

Gregory Eisenstark
732.448.2537
geisenstark@windelsmarx.com

120 Albany Street Plaza | New Brunswick, NJ 08901
T. 732.846.7600 | F. 732.846.8877

June 19, 2015

VIA HAND DELIVERY

Irene K. Asbury, Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

Re: In the Matter of the Verified Petition of **Jersey Central Power & Light Company ("JCP&L") and Mid-Atlantic Interstate Transmission, LLC ("MAIT")** for: (1) Approval of the Transfer of JCP&L's Transmission Assets to MAIT Pursuant to N.J.S.A. 48:3-7; (2) Approval of a Lease of JCP&L's Real Property and Real Property Rights Associated with its Transmission Assets to MAIT Pursuant to N.J.S.A. 48:3-7; (3) Approval of a Mutual Assistance Agreement Pursuant to N.J.S.A. 48:3-7.1; and (4) a Declaration that MAIT Will be Deemed a Public Utility for, *inter alia*, the Purposes of Siting Authority under N.J.S.A. 40:55D-19 and Eminent Domain Authority Pursuant to N.J.S.A. 48:3-17.6 et seq.
BPU Docket No.

-and-

In the Matter of the Verified Petition of **Jersey Central Power & Light Company** for Authorization Pursuant to N.J.S.A. 48:3-7.2 for Approval to Participate in the FirstEnergy Corp. Intrasystem Money Pool
BPU Docket No. EF02030185
Amendment No. 8

Dear Secretary Asbury:

On behalf of the Petitioners, Jersey Central Power & Light Company ("JCP&L" or the "Company") and Mid-Atlantic Interstate Transmission, LLC ("MAIT"), enclosed herewith for filing with the Board of Public Utilities ("Board") are the original and 10 copies of the Verified Petition and supporting attachments in its above-captioned matters.

The purpose of this filing is to request and receive various Board approvals related to FirstEnergy's formation of a new entity, the aforementioned MAIT, which will own and operate

Irene K. Asbury, Secretary
June 19, 2015
Page 2

the transmission assets of JCP&L. MAIT will also own and operate the transmission assets of Metropolitan Edison Company (“Met-Ed”) and Pennsylvania Electric Company (“Penelec”), which are FirstEnergy electric distribution companies in Pennsylvania. As part of the formation of MAIT, JCP&L will contribute all of its transmission assets to MAIT, which will thereafter own and operate those assets. JCP&L will also lease the real estate and real property rights associated with such transmission assets to MAIT. MAIT will, in the future, also construct, own, and operate new transmission facilities that will be constructed in JCP&L’s service territory. With respect to any JCP&L transmission projects that are currently in the planning or construction phase, MAIT will complete, own, and operate such new transmission facilities.

JCP&L is also requesting that the Board approved the addition of MAIT to the FirstEnergy Intrasystem Utility Money Pool, and has therefore filed the proposed Amendment 8 to the Board’s prior approvals related to the money pool.

The formation of MAIT will bring a number of important benefits to JCP&L’s customers. On the operations side, MAIT will facilitate the expansion of FirstEnergy’s “Energizing the Future” initiative, a program to upgrade, enhance, and modernize the electric transmission system. Consolidating the transmission function of the JCP&L, Met-Ed and Penelec in a single, transmission-only entity will allow FirstEnergy to more quickly and efficiently construct transmission projects, including PJM-mandated reliability projects that are designed to meet future system demands and ensure economic and secure performance of the grid. The benefits will serve to increase the resiliency of the transmission system, which in turn will enhance the provision of safe and reliable electric service to JCP&L’s customers.

Transmission investment is capital-intensive. The creation of MAIT will also allow FirstEnergy to finance the construction of transmission projects more cost-effectively. MAIT is expected to have stronger credit metrics than JCP&L does, thereby ensuring access to the capital markets at a lower cost. Accessing the capital markets at a lower cost will benefit JCP&L’s customers by mitigating the rate impacts of significant new transmission investment. In addition, the formation of MAIT, which will be a single transmission owner, will make accessing the capital markets for new transmission projects more efficient. Rather than issuing debt at three different operating utilities, the debt will only have to be issued at MAIT. These and other benefits for JCP&L’s customers are discussed in detail in the Petition and pre-filed testimony.

One of the exhibits to the filing contains Critical Energy Infrastructure Information related to the Company’s transmission system. This document is marked as Exhibit KJT-7 (within the Direct Testimony of K. Jon Taylor, which is designated as Exhibit P-4). The petitioners request confidential treatment with respect to this document. An Affidavit of Confidentiality is being filed herewith in support of such request. In addition, JCP&L is filing both confidential and redacted (public) versions of Exhibit KJT-7 with the Board.

Irene K. Asbury, Secretary

June 19, 2015

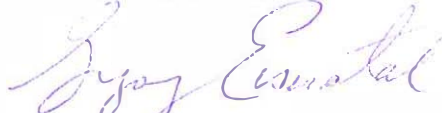
Page 3

I hereby confirm that three copies each of this letter and of the enclosed Verified Petition and supporting attachments are this day being duly served by hand delivery or overnight express delivery upon the Director, Division of Rate Counsel, and upon the Department of Law & Public Safety, Division of Law, as set forth in ¶36 of the Verified Petition. Copies of all such documents are also being transmitted by hand delivery, overnight express delivery or regular United States mail to the balance of the persons named in the attached Service List for this proceeding.

Kindly stamp the enclosed additional copy of this filing letter with the date and time of receipt by your office, and with the docket number assigned, and return same to the undersigned in the self-addressed postage prepaid return envelope provided.

Your anticipated courtesies and cooperation are deeply appreciated.

Very truly yours,



Gregory Eisenstark

Enclosures

cc: Service List
(w/enclosures - by Hand Delivery, UPS or regular mail)

SERVICE LIST

In the Matter of the Verified Petition of **Jersey Central Power & Light Company (“JCP&L”) and Mid-Atlantic Interstate Transmission, LLC (“MAIT”)** for: (1) Approval of the Transfer of JCP&L’s Transmission Assets to MAIT Pursuant to N.J.S.A. 48:3-7; (2) Approval of a Lease of JCP&L’s Real Property and Real Property Rights Associated with its Transmission Assets to MAIT Pursuant to N.J.S.A. 48:3-7; (3) Approval of a Mutual Assistance Agreement Pursuant to N.J.S.A. 48:3-7.1; and (4) a Declaration that MAIT Will be Deemed a Public Utility for, *inter alia*, the Purposes of Siting Authority under N.J.S.A. 40:55D-19 and Eminent Domain Authority Pursuant to N.J.S.A. 48:3-17.6 et seq., et al.

BPU Docket No. _____

<u>BPU</u>		
Kenneth Sheehan, Chief of Staff Board of Public Utilities 44 South Clinton Avenue, 9th Fl P.O. Box 350 Trenton, NJ 08625 kenneth.sheehan@bpu.state.nj.us	Jerome May, Director Board of Public Utilities 44 South Clinton Avenue, 9th Fl P.O. Box 350 Trenton, NJ 08625 jerome.may@bpu.state.nj.us	Cynthia Covie, Chief Counsel Board of Public Utilities 44 South Clinton Avenue, 9th Fl P.O. Box 350 Trenton, NJ 08625 cynthia.covie@bpu.state.nj.us
Bethany Rocque-Romaine Board of Public Utilities 44 South Clinton Avenue, 9th Fl P.O. Box 350 Trenton, NJ 08625 bethany.rocque-romaine@bpu.state.nj.us	Paul Flanagan, Exec. Director Board of Public Utilities 44 South Clinton Avenue, 9th Fl P.O. Box 350 Trenton, NJ 08625 paul.flanagan@bpu.state.nj.us	Mark Beyer, Chief Economist Board of Public Utilities 44 South Clinton Avenue, 9th Fl P.O. Box 350 Trenton, NJ 08625 mark.beyer@bpu.state.nj.us
<u>DAG</u>		
Alex Moreau, DAG Division of Law 124 Halsey Street, 5th Floor P.O. Box 45029 Newark, NJ 07101 alex.moreau@dol.lps.state.nj.us		
<u>Rate Counsel</u>		
Stefanie A. Brand, Director Division of Rate Counsel 140 East Front Street, 4th Floor P.O. Box 003 Trenton, N.J. 08625-0003 sbrand@rpa.state.nj.us	Ami Morita, DRA Division of Rate Counsel 140 East Front Street, 4th Floor P.O. Box 003 Trenton, N.J. 08625-0003 amorita@rpa.state.nj.us	

JCP&L		
Gregory Eisenstark, Esq. Windels Marx Lane & Mittendorf, LLP 120 Albany Street Plaza New Brunswick, NJ 08901 geisenstark@windelsmarx.com	Mark A. Mader Jersey Central Power & Light Company 300 Madison Avenue P.O. Box 1911 Morristown, New Jersey 07960 mamader@firstenergycorp.com	Lauren M. Lepkoski, Esq. FirstEnergy Service Company Legal Department 2800 Pottsville Pike Reading, PA 19612-6001 llepkoski@firstenergycorp.com
Bradley A. Bingaman, Esq. First Energy Service Company 76 South Main Street Akron, OH 44308 bbingaman@firstenergycorp.com	Michael J. Connolly, Esq. Windels Marx Lane & Mittendorf, LLP One Giralda Farms Madison, New Jersey 07940 mconnolly@windelsmarx.com	

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

In the Matter of the Verified Petition of **Jersey Central Power & Light Company (“JCP&L”)** and **Mid-Atlantic Interstate Transmission, LLC (“MAIT”)** for: (1) Approval of the Transfer of JCP&L’s Transmission Assets to MAIT Pursuant to N.J.S.A. 48:3-7; (2) Approval of a Lease of JCP&L’s Real Property and Real Property Rights Associated with its Transmission Assets to MAIT Pursuant to N.J.S.A. 48:3-7; (3) Approval of a Mutual Assistance Agreement Pursuant to N.J.S.A. 48:3-7.1; and (4) a Declaration that MAIT Will be Deemed a Public Utility for, *inter alia*, the Purposes of Siting Authority under N.J.S.A. 40:55D-19 and Eminent Domain Authority Pursuant to N.J.S.A. 48:3-17.6 et seq.

