



Agenda Date: 12/1/2021  
Agenda Item: 6A

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 1<sup>st</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

RELIABILITY AND SECURITY

IN THE MATTER OF 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

**Parties of Record:**

**Brian O. Lipman, Esq., Director**, New Jersey Division of Rate Counsel  
**Joshua R. Eckert, Esq.**, Jersey Central Power & Light

BY THE BOARD:

On July 13th, 2020, Jersey Central Power and Light (“JCP&L” or “Company”) filed a Verified Petition with the New Jersey Board of Public Utilities (“Board”) seeking a temporary waiver of the Requirements of N.J.A.C. 14:5-4.2 and the Company’s Meter Sampling Plan, Docket number E018101187 (“Verified Petition”). By this Decision and Order, the Board considers a stipulation of settlement (“Stipulation”) entered into by JCP&L, the New Jersey Division of Rate Counsel (“Rate Counsel”) and Board Staff (“Staff”) (collectively, the “Parties”) intended to resolve the Company’s requests related to the above docketed matter.

**I. BACKGROUND AND PROCEDURAL HISTORY:**

**Periodic Meter Testing and Statistical Sampling**

The Board has jurisdiction to oversee the electric meter sampling program pursuant to N.J.A.C. 14:5-4.2, Periodic Testing of Electric Meters. The role of Staff is to monitor the Electric Distribution Company’s (“EDCs”) meter testing programs. N.J.A.C. 14:5-4.2 Periodic Testing of Electric Meters, requires electric meters to be tested on different intervals depending on kilowatt rating or by a variable interval or statistical sampling technique approved by the Board. Consistent with the American National Standards Institute (“ANSI”) guidelines a statistical sampling plan based on ANSI Z1.9 was approved by the Board on March 29, 2019 (Docket Number E018101187). The new sampling plan took effect on January 1, 2020.

## **Advanced Metering Infrastructure**

On February 19, 2020, the Board issued an Order in *In re the Petition of Rockland Electric Company for Approval of an Advanced Metering Program; and for Other Relief*, BPU Docket No. ER16060524 (*hereinafter*, “AMI Order”) lifting the previously imposed moratorium on the filing of pre-approval for advanced metering infrastructure (“AMI”) programs and requiring each utility to “file petitions for AMI implementation, or update previously filed petitions for AMI implementation with the Board.” See AMI Order at 3. The AMI Order further provided that each utility must “file its petition, or update its previously filed petition, within 180 days of the effective date of this Order.” Id.

In lifting the AMI moratorium and requiring the utilities to file plans for AMI implementation, the Board expressed concern about effectively managing the transition to AMI meter use and the potential for stranded costs to accrue if utilities continued to replace deployed standard meters with new standard meters prior to the implementation of their AMI plans. Id. Specifically, the AMI Order provided as follows:

Each AMI filing will receive a separate docket number and be independently reviewed by the Board. This is consistent with the [Energy Master Plan (“EMP”)] provision that, “the roll-out of AMI must be done on a utility-specific basis, given that each utility is starting from a different investment baseline in the AMI backbone necessary to realize the full benefits of smart meters.” See EMP 5.3.1 at p. 185. As prudence reviews will be fact and utility specific, the Board will address each utility’s specific concerns including, but not limited to, meter replacement and the cost to utilize smart meters. Id. However, as noted in the EMP, replacing aging standard meters with new standard meters, and not AMI smart meters, may “prevent ratepayers, and the grid as a whole, from realizing the benefits of AMI for years, or risk stranding the investments in newly installed standard meters that are no longer useful.” Id. Therefore, the Board requests that the utilities be mindful to keep stranded costs to a minimum.

Id.

## **II. THE VERIFIED PETITION:**

On July 13, 2020, JCP&L filed the Verified Petition, seeking a “temporary waiver of the requirements of N.J.A.C. 14:5-4.2, including the requirements of JCP&L’s Board-approved Meter Sampling Plan.” See Verified Petition at p.9-10. JCP&L stated that the continuation of meter testing pursuant to the Board’s regulations requires greater investment in standard meters and increases potential stranded costs.

