.32 million</td></tr>
<tr><td>Software Applications (O&M)</td><td>$49.57 million</td></tr>
<tr><td>Infrastructure Hardware (Capital)</td><td>$52.18 million</td></tr>
<tr><td>Infrastructure Hardware (O&M)</td><td>$3.52 million</td></tr>
<tr><td>Internal/External Labor – Planning & Deployment (Capital)</td><td>$70.74 million</td></tr>
<tr><td>Internal/External Labor – Planning & Deployment (O&M)</td><td>$7.40 million</td></tr>
<tr><td>Internal/External Labor – Steady State (Capital)</td><td>$31.64 million</td></tr>
<tr><td>Internal/External Labor – Steady State (O&M)</td><td>$35.91 million</td></tr>
</table></td><td>Information Technology
<table>
<tr><td>Total Estimated Cost</td><td>$341.35 million (43.7% of total project costs)</td></tr>
<tr><td>Software Applications (Capital)</td><td>$73.32 million</td></tr>
<tr><td>Software Applications (O&M)</td><td>$49.57 million</td></tr>
<tr><td>Infrastructure Hardware (Capital)</td><td>$57.4 million</td></tr>
<tr><td>Infrastructure Hardware (O&M)</td><td>$3.52 million</td></tr>
<tr><td>Internal/External Labor – Planning & Deployment (Capital)</td><td>$78.49 million</td></tr>
<tr><td>Internal/External Labor – Planning & Deployment (O&M)</td><td>$7.40 million</td></tr>
<tr><td>Internal/External Labor – Steady State (Capital)</td><td>$35.74 million</td></tr>
<tr><td>Internal/External Labor – Steady State (O&M)</td><td>$35.91 million</td></tr>
</table></td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>p. 25
§3.2.1</td><td>[Information Technology]
“The Company estimates that it will spend approximately $<s>127.56</s> 136.68 million during the Pre-Deployment and Deployment Phases.”</td><td>[Information Technology]
“The Company estimates that it will spend approximately $136.68 million during the Pre-Deployment and Deployment Phases.”</td></tr>
<tr><td></td><td></td><td></td></tr>
</table>

Staffing and Support

Total Estimated Cost	$140.05 million (19.1% of total project costs)
Internal/External Labor – Planning & Deployment (Capital)	$12.29 million
Internal/External Labor – Planning & Deployment (O&M)	$55.36 million
Internal Labor – Steady State (Capital)	$15.92 million
Internal Labor – Steady State (O&M)	$41.87 million
External Labor – Steady State (O&M)	$4.30 million
Shared (Support) Services (Capital)	$2.71 million
Shared (Support) Services (O&M)	$7.60 million

Staffing and Support

Total Estimated Cost	**$145.7 million** **(18.7% of total project costs)**
Internal/External Labor – Planning & Deployment (Capital)	$14.01 million
Internal/External Labor – Planning & Deployment (O&M)	$55.36 million
Internal Labor – Steady State (Capital)	$19.10 million
Internal Labor – Steady State (O&M)	$41.87 million
External Labor – Steady State (O&M)	$4.30 million
Shared (Support) Services (Capital)	$3.46 million
Shared (Support) Services (O&M)	$7.60 million

p.26
§3.2.1

[*Staffing and Support*]
"The Company estimates that it will spend approximately $~~74.58~~76.83 million during the Pre-Deployment and Deployment Phases."

[*Staffing and Support*]
"The Company estimates that it will spend approximately $**76.83** million during the Pre-Deployment and Deployment Phases."

p. 27 § 3.2.2 (Annual Budget For Planning & Deployment)

CAPITAL COSTS:

Year	2022	2023	2024	2025	2026	2027
Meters	$ 5,937,950	$ 54,583,097	$ 73,365,323	$ 72,653,401	$ 3,079,286	$ 2,873,530
Network	$ 2,242,500	$ 6,241,030	$ 7,778,431	$ 5,403,903	$ 13,268	$ 26,919
IT	$ 28,170,081	$ 38,223,922	$ 29,094,545	$ 18,519,050	$ 3,372,753	$ 8,173,486
Total Capital	**$ 36,350,531**	**$ 99,048,049**	**$ 110,238,298**	**$ 96,576,354**	**$ 6,465,307**	**$ 11,073,935**