-and-

In the Matter of the Verified Petition of **Jersey Central Power & Light Company** for Authorization Pursuant to N.J.S.A. 48:3-7.2 for Approval to Participate in the FirstEnergy Corp. Intrasytem Money Pool

VERIFIED PETITION

BPU Docket No.

BPU Docket No. EF02030185
Amendment No. 8

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

Petitioners, Jersey Central Power & Light Company (“JCP&L”), an electric public utility company of the State of New Jersey subject to the regulatory jurisdiction of the Board of Public Utilities (the “Board”), and maintaining offices at 300 Madison Avenue, Morristown, New Jersey 07962-1911 and at 331 Newman Springs Road, Suite 325, Red Bank, New Jersey 07701, and Mid-Atlantic Interstate Transmission, LLC (“MAIT”), a Delaware

Limited Liability Company with offices at 76 South Main Street, Akron, Ohio 44308, in support of their above-captioned Verified Petition, respectfully show:

1. JCP&L is a New Jersey electric public utility primarily engaged in the purchase, transmission, distribution and sale of electric energy and related utility services to approximately 1.1 million residential, commercial and industrial customers located within 13 counties and 236 municipalities of the State of New Jersey.

2. MAIT is a newly-formed subsidiary of FirstEnergy Transmission, LLC (“FET”). MAIT’s business functions and activities, as well as its relationship to JCP&L and other subsidiaries of FirstEnergy Corp. (“FirstEnergy”) are discussed and explained in the remainder of this Petition.

I. PURPOSE OF FILING

3. The purpose of this filing is to request and receive various Board approvals related to FirstEnergy’s formation of a new entity, the aforementioned MAIT, which will own and operate the transmission assets of JCP&L. MAIT will also own and operate the transmission assets of Metropolitan Edison Company (“Met-Ed”) and Pennsylvania Electric Company (“Penelec”), which are FirstEnergy electric distribution companies in Pennsylvania.¹ As explained in greater detail in Section III, *infra*, the creation of MAIT and the contribution of the Operating Companies’ transmission assets to MAIT will establish a transparent, stand-alone transmission company that is expected to have better credit metrics than any one of the Operating Companies. Consolidating all of the Operating Companies’ transmission assets in a stand-alone transmission company can reduce investors’ perception of financial risk, strengthen the credit profile of the transmission function and, in that way, provide improved access to capital at

¹ In this Petition, JCP&L, Met-Ed and Penelec are referred to collectively as the “Operating Companies.”

reasonable rates. Better credit metrics and improved access to capital is particularly important at this time because FirstEnergy has recently established the Energizing the Future (“EtF”) program designed to increase the reliability of the transmission system, improve the condition of equipment on the system, enhance system performance, and improve operational flexibility. FirstEnergy plans to expand the program to include significant reliability enhancement investments in the JCP&L, Met-Ed, and Penelec zones. Based on a preliminary assessment, increased transmission system capital investments in the Operating Companies’ transmission zones could total as much as \$2.5 to \$3.0 billion over the next five to ten years to maintain reliability in the face of evolving conditions on the transmission system that are detailed in the Direct Testimony of Jeffrey J. Mackauer (Exhibit P-5). The expansion of the EtF program is the comprehensive plan for enabling the successful implementation of these transmission investments, which will enhance reliability and improve the resiliency and capacity of the transmission system for the benefit of the Operating Companies’ existing and new customers.

4. Given the capital intensive-nature of the transmission business and the need for significant additional investment in transmission assets, the proposed Transaction will be in the public interest by providing access to the capital markets at lower cost. MAIT’s higher credit rating and the cost savings that will be achieved from one company issuing all of the debt needed to finance future transmission investments, rather than separate issuances by each Operating Company, are projected to produce approximately \$135 million in interest cost savings over the thirty-year life of approximately \$1.5 billion of debt-financed transmission-related plant additions. Thus, the Transaction will place MAIT in a better position than JCP&L to make substantial new transmission investments designed to improve the resilience, reliability and load-carrying capacity of their transmission systems in New Jersey, including the kinds of projects

described in detail in the Mr. Mackauer's testimony. Moreover, because the Transaction will relieve JCP&L of the need to issue debt to finance transmission investments, it will preserve the Company's capacity to fund investments in its distribution system. Finally, the increased and accelerated levels of investment that the Transaction will enable will have a beneficial economic impact in New Jersey, including spurring increased job creation.

II. DESCRIPTION OF THE TRANSACTIONS, CORPORATE STRUCTURE, AND OPERATION OF MAIT

5. As part of the formation of MAIT, JCP&L will contribute all of its transmission assets to MAIT, which will thereafter own and operate those assets. JCP&L will also lease the real estate and real property rights associated with such transmission assets to MAIT. MAIT will, in the future, also construct, own, and operate new transmission facilities that will be constructed in JCP&L's service territory. With respect to any JCP&L transmission projects that are currently in the planning or construction phase, MAIT will complete, own, and operate such new transmission facilities.

6. JCP&L, along with Met-Ed and Penelec, will contribute its existing transmission assets to MAIT, which will be a subsidiary of FET and in which the Operating Companies will have membership interests. FET is a subsidiary of FirstEnergy, and its subsidiaries currently include American Transmission Systems, Inc. ("ATSI") and Trans-Allegheny Interstate Line Company ("TrAILCo"). More specifically, upon the receipt of all necessary regulatory approvals, the Operating Companies, FET, and MAIT will enter into the Capital Contribution Agreement ("Contribution Agreement") and the Amended and Restated Limited Liability Company Operating Agreement ("LLC Operating Agreement")(collectively, the actions contemplated under the Contribution Agreement and the LLC Operating Agreement are referred to herein as the "Transaction"). Under the Contribution Agreement, FET will provide

cash to MAIT in exchange for Class A membership interests. These Class A membership interests will provide FET operating control and management of MAIT. The Operating Companies will then contribute all of their existing transmission assets to MAIT in a tax-free transfer in exchange for Class B membership interests in MAIT. The Class B membership interests the Operating Companies will receive do not involve operating control and management of MAIT. However, the Operating Companies will maintain voting rights over such decisions as bankruptcy, mergers, and any sale of substantially all assets of MAIT.

7. MAIT's earnings will be distributed as dividends to FET and each of the Operating Companies. The earnings and dividends generated by MAIT will be allocated to FET and the Operating Companies based on each company's percentage of equity ownership interest in MAIT at the time of the dividend. Each of the Operating Companies' equity ownership percentage will be based on the value of its contributed assets.

8. As a result of the Transaction, JCP&L will no longer own any FERC-jurisdictional transmission facilities but will continue to own and operate distribution facilities and provide retail electric distribution service and basic generation service ("BGS") just as it does currently. Additional details concerning the asset transfer, Contribution Agreement, LLC Operating Agreement and related issues are set forth in the Direct Testimony of Mark A. Mader (Exhibit P-2), Steven R. Staub (Exhibit P-3), K. Jon Taylor (Exhibit P-4) and Jeffrey J. Mackauer (Exhibit P-5) that are being filed with this Petition.

9. JCP&L will transfer its FERC-jurisdictional transmission assets to MAIT. These assets include transmission lines, equipment and associated facilities that are operated from 500 kV to 34.5 kV delta, inclusive, as more specifically described in the Contribution Agreement. All of these transmission assets are currently classified and operated as transmission facilities

under the Federal Energy Regulatory Commission's ("FERC") seven-factor test. In addition, all of these transmission facilities are within the jurisdiction of FERC for ratemaking purposes. Therefore, the transfer of the facilities to MAIT will have no impact on JCP&L's distribution rates.

10. JCP&L's physical transmission assets, together with certain transmission-related regulatory assets, will be contributed to MAIT at their carrying value at the date of transfer (*i.e.*, at the assets' net book value). JCP&L will also transfer certain transmission-related goodwill and accumulated deferred income taxes to MAIT. The total net book value of these assets, as of December 31, 2014, is \$750,603,723. A list of the assets to be transferred, along with certain additional information as required by the Board's regulations, is provided in Exhibit KJT-1 to the Direct Testimony of K. Jon Taylor (Exhibit P-4). . Mr. Taylor discusses these elements of the transaction in his Direct Testimony.

11. JCP&L currently owns real property assets, in fee simple, in easements, and in various other forms of ownership (*e.g.*, access rights) that are directly associated with its transmission facilities (referred to herein as "real property assets"). As part of the formation of MAIT, JCP&L will enter into a lease with MAIT that will govern all real property assets ("Ground Lease"). Given the nature and scope of the Transaction, the Ground Lease is an administratively more efficient way to execute the transfer. In other words, the use of a Ground Lease with MAIT provides for an efficient transfer of property rights, including avoidance of surveys, deed recordings, and easement negotiations, which will result in lower startup costs for MAIT.² The Ground Lease will have an initial term of 25 years starting on its effective date and thereafter may be renewed. The base rent that MAIT will pay to JCP&L will be based on a

² Petitioners will not pass through any Transaction-related costs associated with the formation of MAIT to customers. *See* Testimony of K. John Taylor (Exhibit P-4).

formula that is provided with the draft version of the Ground Lease. Mr. Taylor discusses issues related to the Ground Lease in greater detail in his Direct Testimony, and a copy of the Ground Lease is provided as Exhibit KJT-5.

12. The net book value of the real property transmission assets that are the subject of the Ground Lease is \$23,195,776 as of December 31, 2014. A list of the real property assets (associated with each of the substations and transmission lines) that are subject to the Ground Lease is provided in Exhibit KJT-6 to Mr. Taylor's testimony.