JCP&L has two different meter testing programs pursuant to Board regulations. The first meter testing program is for testing of meters pursuant to N.J.A.C. 14:5-4.2 (the “Periodic Testing Program”). The second meter testing program relates to the testing of meters that qualify for testing under the Company’s Meter Sampling Plan, as approved by the Board in BPU Docket No. EO18101187. JCP&L’s petition sought to temporarily suspend testing under both the Periodic

Testing Program and Meter Sampling Plan in an effort to reduce stranded costs associated with its transition to AMI metering pursuant to its AMI plan, filed on August 27, 2020.

Following the filing of the Verified Petition, the Parties engaged in extensive discovery and settlement discussions.

### III. STIPULATION:

The terms of the Stipulation are summarized below:<sup>1</sup>

1. In lieu of granting JCP&L's request for a waiver in the instant proceeding, the Parties recommend that the Board approve the Company's continued testing under its Periodic Testing Program as set forth herein, including authorizing the Company to defer the costs associated with same, and the suspension of testing under its Meter Sampling Plan as set forth herein.
2. Beginning with the 2021 testing cycle (defined as January 1, 2021 through December 31, 2021) for the Company's Meter Sampling Plan, JCP&L shall place all Legacy Meter meter-types scheduled for testing into "reject" status. By virtue of being in "reject" status, JCP&L shall not be required to perform testing of those meter types as part of its Meter Sampling Plan.
3. JCP&L will replace all meter-types placed into "reject" status within five (5) years of that meter type receiving such designation. In the limited circumstances where a Legacy Meter may not be capable of being replaced with an AMI meter within five (5) years of such Legacy Meter meter-type being placed in "reject" status, and continuing until all meters have been replaced, JCP&L shall supplement its quarterly meter testing reports with information detailing: 1) the number of Legacy Meters that have been placed in "reject" status and fall into this Challenged Locations category, which were not capable of being replaced within five (5) years of being placed into "reject" status; 2) a breakdown of meters into sub-categories which generally describe the reason why those meters are considered to be in a Challenged Location; and 3) an updated estimate of the timeline for replacement of all such meters. JCP&L shall send copies of its quarterly meter testing reports to Rate Counsel. The list of meters seeking exemption from the Board mandated five (5) year replacement period shall be submitted to Board Staff and Rate Counsel for review and approval.
4. JCP&L's Meter Sampling Plan, as approved by the Board in BPU Docket No. EO18101187, shall remain in effect except to the extent modified by this Stipulation.
5. JCP&L shall continue to test meters pursuant to the Company's Periodic Testing Program. Beginning with the 2021 testing cycle (defined as January 1, 2021 through December 31, 2021) for the Periodic Testing Program, JCP&L shall attempt to reclaim all Legacy Meters.
6. The Parties agree that JCP&L shall be authorized to defer the costs associated with its meter reclamation under the Periodic Testing Program. JCP&L shall have the opportunity to seek recovery of the reasonable and prudent deferred costs through the mechanism

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<sup>1</sup> Although described 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 contained in this Order. Each paragraph is numbered to coincide with the paragraphs of the Stipulation.

established by the Board in BPU Docket No. EO20080545 for the Company's recovery of its costs for implementing its AMI Plan. In the event a mechanism for recovery is not established by the Board in BPU Docket No. EO20080545, JCP&L shall seek recovery of the deferred costs in its next base rate case(s).

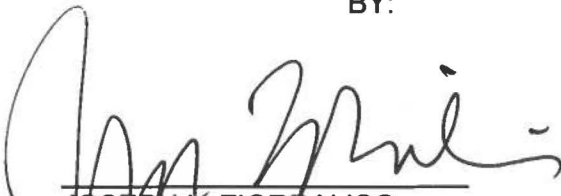
**IV. DISCUSSION AND FINDINGS:**

The Board **HEREBY FINDS** the Stipulation to be reasonable, in the public interest, and in accordance with the law. Therefore, the Board **HEREBY ADOPTS** the attached Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as if fully provided in this Order.

The effective date of this Order is December 8, 2021.