CAPITAL COSTS

Year	2022	2023	2024	2025	2026	2027
Meters	$6,885,365	$57,914,043	$78,354,588	$77,571,630	$3,553,545	$3,394,988
Network	$2,697,500	$7,735,218	$9,682,519	$6,761,695	$16,305	$33,078
IT	$30,763,064	$40,546,058	$31,596,070	$20,217,143	$3,593,067	$8,699,414
Total Capital	**$40,345,929**	**$106,195,319**	**$119,633,176**	**$104,550,469**	**$7,162,916**	**$12,127,480**

Attachment C to Ahr Testimony AMI Business Case Budget

CAPITAL COSTS:

Year	2022	2023	2024	2025	2026	2027
Meters	$ 5,937,950	$ 54,583,097	$ 73,365,323	$ 72,653,401	$ 3,079,286	$ 2,873,530
Network	$ 2,242,500	$ 6,241,030	$ 7,778,431	$ 5,403,903	$ 13,268	$ 26,919
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Total	$ 36,350,531	$ 99,048,049	$ 110,238,298	$ 96,576,354	$ 6,465,307	$ 11,073,935

INCREMENTAL O&M EXPENSE:

Year	2022	2023	2024	2025	2026	2027
Incremental O&M	$ 12,590,728	$ 14,445,224	$ 16,732,146	$ 15,122,935	$ 7,337,080	$ 7,080,685

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<table>
<tr><td>**Pittavino Test. Page:Line(s) (subject)**</td><td></td><td></td></tr>
<tr><td>1:14-15</td><td>“I provided pre-filed testimony on behalf of JCP&L in its ~~two~~ three most recently completed base rate cases, in BPU Docket Nos. ER16040383, ~~and~~ ER12111052 and ER20020146”</td><td>“I provided pre-filed testimony on behalf of JCP&L in its **three** most recently completed base rate cases, in BPU Docket Nos. ER16040383, ER12111052 **and ER20020146”**</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>3:1-10
(return)</td><td>“JCP&L proposes to earn a return on its net investment in the AMI Program based upon an authorized return on equity (“ROE”) and capital structure including income tax effects. In addition, the calculated return will be reduced by the return on the legacy meters, which resulted from the 2020 Base Rate Case. The Company’s initial WACC for the Program will be based on the ROE, long-term debt and capital structure approved by the Board on ~~December 12, 2016~~ October 28, 2020 in the ~~2016~~2020 JCP&L base rate case, BPU Docket No. ~~ER16040383~~ ER20020146. JCP&L proposes the initial pre-tax WACC to be ~~9.16~~9.34 percent. *See* Schedule CP-1 for the calculation of the current Pre-Tax and After-Tax WACC. Any change in the WACC authorized by the Board in a base rate case following this filing, ~~including the case pending in BPU Docket No. ER20020146,~~ will be reflected in the revenue requirement calculations and subsequent rate adjustment filings for JCP&L Rider-AMI.”

[*Note: Updated for most recent base rate order. See also response RCR-E-26 which discusses the return credit related to the Legacy Meter return recovered from the Base Rate Case*.]</td><td>“JCP&L proposes to earn a return on its net investment in the AMI Program based upon an authorized return on equity (“ROE”) and capital structure including income tax effects. **In addition, the calculated return will be reduced by the return on the legacy meters, which resulted from the 2020 Base Rate Case.** The Company’s initial WACC for the Program will be based on the ROE, long-term debt and capital structure approved by the Board on **October 28, 2020** in the **2020** JCP&L base rate case, BPU Docket No. **ER20020146**. JCP&L proposes the initial pre-tax WACC to be **9.34** percent. ***See*** Schedule CP-1 for the calculation of the current Pre-Tax and After-Tax WACC. Any change in the WACC authorized by the Board in a base rate case following this filing, will be reflected in the revenue requirement calculations and subsequent rate adjustment filings for JCP&L Rider-AMI.”</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>3:15-16
(depreciation)</td><td>“Book recovery of assets associated with advanced meters will be recovered over a depreciable life of ~~15~~ 20 years, which is the estimated useful life of such equipment”