13. JCP&L has approximately 2,569 circuit miles of transmission lines. As a result, there are tens of thousands of discrete real property assets (including property owned in fee simple, easements, rights-of-way, rights-of-entry, vegetation management rights, etc.) associated with JCP&L's transmission lines and it would be prohibitively time consuming to list them individually. Therefore, in addition to the above-described Exhibit KJT-6, petitioners are also providing maps of the transmission facilities in Exhibit KJT-7 to Mr. Taylor's testimony. Upon Board approval of this Petition and closing of the Transaction, JCP&L will enter into the Ground Lease with MAIT with respect to all of the real property assets associated with the transmission facilities depicted on Exhibit KJT-7.

14. MAIT will not have any employees. The employees of the Operating Companies, including JCP&L, will perform work on the transmission assets after the assets are transferred to MAIT, and on new transmission assets that MAIT will own, under certain affiliate agreements. The Mutual Assistance Agreement ("MAA") currently in place will be modified to include MAIT. MAIT will reimburse JCP&L for the work that its employees perform on the transmission assets in accordance with the cost allocation methods set forth in the MAA. A copy of the Revised Amended and Restated MAA is provided as Exhibit KJT-3 to the Direct

Testimony of K. Jon Taylor. Both Mr. Taylor and Mark A. Mader discuss the MAA in their respective testimony. JCP&L and MAIT request that the Board approve the MAA pursuant to N.J.S.A. 48:3-7.1.

15. JCP&L is currently a party to the FirstEnergy Service Agreement (“Service Agreement”). Upon the receipt of all required regulatory approvals and the closing of the transactions described herein, MAIT will become a party to the Service Agreement. There will be no change to the cost allocation methodology under the Service Agreement as a result of the Transaction. A copy of the revised Service Agreement is provided, for informational purposes, as Exhibit KJT-2 to the Direct Testimony of K. Jon Taylor.

III. BENEFITS OF THE TRANSACTION

16. The formation of MAIT and the transfer and lease of JCP&L’s transmission assets to it will have many benefits for JCP&L’s customers. FirstEnergy has commenced a system-wide effort to modernize its transmission system. This initiative, known as “Energizing the Future”, will require significant capital investment and deployment of resources, particularly in the service territories of the Operating Companies. The creation of MAIT will facilitate the expansion of the Energizing the Future initiative, from both an operational and financial viewpoint. Consolidating the transmission function of the Operating Companies in a single, transmission-only entity will create greater operational flexibility, and enhance compliance with reliability standards and planning/protection requirements set forth by the North American Electric Reliability Corporation. The creation of MAIT will also allow FirstEnergy to more quickly and efficiently construct transmission projects, including PJM-mandated reliability projects that are designed to meet future system demands and ensure economic and secure

performance of the grid. The benefits will serve to increase the resiliency of the transmission system, which in turn will enhance the provision of safe and reliable electric service to JCP&L's customers. Witness Jeffrey J. Mackauer (Exhibit P-5) discusses these benefits in his Direct Testimony.

17. The creation of MAIT will also allow FirstEnergy to finance the construction of transmission projects more cost-effectively. As described in witness Steven R. Staub's Direct Testimony (Exhibit P-3), MAIT is expected to have stronger credit metrics than JCP&L does, thereby ensuring access to the capital markets at a lower cost. Transmission projects are capital-intensive and accessing the capital markets at a lower cost will benefit JCP&L's customers by mitigating the rate impacts of significant new transmission investment. In addition, the formation of MAIT, which will be a single transmission owner, will make accessing the capital markets for new transmission projects more efficient. Rather than issuing debt at each of the Operating Companies for needed investment, the debt will only have to be issued at MAIT. Similarly, the migration to a transmission-only model will not only better support the sustained level of transmission investment needed at MAIT, but at the same time will preserve the Operating Companies' capacity to issue debt for their own distribution system needs.

18. There will be additional benefits from a regulatory perspective. A transmission-only company eliminates the need to separate common assets and costs for purposes of ratemaking review by federal and state regulators. The additional transparency of this separation of assets will facilitate review of the allocation of common assets and costs between transmission and distribution functions. *See* Direct Testimony of Mark A. Mader (Exhibit P-2).

IV. REQUEST FOR APPROVAL OF THE ASSET TRANSFER, THE LEASE OF REAL PROPERTY, AND THE MAA

19. For all the reasons set forth in this Petition, Attachments, supporting Testimony and Exhibits, JCP&L requests that the Board approve the transfer of its existing transmission assets to MAIT, under the terms and conditions described herein.

20. For all the reasons set forth in this Petition, Attachments, supporting Testimony and Exhibits, JCP&L requests that the Board approve the Ground Lease with MAIT, under the terms and conditions described herein.

21. For all the reasons set forth in this Petition, Attachments, supporting Testimony and Exhibits, JCP&L requests that the Board approve the MAA.

V. REQUEST FOR A WAIVER OF THE ADVERTISING REQUIREMENT OF N.J.A.C. 14:1-5.6(b)

22. By this Verified Petition, pursuant to N.J.A.C. 14:1-5.6(i), JCP&L is also hereby requesting a waiver of the advertising requirement set forth in N.J.A.C. 14:1-5.6(b). Waiver of this requirement will not adversely affect the public interest. Neither the transfer of JCP&L's transmission assets to MAIT, nor the lease of JCP&L's real property assets to MAIT, will affect JCP&L's ability to render safe, adequate and proper service. In fact, as discussed in the testimony of the Petitioners' witnesses in support of this Petition, the proposed transactions will enhance JCP&L's ability to do so. In addition, it is clear that the subject property involved is unique and the proposed formation of and transfer of JCP&L's transmission assets (and lease of the associated real property interests) to MAIT is a unique transaction. Due to the interconnected nature of JCP&L's distribution and transmission systems, a transfer of the transmission assets to an unaffiliated third party would not be feasible. Accordingly, a waiver of the advertising requirement is appropriate and necessary in this matter.

VI. REQUEST FOR A DECLARATION THAT MAIT WILL BE DEEMED A NEW JERSEY PUBLIC UTILITY

23. Upon Board approval of the relief requested in this Petition, MAIT will own and operate, under the direction of PJM, all of the transmission facilities used to transmit power to JCP&L's distribution facilities for JCP&L to serve its retail customers. In addition, MAIT will construct all new transmission facilities in JCP&L's service territory. With respect to JCP&L transmission projects that are in the planning or construction phase, MAIT will complete the construction and own and operate the facilities. While the Electric Discount and Energy Competition Act ("EDECA"), N.J.S.A. 48:3-49 *et seq.*, unbundled electric distribution, transmission and generation, the Board retains jurisdiction over certain, limited aspects of an electric distribution utility's transmission assets. N.J.S.A. 48:2-13(d). Accordingly, the Petitioners request that the Board declare that MAIT will be deemed a New Jersey public utility for certain, limited purposes.³

24. Specifically, the Petitioners requests that the Board find that MAIT will enjoy the following rights, and be subject to the Board's jurisdiction with respect thereto:

- a. Petitions filed pursuant to N.J.S.A. 40:55D-19 relating to siting and construction of transmission projects;
- b. Petitions filed pursuant to N.J.S.A. 48:3-16 and 48:3-17 regarding exercising the power of eminent domain; and
- c. Compliance with the Board's transmission vegetation management regulations as currently set forth at N.J.A.C. 14:5-9.1 *et seq.*;

25. More generally, the Board will have the same jurisdiction over MAIT as a New Jersey public utility as the Board currently has with respect to JCP&L's transmission assets.

³ MAIT will also be a public utility subject to the jurisdiction of FERC for ratemaking purposes.

The FERC will have sole jurisdiction over MAIT's rates and terms of transmission service, much as FERC currently has sole jurisdiction over JCP&L's transmission rates and terms of service.

26. In addition, JCP&L requests that, for those transmission projects for which the Board has granted JCP&L siting approval pursuant to N.J.S.A. 40:55D-19 but which have not yet been placed in service, the Board specifically find that such authority will be transferred to MAIT upon the approval of this Petition.

27. Finally, MAIT requests permission to keep its books and records out of state, pursuant to N.J.S.A. 48:3-7.8 and N.J.A.C. 14:1-5.15. MAIT proposes to maintain its books and records at its offices in Akron, Ohio. Because MAIT will own transmission assets in more than one state, it will be administratively more efficient and cost-effective for it to maintain its books and records in a central location. The Board has previously approved JCP&L's request to maintain its books and records out of state. *See I/M/O the Petition of Jersey Central Power & Light Company to Keep Its Books and Records Outside of the State of New Jersey, Audit No. A-2853, BPU Docket No. EE97010014 (May 28, 1997).* MAIT will comply with all of the Board's requirements, as set forth in N.J.A.C. 14:1-5.15, concerning the availability of a utility's books and records for the Board's review.

VII. REQUEST FOR APPROVAL OF MAIT'S PARTICIPATION IN THE UTILITY MONEY POOL

28. JCP&L also requests that the Board approve Amendment No. 8 to the Petition filed in Docket No. EF02030185 on March 19, 2002, as previously supplemented by Amendments Nos. 1, 2, 3, 4, 5, 6 and 7 to the Petition dated June 25, 2002, February 27, 2003, January 13, 2005, July 23, 2007, August 18, 2009, March 18, 2011, and January 20, 2013, respectively (collectively, the "Money Pool Petition").

29. By Order of the Board dated July 24, 2002, as amended by Orders Modifying Order Dated July 24, 2002, which modifying Orders were dated April 11, 2003, April 20, 2005, December 21, 2007, December 17, 2009, September 22, 2011, and March 20, 2013, respectively, (collectively, the “Money Pool Orders”), JCP&L was authorized, subject to certain conditions specified in the Orders, to participate in the FirstEnergy Intrasystem Utility Money Pool (the “Money Pool”) maintained for the benefit of various public utility subsidiaries of FirstEnergy Corp. (“FirstEnergy”), including JCP&L. The current authorization, as set forth in the March 20, 2013 Order, runs through December 31, 2016. The Money Pool is made up of various FirstEnergy public utility subsidiaries investing available cash in the Money Pool, which may then be loaned by the Money Pool to other participating FirstEnergy public utility subsidiaries to meet their short-term operating needs.