DATED: December 1, 2021

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 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**

**SERVICE LIST**

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**Jersey Central Power and Light Company**

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October 8, 2021

**VIA ELECTRONIC MAIL ONLY**

Aida Camacho-Welch, Secretary  
New Jersey Board of Public Utilities  
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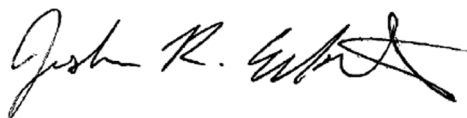
**Re:** In the Matter of the Verified Petition of Jersey Central Power & Light Company  
Seeking a Temporary Waiver of the Requirements of N.J.A.C. 14:5-4.2 and the  
Company's Meter Sampling Plan, Pursuant to N.J.A.C. 14:1-1.2

Stipulation of Settlement  
**Docket No. EW20070482**

Dear Secretary Camacho-Welch:

Attached please find for filing a fully executed Stipulation of Settlement in the above-referenced matter. This Stipulation of Settlement fully resolves this matter. Copies of this filing are being provided by electronic mail only. No physical copies will follow. Please kindly confirm your receipt and acceptance of this filing by electronic mail at your earliest convenience.

Respectfully submitted,



Joshua R. Eckert  
Counsel for Jersey Central Power & Light Company

cc: Email Distribution

**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES**

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

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**Joshua R. Eckert** (FirstEnergy Service Company), on behalf of Jersey Central Power & Light Company

**T. David Wand**, Deputy Rate Counsel, Managing Attorney, Electric, **Robert Glover**, Assistant Deputy Rate Counsel, and **Brian Weeks**, Deputy Rate Counsel, on behalf of the New Jersey Division of Rate Counsel (**Brian O. Lipman**, Acting Director)

**Matko Ilic**, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Andrew J. Bruck**, Acting Attorney General of New Jersey)

**TO THE HONORABLE BOARD OF PUBLIC UTILITIES:**

This Stipulation of Settlement (“Stipulation”) is hereby made and executed as of the dates indicated below by and among the Petitioner, Jersey Central Power & Light Company (“JCP&L” or “Company”), the Staff of the New Jersey Board of Public Utilities (“Staff”), and the New Jersey Division of Rate Counsel (“Rate Counsel”) (collectively, “Parties”).

The Parties do hereby join in recommending that the New Jersey Board of Public Utilities (“Board” or “BPU”) issue an Order approving the Stipulation, without modification, based upon the following terms:

**BACKGROUND**

On February 19, 2020, the Board issued an Order in *I/M/O the Petition of Rockland Electric Company for Approval of an Advanced Metering Program; and for Other Relief*, BPU Docket No. ER16060524 (*hereinafter*, “AMI Order”), lifting the previously imposed moratorium on the filing



of pre-approval for advanced metering infrastructure (“AMI”) programs, and requiring each utility to “file petitions for AMI implementation, or update previously filed petitions for AMI implementation, with the Board.” *See AMI Order at 3.* The AMI Order further provided that each utility must “file its petition, or update its previously filed petition, within 180 days of the effective date of this Order.” *Id.*

In lifting the AMI moratorium and requiring the utilities to file plans for AMI implementation, the Board expressed concern about effectively managing the transition to AMI meter use, and the potential for stranded costs to accrue if utilities continued to replace deployed standard meters with new standard meters prior to the implementation of their AMI plans. *Id.* More specifically, the AMI Order provided:

Each AMI filing will receive a separate docket number and be independently reviewed by the Board. This is consistent with the [Energy Master Plan (“EMP”)] provision that, “the roll-out of AMI must be done on a utility-specific basis, given that each utility is starting from a different investment baseline in the AMI backbone necessary to realize the full benefits of smart meters.” *See* EMP 5.3.1 at p. 185. As prudency reviews will be fact and utility specific, the Board will address each utility’s specific concerns including, but not limited to, meter replacement and the cost to utilize smart meters. *Id.* However, as noted in the EMP, replacing aging standard meters with new standard meters, and not AMI smart meters, may “prevent ratepayers, and the grid as a whole, from realizing the benefits of AMI for years, or risk stranding the investments in newly installed standard meters that are no longer useful.” *Id.* Therefore, the Board requests that the utilities be mindful to keep stranded costs to a minimum.