[*Note: See response RCR-E-23, which discusses the useful life of the advanced meters*.]</td><td>“Book recovery of assets associated with advanced meters will be recovered over a depreciable life of **20** years, which is the estimated useful life of such equipment”</td></tr>
<tr><td>4:8-10
(depreciation)</td><td>“The book recovery of each asset class will be based on current depreciation rates, except for advanced meters, which will be recovered over a depreciable life of ~~15~~20 years.”

[*Note: See response RCR-E-23, which discusses the useful life of the advanced meters*.]</td><td>“The book recovery of each asset class will be based on current depreciation rates, except for advanced meters, which will be recovered over a depreciable life of **20** years”</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>12:22-13:2
(rate impacts)</td><td>“the initial bill impact of the proposed initial rates for the initial rate period to the typical residential customer who uses 768 kWh per month is an increase of 0.6% or approximately $~~0.65~~0.66 per month above rates effective January 1, 2022.”</td><td>“the initial bill impact of the proposed initial rates for the initial rate period to the typical residential customer who uses 768 kWh per month is an increase of 0.6% or approximately $**0.66** per month above rates effective January 1, 2022.”</td></tr>
<tr><td>13:6</td><td><table><tr><td colspan="7">AMI Program - Average Residential Rate Impact</td></tr><tr><td>Recovery Period</td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td></tr><tr><td>Effective Date</td><td>1/1/2022</td><td>1/1/2023</td><td>1/1/2024</td><td>1/1/2025</td><td>1/1/2026</td><td>1/1/2027</td></tr><tr><td>Monthly Increase</td><td>$0.65</td><td>$0.95</td><td>$1.42</td><td>$1.16</td><td>$0.05</td><td>($0.22)</td></tr><tr><td>% Monthly Bill</td><td>0.6%</td><td>0.9%</td><td>1.3%</td><td>1.1%</td><td>0.0%</td><td>-0.2%</td></tr></table></td><td><table><tr><td colspan="7">AMI Program - Average Residential Rate Impact</td></tr><tr><td>Recovery Period</td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td></tr><tr><td>Effective Date</td><td>1/1/2022</td><td>1/1/2023</td><td>1/1/2024</td><td>1/1/2025</td><td>1/1/2026</td><td>1/1/2027</td></tr><tr><td>Monthly Increase</td><td>$0.66</td><td>$0.97</td><td>$1.36</td><td>$1.05</td><td>($0.02)</td><td>($0.23)</td></tr><tr><td>% Monthly Bill</td><td>0.6%</td><td>0.9%</td><td>1.3%</td><td>1.0%</td><td>0.0%</td><td>-0.2%</td></tr></table></td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>13:7-9</td><td>“The maximum incremental bill impact on a residential customer over the entire deployment period is an estimated</td><td>“The maximum incremental bill impact on a residential customer over the entire deployment period is an estimated</td></tr>
</table>

	increase of approximately $~~1.42~~ 1.36 or about 1.3**%** of the current average monthly bill" [*Note:* See *Note: See S-JCPL-REV-2, RCR-E-26(e), RCR-A-8, RCR-E-23 and Supplemental Direct Testimony of Carol Pittavino]*	increase of approximately $**1.36** or about 1.3% of the current average monthly bill. "
Pittavino Sch.'s		
CP-1 (WACC)	Per filing	See attached updated CP-1
CP-2 (Rev. Reqs)	Per filing	See attached updated CP-2
CP-3 (Rates)	Per filing	See attached updated CP-3
CP-4 (Bill Impact)	Per filing	See attached updated CP-4
CP-5 (Rider AMI)	Per filing	See attached updated CP-5
	[*Note: there is no change to CP-6 (opt out tariff)]*	[*Note: there is no change to CP-6 (opt out tariff)]*