30. By this Amendment No. 8, JCP&L hereby amends its Money Pool Petition and requests that the Board approve the participation in the Money Pool as a borrower and lender by MAIT. Other than allowing MAIT to participate in the Money Pool, JCP&L’s requested authority would remain unchanged. Without in any way limiting the foregoing, the existing requirement in the Money Pool Orders that all borrowers in the Money Pool have, at a minimum, investment grade credit ratings from all applicable nationally-recognized statistical rating organizations (“NRSROs”) from which ratings are obtained, would apply to participation by MAIT.

31. The Money Pool, as previously authorized in the Money Pool Orders and as proposed to be modified and extended by this Amendment No. 8, complies in all respects with rules applicable to money pools (N.J.A.C. 14:4-4.7(f), (g) and (h)), as follows:

- a. Board approval is hereby being sought under N.J.S.A. 48:3-7.2 (N.J.A.C. 14:4-4.7(f)1);

b. Participation in the Money Pool is restricted to subsidiaries of FirstEnergy, including JCP&L, MAIT, and subsidiaries that are classified as public utilities under the laws of Pennsylvania, Ohio, West Virginia, Maryland, New York or Virginia (N.J.A.C. 14:4-4.7(f)2);

c. Any subsidiary that is not a public utility or an out-of-state utility is prohibited from borrowing from the Money Pool (N.J.A.C. 14:4-4.7(f)3);

d. All borrowers in the Money Pool are required to have, at a minimum, investment grade credit ratings from all applicable NRSROs (N.J.A.C. 14:4-4.7(f)4);

e. The Company's Amended and Restated Certificate of Incorporation effective February 14, 2008, does not include a limitation upon unsecured indebtedness. Therefore, JCP&L's Amended and Restated Certificate of Incorporation does not limit the amount of borrowings through the Money Pool (N.J.A.C. 14:4-4.7(f)5);

f. The fees for administering the Money Pool are cost-based, based on applicable rules of the Federal Energy Regulatory Commission under the Public Utility Holding Company Act of 2005, and subject to review by the Board for ratemaking purposes (N.J.A.C. 14:4-4.7(f)6);

g. The Company will not borrow any sum from the Money Pool for a period of greater than 364 days (N.J.A.C. 14:4-4.7(f)7);

h. The Company will record all Money Pool transactions in a separate general ledger account within its books of account, on an aggregate monthly basis (N.J.A.C. 14:4-4.7(g)1);

i. The Company will not borrow funds for the specific purpose of lending to the Money Pool (N.J.A.C. 14:4-4.7(g)2);

j. The Company will not borrow from the Money Pool if funds are available at lower cost through bank borrowings (N.J.A.C. 14:4-4.7(g)3);

k. The Company will file with the Board and/or Board staff quarterly statements comparing the Money Pool interest rates with the prevailing market interest rates for similarly situated public utilities (N.J.A.C. 14:4-4.7(g)4);

l. The Company will deposit cash in the Money Pool only if the cash is otherwise available for investment in short-term money markets or other short-term investments (N.J.A.C. 14:4-4.7(g)5); and

m. The Company's Treasurer or a designee thereof will render Money Pool-related decisions based on the best interests of JCP&L's ratepayers (N.J.A.C. 14:4-4.7(g)6).

In addition, if the senior secured credit rating of any borrower from the Money Pool that has a senior secured credit rating falls below any applicable NRSRO's investment grade rating, JCP&L shall demand repayment of any outstanding loans to such borrower within three business days and make no further loans to such borrower through the Money Pool until further notice by the Board or until such borrower's senior secured credit rating is again investment grade (N.J.A.C. 14:4-4.7(h)).

32. The following Exhibits related to the request for approval of Amendment No. 8 to the Money Pool Petition are included with this Petition:

Exhibit 1 - Copy of Petition filed March 19, 2002.

Exhibit 2 - Copy of Amendment No. 1 to Petition dated June 25, 2002.

- Exhibit 3 - Copy of Order of the Board dated July 24, 2002.
- Exhibit 4 - Copy of Amendment No. 2 to Petition dated February 27, 2003.
- Exhibit 5 - Copy of Order (dated April 11, 2003) Modifying Order Dated July 24, 2002.
- Exhibit 6 - Copy of Amendment No. 3 to Petition dated January 13, 2005.
- Exhibit 7 - Copy of Order (dated April 20, 2005) Modifying Order Dated July 24, 2002.
- Exhibit 8 - Copy of Amendment No. 4 to Petition dated July 23, 2007.
- Exhibit 9 - Copy of Order (dated December 21, 2007) Modifying Order Dated July 24, 2002.
- Exhibit 10 - Copy of Amendment No. 5 to Petition dated August 18, 2009.
- Exhibit 11 - Copy of Order (dated December 17, 2009) Modifying Order Dated July 24, 2002.
- Exhibit 12 - Copy of Amendment No. 6 to Petition dated March 18, 2011.
- Exhibit 13 - Copy of Order (dated September 22, 2011) Modifying Order Dated July 24, 2002.
- Exhibit 14 - Copy of Amendment No. 7 to Petition dated January 29, 2013
- Exhibit 15 - Copy of Order (dated March 20, 2013) Modifying Order Dated July 24, 2002.
- Exhibit SRS-3 - Copy of Revised and Restated Utility Money Pool Agreement (which is an Exhibit to the Testimony of Steven R. Staub).

In addition, witness Steven R. Staub discusses issues related to the Utility Money Pool Agreement in his testimony, Exhibit P-3.

VIII. PRE-FILED TESTIMONY

Attached hereto and made part hereof is the following pre-filed testimony:

<u>Exhibit No.</u>	<u>Witness</u>	<u>Subject Matter of Testimony</u>
P-2	Mark A. Mader	Overview of the Filing and Transaction, MAIT's Status as a New Jersey Public Utility, and Summary of Benefits for JCP&L's Customers
P-3	Steven R. Staub	Financial Aspects of the Transaction, Financial Benefits for JCP&L's Customers, and the Money Pool Agreement
P-4	K. Jon Taylor	Tax and Accounting Aspects of the Transaction and Description of the Assets to be Transferred or Leased
P-5	Jeffrey J. Mackauer	Operational Benefits of the Transaction for JCP&L's Customers

IX. INFORMATION REQUIRED BY N.J.A.C. 14:1-5.6(a)

33. The information required by N.J.A.C. 14:1-5.6(a), as applicable to this Petition, is included as follows:

- A. Ten copies of a separate sheet or sheets designated Schedule "A" containing a description of the property;
- i. For real property, the location by municipality and county, a metes and bounds or other adequate description of the property, together with a description of the property and rights, if any, reserved by the utility shall be shown

Please see Exhibits KJT-1, -6, and -7 to the Direct Testimony of K. Jon Taylor (Exhibit P-4).

- B. The name of transferee or lessee, the consideration or rental and method of payment thereof, and rights reserved by the transferor or lessor;

This information is provided in the Petition, at ¶¶ 4 through 12.

- C. A copy of the written agreement, if any; if there is no written agreement, it shall be so stated;

See Exhibit SRS-1 to the Direct Testimony of Steven R. Staub (Exhibit P-3); Exhibits KJT-1, -2, and -3 to the Direct Testimony of K. Jon Taylor, (Exhibit P-4).

- D. A certified copy of the resolution of the board of directors or other authority authorizing the transfer or lease;

See Attachment A to the Petition.

- E. The purpose for which the property was originally acquired, the date of acquisition, the use made of the property for utility purposes, the date when and circumstances under which it ceased to be useful for such purposes, the present use, the possible prospective use and the identity of the official or officials who determined that the property is not now or prospectively required or useful for utility purposes.

This property was acquired for the provision of utility service on numerous dates over many years. The property is and will continue to be used for utility purposes after the transfer to MAIT.

- F. The basis of the price or rental: assessed valuation, appraisal, comparable sales, or other basis; whether it is the best price or rental attainable; an appraisal, if any, shall be attached as exhibit;

This information, as far as it is applicable, is discussed in the Direct Testimony of K. Jon Taylor (Exhibit P-4).

- G. Whether the proposed consideration or rental represent the fair market value of the property to be conveyed or leased;

As discussed in the Testimony of K. Jon Taylor, Exhibit P-4, the transmission assets will be transferred at net book value. The real property interests will be leased at an annual rent that is based on the net book value of the assets and an appropriate regulatory return thereon, which constitutes an appropriate rental value for this transaction.

- H. What steps were taken to put this property on the market and accomplish its sale or lease; if bids were solicited, the names of bidders and the consideration or rental offered shall be included;

Not applicable.

- I. Whether there is any relationship between the parties other than that of transferor and transferee, or lessor and lessee;

This information is discussed throughout the Petition and supporting testimony.

- J. The actual cost at date of acquisition, and the cost and nature of any improvements;

Please refer to the Direct Testimony of K. Jon Taylor (Exhibit P-4).

- K. The amount at which the property is now carried on the utility's books;

Please refer to the Direct Testimony of K. Jon Taylor (Exhibit P-4).

L. Copies of proposed journal entries to record the transaction when the consideration is more than \$ 20,000;

Please refer to Exhibit KJT-4 to the Direct Testimony of K. Jon Taylor, (Exhibit P-4).

M. If property is income producing, details, such as carrying charges, taxes, and assessed valuation, shall be included;

Not applicable.

N. If the property is encumbered by any mortgage, describe the mortgage, the amount thereof, and the time required to obtain a release, shall be included

Not applicable; none of the subject property is encumbered by a mortgage.

X. PUBLIC NOTICE AND SERVICE

34. Notice of this filing, which will be combined with notice of the dates, times and places of the public hearings to be scheduled thereon, will be served by mail upon the municipal clerks, the clerks of the Boards of Chosen Freeholders and, where appropriate, the County Executive Officers of all counties and municipalities located in JCP&L's service territory, in accordance with the regulations of the Board as set forth in N.J.A.C. 14:1-5.12(b)1. Such notice will be duly mailed following the scheduling of the dates, times and places of the hearings thereon, as discussed below. Listings of the aforementioned public officials are contained in Appendices A-1, A-2 and A-3, which are annexed hereto. Such notice will be substantially in the form of the notice annexed hereto as Appendix A.