[*Id.*]

On July 13, 2020, in response to the mandates set forth in the AMI Order as described above, JCP&L filed a Verified Petition 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, in the

instant proceeding (“Petition”). In the Petition, JCP&L requested that the Board “temporarily waive the requirements of N.J.A.C. 14:5-4.2, including the requirements of the Company’s Board-approved Meter Sampling Plan approved by the Board in Docket No. EO18101187.” JCP&L further explained that the continuation of meter testing pursuant to the Board’s regulations would require greater investment in standard meters (*i.e.*, non-smart meters; *hereinafter* “Legacy Meters”) and increase potential stranded costs upon the ultimate implementation of JCP&L’s AMI plan.

JCP&L has two (2) different meter testing programs pursuant to Board regulations. The first meter testing program is for testing of meters pursuant to N.J.A.C. 14:5-4.2 (“Periodic Testing Program”). The second meter testing program relates to the testing of meters that qualify for testing under the Company’s Meter Sampling Plan, as approved by the March 29, 2019 Board Order in BPU Docket No. EO18101187.<sup>1</sup> In the Petition, JCP&L sought to temporarily suspend testing under both the Periodic Testing Program and Meter Sampling Plan in an effort to reduce stranded costs associated with its transition to AMI metering pursuant to its subsequently filed AMI plan.

On August 27, 2020, JCP&L filed a Verified Petition seeking approval of its AMI Program, including its AMI plan for installation of approximately 1.15 million advanced meters and an associated cost recovery mechanism, in BPU Docket No. EO20080545 (“AMI Petition”). According to the AMI Petition, the Company would commence a one-year Pre-Deployment Phase, in two six-month segments, on January 1, 2022, followed by a three (3) year Deployment Phase from January 1, 2023 through December 2025 for the deployment of the advanced meters and

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<sup>1</sup> In the Matter of 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, BPU Docket No. EO18101187, Order dated March 29, 2019.

related infrastructure. The Deployment Phase would be followed by a two (2) year Final Engineering Phase where the Company would address approximately 1% of customers that constitute complex metering, difficult to access locations, and communication challenged locations (collectively, “Challenged Locations”).

Following the filing of the Petition, the Parties engaged in extensive discovery and settlement discussions.

### **STIPULATION**

Based upon the Petition, the review of discovery, and the settlement discussions, the undersigned Parties DO HEREBY STIPULATE AND AGREE AS FOLLOWS:

1. In lieu of granting JCP&L’s request for a waiver in the instant proceeding, the Parties recommend that the Board approve the Company’s continued testing under its Periodic Testing Program as set forth herein, including authorizing the Company to defer the costs associated with same, and the suspension of testing under its Meter Sampling Plan as set forth herein.

2. Beginning with the 2021 testing cycle (defined as January 1, 2021 through December 31, 2021) for the Company’s Meter Sampling Plan, JCP&L shall place all Legacy Meter meter-types scheduled for testing into “reject” status. By virtue of being in “reject” status, JCP&L shall not be required to perform testing of those meter types as part of its Meter Sampling Plan.

3. JCP&L will replace all meter-types placed into “reject” status within five (5) years of that meter type receiving such designation. Consistent with JCP&L’s AMI Petition, the Parties recognize that there may be a small percentage of Challenged Locations where a Legacy Meter may not be capable of being replaced with an AMI meter within five (5) years of such Legacy Meter meter-type being placed in “reject” status. In the limited circumstances where a Legacy

Meter may not be capable of being replaced with an AMI meter within five (5) years of such Legacy Meter meter-type being placed in “reject” status, and continuing until all meters have been replaced, JCP&L shall supplement its quarterly meter testing reports with information detailing: 1) the number of Legacy Meters that have been placed in “reject” status and fall into this Challenged Locations category, which were not capable of being replaced within five (5) years of being placed into “reject” status; 2) a breakdown of meters into sub-categories which generally describe the reason why those meters are considered to be in a Challenged Location; and 3) an updated estimate of the timeline for replacement of all such meters. The Parties recommend that the Board grant JCP&L an exemption from replacing any meters in a Challenged Location within five (5) years of being placed into “reject” status under its Meter Sampling Plan and agree that the Company’s failure to replace any such meters within five (5) years of being placed into “reject” status shall not constitute a violation of the Company’s Meter Sampling Plan, subject to their replacement during the two-year Final Engineering Phase. JCP&L shall send copies of its quarterly meter testing reports to Rate Counsel. The list of meters seeking exemption from the Board-mandated five (5) year replacement period shall be submitted to Board Staff and Rate Counsel for review and approval.