35. Public notice of this filing, including a statement of the overall effect thereof on customers of JCP&L, and which will be combined with notice of the dates, times and places of the public hearings to be scheduled thereon, substantially in the form of the notice set forth in Appendix A annexed hereto, will also be published in daily and weekly newspapers published

and/or circulated in JCP&L's service areas, after the dates, times and places of all such public hearings thereon have been scheduled by the Board in compliance with N.J.A.C. 14:1-5.12(b)3, (c) and (d).

XI. SERVICE OF PETITION

36. Copies of this Verified Petition, and of all supporting Testimony and Attachments thereto, have been or will be duly served by overnight express delivery at the time of the filing hereof upon the Director, Division of Rate Counsel, 140 East Front Street, 4th Floor, P.O. Box 003, Trenton, New Jersey 08625-0003, and upon the Department of Law & Public Safety, Division of Law, 124 Halsey Street, 5th Floor, P.O. Box 45029, Newark, New Jersey 07101.

37. Copies of all correspondence and other communications relating to this proceeding should be addressed to:

**Gregory Eisenstark, Esq.
Windels Marx Lane & Mittendorf, LLP
120 Albany Street Plaza
New Brunswick, New Jersey 08901**

- and -

**Michael J. Connolly, Esq.
Windels Marx Lane & Mittendorf, LLP
One Giralda Farms
Madison, New Jersey 07940**

- and –

**Lauren Lepkoski, Esq.
FirstEnergy Corp.
2800 Pottsville Pike
Reading, PA 19612-6001**

- and –

**Bradley A. Bingaman, Esq.
FirstEnergy Corp.
76 South Main Street
Akron, Ohio 44308**

- and -

**Mark A. Mader
Jersey Central Power & Light Company
300 Madison Avenue
Morristown, New Jersey 07962-1911**

XII. CONCLUSION

WHEREFORE, the Petitioners, Jersey Central Power & Light Company and Mid-Atlantic Interstate Transmission, LLC, respectfully requests that the Board issue a final decision and order:


- (1) approving the transfer of JCP&L's transmission assets to MAIT;
- (2) approving the Ground Lease between JCP&L and MAIT;
- (3) declaring that MAIT will be a New Jersey public utility subject to the Board's jurisdiction for certain, limited purposes and enjoying the rights and privileges of a public utility as set forth hereinabove, and approving MAIT's request to maintain its books and records out of state;
- (4) declaring that, for those transmission projects for which the Board has granted JCP&L siting approval pursuant to N.J.S.A. 40:55D-19 but which have not yet been placed in service, such authority will be transferred to MAIT;
- (5) approving the addition of MAIT to the Utility Money Pool Pursuant to N.J.S.A. 48:3-7.2;
- (6) approving the Mutual Assistance Agreement; and
- (7) granting such other and further relief as the Board shall deem just, lawful and proper.

Respectfully submitted,

Dated: June 19, 2015

WINDELS MARX LANE & MITTENDORF, LLP
Attorneys for Petitioner,
Jersey Central Power & Light Company

By:


Gregory Eisenstark
120 Albany Street Plaza
New Brunswick, New Jersey 08901
(732) 448-2537

AFFIDAVIT
OF
VERIFICATION

Mark A. Mader, being duly sworn upon his oath, deposes and says:

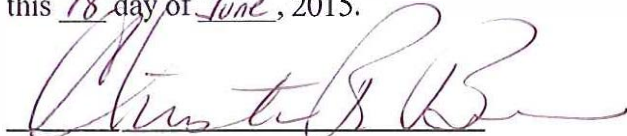
1. I am employed by FirstEnergy Service Company as Director of Rates and Regulatory Affairs – New Jersey, and I am duly authorized to make this Affidavit of Verification on behalf of Petitioners Jersey Central Power & Light Company and Mid-Atlantic Interstate Transmission, LLC.

2. I have read the contents of the foregoing Verified Petition and I hereby verify that the statements of fact and other information contained therein are true and correct to the best of my knowledge, information and belief.



Mark A. Mader

Sworn to and subscribed before me
this 18 day of June, 2015.


(Notary Public)

CHRISTINE R. BROWN
NOTARY PUBLIC OF NEW JERSEY
MY COMMISSION EXPIRES SEPTEMBER 11, 2015

Extract from the Regular and Organizational Meeting of Directors of
Jersey Central Power & Light Company held May 20, 2015

**Approval of Transfer of Transmission Assets and Lease of
Real Property and Real Property Rights**

The chairperson asked Lauren Lepkoski to provide a summary of the proposed transaction.

Ms. Lepkoski reported that the Company, along with Metropolitan Edison Company and Pennsylvania Electric Company (collectively, the “Operating Companies”) proposes to transfer legal ownership of its electric transmission assets to a new subsidiary of FirstEnergy Transmission, LLC (“FET”) that will be named Mid-Atlantic Interstate Transmission, LLC (“MAIT”). More specifically, the Company will transfer to MAIT all transmission lines, equipment and associated facilities that are operated at 500 kV down to 34.5 kV. As a result of the transaction, the Company will no longer own any transmission facilities.

Ms. Lepkoski stated that the transfer of the Company’s transmission assets would be accomplished through the Operating Companies, FET, and MAIT entering into a certain Capital Contribution Agreement (“Contribution Agreement”) and a certain Amended and Restated Limited Liability Company Operating Agreement (“LLC Operating Agreement”). Under the Contribution Agreement, FET will provide cash to MAIT in exchange for Class A membership interests. The Class A membership interests will provide FET with operating control and management of MAIT pursuant to the terms set forth in the LLC Operating Agreement. The Operating Companies will contribute all of their existing transmission assets to MAIT, at the assets’ historical carrying value, in a tax-free transfer in exchange for passive, Class B membership interests in MAIT. Each of FET and the Operating Company’s respective capital account balance in MAIT will be equal to the value of the assets each has transferred, on a relative, percentage basis. Under the LLC Operating Agreement, among other things, MAIT will make distributions to FET and each of the Operating Companies pro rata in accordance with each Operating Company’s capital account balance.

Ms. Lepkoski stated that the Company will also enter into a ground lease with MAIT (“Ground Lease”), under which the Company will lease to MAIT all of the real estate and real property rights associated with its transmission assets and necessary for MAIT’s ownership, operation and maintenance of such assets and for MAIT’s construction of new or additional transmission facilities.

Subject to the receipt of necessary federal and state regulatory approvals, the Company expects to complete the transfers and enter into the Ground Lease on or before January 1, 2017.

Ms. Lepkoski, Ms. Barwood, and Mr. Strah discussed the benefits of the transaction and responded to questions. Mr. Strah suggested that the Board receive periodic updates as significant events regarding this transaction occur.

Upon motion duly made and seconded, the following resolutions were adopted unanimously:

RESOLVED: That, subject to the receipt of any necessary regulatory and other approvals, the officers of the Company be, and each of them hereby is, authorized, in the name and on behalf of the Company, to execute the Contribution Agreement and the LLC Operating Agreement to effectuate the transfer of all of the Company’s transmission assets (as described in attachments to the Contribution Agreement) to MAIT;


RESOLVED FURTHER: That, subject to the receipt of any necessary regulatory and other approvals, the officers of the Company be, and each of them hereby is, authorized, in the name and on behalf of the Company, to execute the Ground Lease to effectuate the lease of all of the Company's real estate and real property rights associated with its transmission assets (as, and on the terms and conditions, set forth in the Ground Lease) to MAIT; and

RESOLVED FURTHER: That the officers of the Company be, and each of them hereby is, authorized, in the name and on behalf of the Company, to execute and deliver any other agreements, instruments, certificates, releases, and other documents, and take all such other actions as they may deem necessary, appropriate or advisable in order to carry out the foregoing resolutions.

- - - - -

I, Edward J. Udovich, Corporate Secretary of Jersey Central Power & Light Company do hereby certify that the foregoing is a true and correct copy of resolutions duly adopted by the Board of Directors of Jersey Central Power & Light Company, and that said resolutions have not since been rescinded but are still in full force and effect.

Executed as of this 3rd day of June 2015.



Corporate Secretary

PUBLIC NOTICE

JERSEY CENTRAL POWER & LIGHT COMPANY

**NOTICE OF PROPOSED TRANSFER OF TRANSMISSION ASSETS AND LEASE
OF REAL PROPERTY ASSETS TO MID-ATLANTIC INTERSTATE
TRANSMISSION, LLC
AND
NOTICE OF PUBLIC HEARINGS THEREON**

TO OUR CUSTOMERS:

On June 19, 2015, Jersey Central Power & Light Company (“JCP&L” or the “Company”) and Mid-Atlantic Interstate Transmission, LLC (“MAIT”) filed a Verified Petition with the New Jersey Board of Public Utilities (the “Board”), under BPU Docket No. _____, together with supporting attachments.

The Verified Petition requests Board approval of components of the proposed formation of a new entity, the aforementioned MAIT, which will own and operate the transmission assets of JCP&L. MAIT will also own and operate the transmission assets of Metropolitan Edison Company (“Met-Ed”) and Pennsylvania Electric Company (“Penelec”), which are FirstEnergy subsidiaries and electric distribution companies in Pennsylvania.

As part of the formation of MAIT, JCP&L will contribute all of its transmission assets to MAIT, which will thereafter own and operate those assets. JCP&L will also lease the real estate and real property rights associated with such transmission assets to MAIT. MAIT will, in the future, also construct, own, and operate new transmission facilities that will be constructed in JCP&L’s service

territory. With respect to any JCP&L transmission projects that are currently in the planning or construction phase, MAIT will complete, own, and operate such new transmission facilities.

MAIT is a newly-formed subsidiary of FirstEnergy Transmission, LLC (“FET”). JCP&L, along with Met-Ed and Penelec, will have an ownership interest in MAIT. JCP&L’s percentage ownership will be based on the value of its transferred assets.

As part of the Verified Petition, JCP&L and MAIT have also requested that the Board declare that MAIT will be a New Jersey public utility for certain purposes, and that MAIT be added to the FirstEnergy Intrasystem Utility Money Pool.

Copies of the Verified Petition, together with supporting attachments, are available for inspection at the Company’s regional headquarters at 300 Madison Avenue, Morristown, New Jersey 07962 and 331 Newman Springs Road, Building 3, Red Bank, New Jersey 07701, and at the New Jersey Board of Public Utilities, 44 South Clinton Avenue, 9th Floor, P.O. Box 350, Trenton, New Jersey 08625-0350.

Notice of this filing is being served upon the clerk, executive or administrator of each municipality and county within the Company’s service areas. Such notice has also been served, together with the supporting attachments, upon the Director of the Division of Rate Counsel, who will represent the interests of ratepayers in these proceedings.

PLEASE TAKE NOTICE that the Board has scheduled public hearings on the Verified Petition under BPU Docket No. _____, at the following times and places:

_____, 2015

Morris County Administration & Records Building
Public Meeting Room, 5th Floor
10 Court Street
Morristown, New Jersey 07963

_____, 2015

Freehold Township Municipal Building
One Municipal Plaza
(Schanck Road at Stillwells Corner Road)
Freehold, New Jersey 07728

Members of the public will have an opportunity to be heard and/or to submit written comments or statements at each or either of the public hearings if they wish to do so. Persons requiring special accommodations because of disability should contact the Office of the Secretary of the Board at (609) 777-3300 at least 48 hours prior to the scheduled hearing so that appropriate arrangements can be made. Written comments or statements may also be submitted directly to the Board of Public Utilities at 44 South Clinton Avenue, 9th Floor, P.O. Box 350, Trenton, New Jersey 08625-0350, Attn: Secretary of the Board.

**JERSEY CENTRAL POWER & LIGHT
COMPANY**

Dated: _____, 2015

Municipal Clerks

Clerk, Township of Aberdeen
1 Aberdeen Square
Aberdeen, NJ 07747

Clerk, Township of Alexandria
782 Frenchtown Rd.
Milford, NJ 08848

Clerk, Township of Allamuchy
292 Alphano Rd.
PO Box A
Allamuchy, NJ 07820

Clerk, Borough of Allenhurst
125 Corlies Avenue
Allenhurst, NJ 07711

Clerk, Borough of Alpha
1001 E. Boulevard
Alpha, NJ 08865

Clerk, Borough of Andover
137 Main Street
Andover, NJ 07821

Clerk, Andover Township
134 Newton-Sparta Road
Newton, NJ 07860-2746

Clerk, City of Asbury Park
One Municipal Plaza
Asbury Park, NJ 07712

Clerk, Borough of Atlantic Highlands
Municipal Building
100 First Avenue
Atlantic Highlands, NJ 07716

Clerk, Borough of Avon By The Sea
Municipal Building
301 Main Street
Avon By The Sea, NJ 07717

Clerk, Township of Barnegat
900 W. Bay Street
Barnegat, NJ 08805-1298

Clerk, Borough of Bay Head
81 Bridge Avenue
PO Box 248
Bay Head, NJ 08742

Clerk, Borough of Beachwood
1600 Pinewald Rd.
Beachwood, NJ 08722

Clerk, Bedminster Township
One Miller Lane
Bedminster, NJ 07921

Clerk, Borough of Belmar
601 Main Street
PO Box A
Belmar, NJ 07719-0070

Clerk, Town of Belvidere
691 Water Street
Belvidere, NJ 07823

Clerk, Township of Berkeley
Town Hall, PO Box B
627 Pinewald – Kenswick Rd.
PO Box B
Bayville, NJ 08721-0287

Clerk, Township of Berkeley Heights
29 Park Avenue
Berkeley Heights, NJ 07922-1499

Clerk, Bernards Township
1 Collyer Lane
Basking Ridge, NJ 07920-1441

Clerk, Borough of Bernardsville
Borough Hill
166 Mine Brook Road
PO Box 158
Bernardsville, NJ 07924-0158

Clerk, Township of Bethlehem
405 Mine Road
Asbury, NJ 08802-1107

Clerk, Township of Blairstown
106 Route 94
Blairstown, NJ 07825

Clerk, Borough of Bloomingdale
Municipal Building
101 Hamburg Turnpike
Bloomingdale, NJ 07403

Clerk, Borough of Bloomsbury
91 Brunswick Avenue
Bloomsbury, NJ 08804-0098

Clerk, Town of Boonton
100 Washington Street
Boonton, NJ 07005

Clerk, Township of Boonton
155 Powerville Road
Boonton, NJ 07005-8729

Clerk, Borough of Bradley Beach
701 Main Street
Bradley Beach, NJ 07720

Clerk, Township of Branchburg
1077 US Highway 202 N.
Somerville, NJ 08876-3936

Clerk, Borough of Branchville
5 Main Street
PO Box 840
Broad Street
Branchville, NJ 07826

Clerk, Borough of Brielle
601 Union Lane
PO Box 445
Brielle, NJ 08730-0445

Municipal Clerks

Clerk, Brick Township
401 Chambersbridge Road
Brick Town, NJ 08723

Clerk, Township of Bridgewater
700 Garrestson Road
PO Box 6300
Bridgewater, NJ 08807

Clerk, Borough of Butler
1 Ace Road
Butler, NJ 07405

Clerk, Township of Byram
10 Mansfield Drive
Stanhope, NJ 07874

Clerk, Borough of Califon
39 Academy Street
PO Box 368
Califon, NJ 07830-0368

Clerk, Borough of Chatham
Municipal Building
54 Fairmount Avenue
Chatham, NJ 07928-2393

Clerk, Township of Chatham
58 Meyersville Road
Chatham, NJ 07928

Clerk, Borough of Chester
Municipal Building
PO Box 487
300 Main Street
Chester, NJ 07930

Clerk, Township of Chester
Municipal Building
1 Parker Road
Chester, NJ 07930

Clerk, Township of Chesterfield
Municipal Building
300 Bordentown-Chesterfield Road
Trenton, NJ 08515

Clerk, Town of Clinton
43 Leigh Street
PO Box 5194
Clinton, NJ 08809-5194

Clerk, Township of Clinton
1370 Rte. 31 North
Annandale, NJ 08801

Clerk, Township of Colts Neck
Town Hall
124 Cedar Drive
Colts Neck, NJ 07722-0249

Clerk, Township of Cranbury
23A North Main Street
Cranbury, NJ 08512-3287

Clerk, Borough of Deal
Municipal Building
Durant Square
Deal, NJ 07723-0056

Clerk, Township of Denville
Municipal Building
1 St. Mary's Place
Denville, NJ 07834

Clerk, Township of Delaware
Township Hall
PO Box 500
Sergeantsville, NJ 08557

Clerk, Town of Dover
Town Hall
37 North Sussex Street
Dover, NJ 07801

Clerk, Township of Toms River
33 Washington Street
PO Box 728
Toms River, NJ 08754-0728

Clerk, Township of East Amwell
1070 Rte. 202
Ringoes, NJ 08551-1051

Clerk, Township of East Brunswick
1 Jean Walling Civic Center
PO Box 1081
East Brunswick, NJ 08816-1081

Clerk, Township of East Hanover
411 Ridgedale Avenue
East Hanover, NJ 07936

Clerk, Township of East Windsor
Municipal Building
16 Lanning Boulevard
East Windsor, NJ 08520-1999

Clerk, Borough of Eatontown
Borough Hall
47 Broad Street
Eatontown, NJ 07724-1698

Clerk, Borough of Englishtown
13 Main Street
Englishtown, NJ 07726

Clerk, Borough of Fair Haven
Municipal Building
748 River Road
Fair Haven, NJ 07704

Clerk, Borough of Far Hills
6 Prospect Street
PO Box 477
Far Hills, NJ 07931-0477

Clerk, Borough of Farmingdale
Municipal Building
11 Asbury Avenue
PO Box 58
Farmingdale, NJ 07727

Clerk, Borough of Flemington
38 Park Avenue
Flemington, NJ 08822-1398

Clerk, Borough of Florham Park
Borough Hall
111 Ridgedale Avenue
Florham Park, NJ 07932

Municipal Clerks

Clerk, Township of Frankford
151 US Highway 206
Augusta, NJ 07822

Clerk, Borough of Franklin
46 Main Street
Franklin, NJ 07416

Clerk, Township of Franklin
475 DeMott Lane
Somerset, NJ 08873

Clerk, Township of Franklin
Municipal Building
2093 Rte. 57
PO Box 547
Broadway, NJ 08808

Clerk, Township of Fredon
443 Rte. 94
Newton, NJ 07860

Clerk, Borough of Freehold
51 West Main Street
Freehold, NJ 07728-2195

Clerk, Township of Freehold
One Municipal Plaza
Freehold, NJ 07728-3099

Clerk, Township of Frelinghuysen
210 Main Street
PO Box 417
Johnsonburg, NJ 07846-0417

Clerk, Borough of Frenchtown
Borough Hall
29 Second Street
Frenchtown, NJ 08825

Clerk, Borough of Glen Gardner
PO Box 307
Glen Gardner, NJ 08826

Clerk, Township of Green
150 Kennedy Road
PO Box 65
Tranquility, NJ 07879

Clerk, Township of Green Brook
111 Greenbrook Road
Greenbrook, NJ 08812-2501

Clerk, Township of Greenwich
321 Greenwich Street
Stewartsville, NJ 08886

Clerk, Town of Hackettstown
215 Stiger Street
Hackettstown, NJ 07840

Clerk, Borough of Hamburg
Municipal Building
16 Walkill Avenue
Hamburg, NJ 07419

Clerk, Borough of Hampton
PO Box 418
Hampton, NJ 08827

Clerk, Township of Hampton
1 Municipal Complex Road
Newton, NJ 07860

Clerk, Township of Hanover
Municipal Building
1000 Rte. 10
PO Box 250
Whippany, NJ 07981-0250

Clerk, Township of Harding
Blue Mill & Sand Spring Roads
PO Box 666
New Vernon, NJ 07976