4. JCP&L’s Meter Sampling Plan, as approved by the Board in BPU Docket No. EO18101187, shall remain in effect except to the extent modified by this Stipulation.

5. JCP&L shall continue to test meters pursuant to the Company’s Periodic Testing Program. Beginning with the 2021 testing cycle (defined as January 1, 2021 through December 31, 2021) for the Periodic Testing Program, JCP&L shall attempt to reclaim all Legacy Meters (*i.e.*, test, make appropriate repairs, where possible, and return the Legacy Meter to inventory)

newly installed in order to effectuate its continued testing under the Periodic Testing Program (“Periodic Testing Legacy Meters”).

6. The Parties agree that JCP&L shall be authorized to defer the costs associated with its meter reclamation under the Periodic Testing Program. These costs are estimated to be: 1) up to \$210,000 of the undepreciated labor costs of the Periodic Testing Legacy Meters upon their replacement; and 2) up to \$100,000 of the costs associated with reclaiming Periodic Testing Legacy Meters. These costs will be deferred in a regulatory asset for Operations and Maintenance expense and shall accrue interest at a rate based on 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 60 basis points, until their inclusion for recovery in rates. JCP&L shall have the opportunity to seek recovery of the reasonable and prudent deferred costs through the mechanism established by the Board in *In re Petition of Jersey Central Power and Light Company for Approval of an Advanced Metering Infrastructure (AMI) Program* (JCP&L AMI), BPU Docket No. EO20080545 for the Company’s recovery of its costs for implementing its AMI Plan. In the event a mechanism for recovery is not established by the Board in BPU Docket No. EO20080545, JCP&L shall seek recovery of the deferred costs in its next base rate case(s).

### **CONCLUSION**

7. The Parties agree that this Stipulation contains mutual balancing and interdependent clauses and is 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, or is modified by a court of competent jurisdiction, then any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right, upon written notice to all

other Parties within ten (10) days after receipt of any such adverse action, to litigate all issues addressed herein to a conclusion. More particularly, in the event this Stipulation is not adopted in its entirety by the Board in an appropriate Order, or is modified by a court of competent jurisdiction, then any 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. The Parties agree that this Stipulation shall be binding on them for all purposes herein.

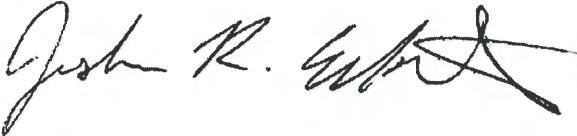
8. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and, except as otherwise expressly provided herein:

- a. By executing this Stipulation, no Party waives any rights it possesses under any prior Stipulation, except where the terms of this Stipulation supersede such prior Stipulation; and
- b. The contents of this Stipulation shall not be considered, cited, or used by any of the undersigned Parties as an indication of any Party's position on any related or other issue litigated in any other proceeding or forum, except to enforce the terms of this Stipulation.

9. This Stipulation may be executed in any number of counterparts, each of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties.

WHEREFORE, the 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 in accordance with the terms hereof.

**Jersey Central Power & Light Company**

By:   
Joshua R. Eckert

Dated: October 6, 2021

Andrew J. Bruck  
Acting Attorney General of New Jersey  
Attorney for  
**Staff of the Board of Public Utilities**

By: Matko Ilic  
Matko Ilic  
Deputy Attorney General

Dated: October 8, 2021

Brian O. Lipman, Esq.  
Acting Director, **Division of Rate Counsel**

By: T. David Wand  
T. David Wand, Esq.  
Deputy Rate Counsel

Dated: 10/8/21