Clerk, Township of Hardwick
40 Spring Valley Road
Blairstown, NJ 07825

Clerk, Township of Hardyston
Municipal Building, Suite A
149 Wheatworth Rd.
Hamburg, NJ 07419

Clerk, Township of Harmony
3003 Belvidere Road
Phillipsburg, NJ 08865

Clerk, Township of Hazlet
319 Middle Road
Hazlet, NJ 07730-0371

Clerk, Borough of Helmetta
Borough Hall
60 Main Street
PO Box 378
Helmetta, NJ 08828

Clerk, Borough of High Bridge
71 Main Street
High Bridge, NJ 08829-1003

Clerk, Borough of Highlands
171 Bay Avenue
Highlands, NJ 07732-1699

Clerk, Borough of Hightstown
148 North Main Street
Hightstown, NJ 08520-3291

Clerk, Township of Hillsborough
379 S. Branch Road
Hillsborough, NJ 08844

Clerk, Township of Holland
61 Church Road
Milford, NJ 08848

Clerk, Township of Holmdel
4 Crawford's Corner Road
PO Box 410
Holmdel, NJ 07733-0410

Municipal Clerks

Clerk, Borough of Hopatcong
Municipal Building
111 River Styx Road
Hopatcong, NJ 07843-1599

Clerk, Township of Hope
PO Box 284
Hope, NJ 07844

Clerk, Township of Hopewell
Municipal Building
201 Washington Crossing Pennington
Road
Titusville, NJ 08560-1410

Clerk, Township of Howell
251 Preventorium Road
PO Box 580
Howell, NJ 07731-0580

Clerk, Township of Independence
Municipal Building
327 Rte. 46, PO Box 164
Great Meadows, NJ 07838

Clerk, Borough of Interlaken
Borough Hall
100 Gasmere Avenue
Interlaken, NJ 07712

Clerk, Borough of Island Heights
Municipal Complex
East End & Van Sant Ave.
Island Heights, NJ 08732

Clerk, Township of Jackson
Municipal Building
95 West Veterans Highway
Jackson, NJ 08527

Clerk, Borough of Jamesburg
131 Perrineville Road
Jamesburg, NJ 08831

Clerk, Township of Jefferson
Municipal Building
1033 Weldon Road
Lake Hopatcong, NJ 07849

Clerk, Borough of Keansburg
Municipal Building
29 Church Street
Keansburg, NJ 07734

Clerk, Borough of Keyport
70 West Front Street
Keyport, NJ 07735-0070

Clerk, Township of Kingwood
2 Oak Grove Road
PO Box 199
Baptistown, NJ 08803-0199

Clerk, Borough of Kinnelon
Municipal Building
130 Kinnelon Road
Kinnelon, NJ 07405

Clerk, Township of Knowlton
Municipal Building
628 Route 94
Columbia, NJ 07832

Clerk, Township of Lacey
Municipal Building
818 W. Lacey Road
Forked River, NJ 08731

Clerk, Township of Lafayette
33 Morris Farm Road
Lafayette, NJ 07848

Clerk, Borough of Lakehurst
5 Union Avenue
Lakehurst, NJ 08733-3097

Clerk, Township of Lakewood
Municipal Building
231 Third Street
Lakewood, NJ 08701-3220

Clerk, City of Lambertville
18 York Street
Lambertville, NJ 08530

Clerk, Borough of Lavallette
1306 Grand Central Ave.
Lavallette, NJ 08735

Clerk, Borough of Lebanon
6 High Street
Lebanon, NJ 08833

Clerk, Township of Lebanon
530 W. Hill Road
Glen Gardner, NJ 08826-9714

Clerk, Township of Liberty
349 Mt. Lake Road
Great Meadows, NJ 07838

Clerk, Borough of Lincoln Park
Municipal Building
34 Chapel Hill Road
Lincoln Park, NJ 07035-1998

Clerk, Borough of Little Silver
Borough Hall
480 Prospect Avenue
Little Silver, NJ 07739

Clerk, Township of Livingston
357 S. Livingston Avenue
Livingston, NJ 07039-3994

Clerk, Village of Loch Arbour
550 Main Street
Loch Arbour, NJ 07711

Clerk, City of Long Branch
City Hall
344 Broadway
Long Branch, NJ 07740

Clerk, Township of Lopatcong
Municipal Building
232 South Third Street
Phillipsburg, NJ 08865-1898

Municipal Clerks

Clerk, Borough of Madison
Hartley Dodge Memorial Building
50 Kings Road
Madison, NJ 07940-2592

Clerk, Township of Manalapan
120 Route 522 & Taylor-Mills Road
Manalapan Township, NJ 07726

Clerk, Borough of Manasquan
201 E. Main Street
PO Box 199
Manasquan, NJ 08736

Clerk, Township of Manchester
1 Colonial Drive
Lakehurst, NJ 08733

Clerk, Township of Mansfield
24548 E. Main Street
PO Box 249
Columbus, NJ 08022-0249

Clerk, Borough of Mantoloking
Borough Hall, PO Box 247
202 Downer Avenue
Mantoloking, NJ 08738-0247

Clerk, Township of Maplewood
Municipal Building
574 Valley Street
Maplewood, NJ 07940-0690

Clerk, Township of Marlboro
Municipal Complex
1979 Township Drive
Marlboro, NJ 07746

Clerk, Borough of Matawan
201 Broad Street
Matawan, NJ 07747

Clerk, Borough of Mendham
2 W. Main Street
Mendham, NJ 07945

Clerk, Township of Middletown
Municipal Building
1 Kings Highway
Middletown, NJ 07748-2594

Clerk, Borough of Milford
30 Water Street
PO Box 507
Milford, NJ 08848-0507

Clerk, Township of Millburn
Town Hall
375 Millburn Avenue
Millburn, NJ 07041-1379

Clerk, Township of Millstone
Municipal Building
215 Millstone Road
PO Box 240
Perrineville, NJ 08535-0240

Clerk, Township of Mine Hill
Municipal Building
10 Baker Street
Mine Hill, NJ 07803

Clerk, Borough of Monmouth Beach
22 Beach Road
Monmouth Beach, NJ 07750

Clerk, Monroe Township
Municipal Complex
1 Municipal Plaza
Jamesburg, NJ 08831-1900

Clerk, Township of Montague
277 Clove Road
Montague, NJ 07827

Clerk, Borough of Netcong
Municipal Building
23 Maple Avenue
Netcong, NJ 07857-1121

Clerk, Township of New Hanover
2 Hockamick Rd.
Cookstown, NJ 08511

Clerk, Borough of New Providence
360 Elkwood Avenue
New Providence, NJ 07974-1844

Clerk, Town of Newton
39 Trinity Street
Newton, NJ 07860

Clerk, Township of North Hanover
Municipal Building
41 Schoolhouse Road
Jacobstown, NJ 08562

Clerk, Township of Ocean
Township Hall
399 Monmouth Road
Oakhurst, NJ 07755-1589

Clerk, Township of Ocean
50 Railroad Avenue
Waretown, NJ 08758

Clerk, Borough of Ocean Gate
151 E. Longport Avenue, CN-100
Ocean Gate, NJ 08740

Clerk, Borough of Oceanport
222 Monmouth Blvd.
PO Box 370
Oceanport, NJ 07757

Clerk, Borough of Ogdensburg
14 Highland Avenue
Ogdensburg, NJ 07439

Clerk, Township of Montville
Municipal Building
195 Changebridge Road
Montville, NJ 07045-9498

Clerk, Township of Morris
50 Woodland Avenue
PO Box 7603
Convent Station, NJ 07961-7603

Municipal Clerks

Clerk, Borough of Morris Plains 531 Speedwell Avenue Morris Plains, NJ 07950	Clerk, Town of Morristown 200 South Street, CN-914 Morristown, NJ 07963-0914	Clerk, Borough of Mt. Arlington 419 Howard Blvd. Mt. Arlington, NJ 07856
Clerk, Township of Mount Olive Municipal Building 204 Flanders-Drakestown Road PO Box 450 Budd Lake, NJ 07828	Clerk, Borough of Mountain Lakes 400 Boulevard Mountain Lakes, NJ 07046	Clerk, Borough of Mountainside Municipal Building 1385 Route 22 Mountainside, NJ 07092
Clerk, Township of Neptune 25 Neptune Boulevard Neptune, NJ 07753	Clerk, Borough of Neptune City 106 W. Sylvania Avenue Neptune, NJ 07754-2098	Clerk, Township of Old Bridge One Old Bridge Plaza Old Bridge, NJ 08857
Clerk, Township of Oxford Municipal Building 11 Green Street, PO Box 119 Oxford, NJ 07863	Clerk, Township of Pahaquarry 40 Spring Valley Road Blairstown, NJ 07825	Clerk, Township of Parsippany-Troy Hills 1001 Parsippany Boulevard Parsippany, NJ 07054
Clerk, Township of Passaic 330 Passaic Street Passaic, NJ 07055	Clerk, Boroughs of Peapack & Gladstone 1 School Street, PO Box 218 Peapack, NJ 07977	Clerk, Borough of Pemberton Municipal Building 50 Egbert Street Pemberton, NJ 08068-0261
Clerk, Township of Pemberton 500 Pemberton-Browns Mills Road Pemberton, NJ 08068-1539	Clerk, Township of Pequannock 530 Newark-Pompton Turnpike Pompton Plains, NJ 07444	Clerk, Town of Phillipsburg Municipal Building 675 Corliss Avenue Phillipsburg, NJ 08865
Clerk, Borough of Pine Beach 599 Pennsylvania Avenue PO Box 425 Pine Beach, NJ 08741-0425	Clerk, Township of Plumsted 121 Evergreen Road New Egypt, NJ 08533	Clerk, Township of Pohatcong 50 Municipal Drive Phillipsburg, NJ 08865
Clerk, Borough of Point Pleasant 2233 Bridge Avenue PO Box 25 Point Pleasant, NJ 08742	Clerk, Borough of Pt. Pleasant Beach 416 New Jersey Avenue Point Pleasant Beach, NJ 08742	Clerk, Borough of Pompton Lakes Municipal Building 25 Lennox Avenue Pompton Lakes, NJ 07442
Clerk, Township of Raritan One Municipal Drive Flemington, NJ 08822-3446	Clerk, Township of Randolph Municipal Building 502 Millbrook Avenue Randolph, NJ 07869	Clerk, Borough of Ringwood Borough Hall 60 Margaret King Avenue Ringwood, NJ 07456
Clerk, Borough of Riverdale 91 Newark Pompton Turnpike PO Box 6 Riverdale, NJ 07457	Clerk, Township of Readington Municipal Building 509 Rte. 523 Whitehouse Station, NJ 08889	Clerk, Borough of Red Bank 90 Monmouth Street Red Bank, NJ 07701

Municipal Clerks

Clerk, Borough of Rockaway
Municipal Building
1 East Main Street
Rockaway, NJ 07866

Clerk, Township of Rockaway
65 Mt. Hope Road
Rockaway, NJ 07866-1698

Clerk, Borough of Roosevelt
Borough Hall
33 N. Richdale Avenue
PO Box 128
Roosevelt, NJ 08555-0128

Clerk, Township of Roxbury
1715 Rte. 46
Ledgewood, NJ 07852

Clerk, Borough of Rumson
Memorial Borough Hall
80 E. River Rd.
Rumson, NJ 07760

Clerk, Sandyston Township
133 Route 645
Branchville, NJ 07826

Clerk, Borough of Sayreville
167 Main Street
Sayreville, NJ 08872

Clerk, Borough of Sea Bright
1167 Ocean Avenue
Sea Bright, NJ 07760

Clerk, Borough of Sea Girt
321 Baltimore Blvd.
PO Box 296
Sea Girt, NJ 08750

Clerk, Seaside Heights Borough
901 Boulevard
Seaside Heights, NJ 08751

Clerk, Borough of Seaside Park
1701 N. Ocean Avenue
PO Box B
Seaside Park, NJ 08752

Clerk, Borough of Shrewsbury
419 Sycamore Avenue
PO Box 7420
Shrewsbury, NJ 07702

Clerk, Township of Shrewsbury
1979 Crawford Street
Eatontown, NJ 07724

Clerk, City of South Amboy
City Hall, 140 N. Broadway
South Amboy, NJ 08879-1647

Clerk, Township of Southampton
Town Hall
5 Retreat Road
Vincetown, NJ 08088

Clerk, Borough of South Belmar
1730 Main Street
PO Box 569
South Belmar, NJ 07719-0569

Clerk, Borough of South Toms River
Borough Hall
144 Hill Street
South Toms River, NJ 08757

Clerk, Township of Mendham
Township Hall
W. Main & Cherry Ln.
PO Box 520
Brookside, NJ 07926

Clerk, Township of South Brunswick
Municipal Complex
540 Ridge Road
PO Box 190
Monmouth Junction, NJ 08852-0190

Clerk, Borough of Spring Lake
Fifth & Warren Avenues
Spring Lake, NJ 07762

Clerk, Township of Sparta
65 Main Street
Sparta, NJ 07871

Clerk, Borough of Spotswood
77 Summerhill Road
Spotswood, NJ 08884

Clerk, Township of Springfield
Municipal Building
100 Mountain Avenue
Springfield, NJ 07081-1702

Clerk, Borough of Spring Lake Heights
555 Brighton Avenue
Spring Lake Heights, NJ 07762

Clerk, Township of Springfield
Municipal Building
2159 Jacksonville Road
PO Box 119
Jobstown, NJ 08041

Clerk, Borough of Stockton
Municipal Building
2 Main Street, PO Box M
Stockton, NJ 08559

Clerk, Borough of Stanhope
77 Main Street
Stanhope, NJ 07874

Clerk, Township of Stillwater
964 Stillwater Road
Newton, NJ 07860

Clerk, Township of Tewksbury
169 Old Turnpike Road
Califon, NJ 07830

Clerk, City of Summit
512 Springfield Avenue
Summit, NJ 07901-2667

Municipal Clerks

Clerk, Borough of Sussex
2 Main Street
Sussex, NJ 07461-2397

Clerk, Borough of Union Beach
Municipal Building
650 Poole Avenue
Union Beach, NJ 07735

Clerk, Borough of Tinton Falls
Municipal Building
556 Tinton Avenue
Tinton Falls, NJ 07724-3298

Clerk, Township of Union
140 Perryville Road
Hampton, NJ 08827

Clerk, Borough of Victory Gardens
Municipal Building
337 S. Salem Street
Dover, NJ 07801

Clerk, Township of Upper Freehold
Municipal Building
314 County Rte. 539
PO Box 89
Cream Ridge, NJ 08514

Clerk, Township of Vernon
Municipal Building
21 Church Street
PO Box 340
Vernon, NJ 07462

Clerk, Borough of Wanaque
579 Ringwood Avenue
Wanaque, NJ 07465

Clerk, Township of Wall
2700 Allaire Road
PO Box 1168
Wall, NJ 07719-1168

Clerk, Township of Walpack
PO Box 94
Walpack, NJ 07881

Clerk, Borough of Washington
100 Belvidere Avenue
Washington, NJ 07882-1426

Clerk, Township of Wantage
Municipal Building
888 Rte. 23
Sussex, NJ 07461

Clerk, Township of Warren
Municipal Building
46 Mountain Blvd.
Warren, NJ 07059-5605

Clerk, Robbinsville Township
Municipal Building
1117 Route 130
Robbinsville, NJ 08691-1103

Clerk, Township of Washington
211 Rt. 31 North
Washington, NJ 07882

Clerk, Township of Washington
43 Schooley's Mountain Road
Long Valley, NJ 07853

Clerk, Township of West Amwell
150 Rocktown-Lambertville Rd.
Lambertville, NJ 08530-3203

Clerk, Borough of Watchung
Municipal Building
15 Mountain Blvd.
Watchung, NJ 07069-6399

Clerk, Township of Wayne
475 Valley Road
Wayne, NJ 07470

Clerk, Township of West Windsor
Municipal Building
271 Clarkville Rd., PO Box 38
Princeton Junction, NJ 08550

Clerk, Borough of West Long Branch
965 Broadway
West Long Branch, NJ 07764

Clerk, Township of West Milford
1480 Union Valley Road
West Milford, NJ 07840-1303

Clerk, Township of Woodland
Municipal Building
3rd & Main Streets
PO Box 388
Chatsworth, NJ 08019

Clerk, Borough of Wharton
Municipal Building
10 Robert Street
Wharton, NJ 07885

Clerk, Township of White
555 County Road 519
Belvidere, NJ 07823

Clerk, Borough of Wrightstown
Borough Hall
21 Saylor's Pond Road
Wrightstown, NJ 08562

Clerk, Lake Como Borough
1740 Main Street
PO Box 569
Lake Como, NJ 07719-0569

List of County Freeholders

Burlington County Bd of Freeholders
County Office Bldg.
49 Rancocas Rd.
PO Box 6000
Mt. Holly, NJ 08060

Essex County Executive
Hall of Records
465 Dr. Martin Luther King, Jr. Blvd.
Newark, NJ 07102

Hunterdon County Bd of Freeholders
County Administration Bldg.
71 Main St.
Flemington, NJ 08822

Mercer County Bd of Freeholders
McDade Administration
640 S. Broad St.
PO Box 8068
Trenton, NJ 08650-0068

Middlesex County Bd of Freeholders
Administration Bldg.
JFK Square
PO Box 871
New Brunswick, NJ 08903

Monmouth County Bd of Freeholders
Hall of Records
One E. Main Street
Freehold, NJ 07728

Morris County Bd of Freeholders
Administration & Records Bldg.
Court St.
PO Box 900
Morristown, NJ 07963-0900

Ocean County Bd of Freeholders
Administration Bldg.
101 Hooper Ave.
PO Box 2191
Toms River, NJ 08754

Passaic County Bd of Freeholders
Administration Bldg.
401 Grand St., 2nd Flr., #223
Paterson, NJ 07505

Somerset County Bd of Freeholders
20 Grove St.
PO Box 3000
Somerville, NJ 08876

Sussex County Bd of Freeholders
Administrative Center
One Spring St.
Newton, NJ 07860

Union County Bd of Freeholders
Administration Bldg.
10 Elizabethtown Plaza 6th Floor
Elizabeth, NJ 07207

Warren County Bd of Freeholders
Dumont Administration Building
165 Rte. 519 S.
Belvidere, NJ 07823

List of County Executive Offices & Administrators

Burlington County Administrator
Municipal Bldg.
851 Old York Rd.
PO Box 340
Burlington, NJ 08016-0340

Burlington County Administrator
City Hall
525 High Street
Burlington, NJ 08016

Essex County Executive
Hall of Records
465 Dr. Martin Luther King, Jr. Blvd.
Newark, NJ 07102

Hunterdon County Administrator
County Administration Bldg.
71 Main St.
Flemington, NJ 08822

Mercer County Executive
McDade Administration
640 S. Broad St.
PO Box 8068
Trenton, NJ 08650-0068

Middlesex County Administrator
Administration Bldg.
JFK Square
PO Box 871
New Brunswick, NJ 08903

Monmouth County Administrator
Hall of Records
One E. Main Street
Freehold, NJ 07728

Morris County Administrator
Administration & Records Bldg.
Court St.
PO Box 900
Morristown, NJ 07963-0900

Ocean County Administrator
Administration Bldg.
101 Hooper Ave.
PO Box 2191
Toms River, NJ 08754

Passaic County Administrator
Administration Bldg.
401 Grand St.
Paterson, NJ 07505

Somerset County Administrator
20 Grove St.
PO Box 3000
Somerville, NJ 08876

Sussex County Administrator
Administrative Center
One Spring St.
Newton, NJ 07860

Union County Administrator
Administration Bldg.
6th Floor
Elizabeth, NJ 07207

Warren County Administrator
Dumont Administration Building
165 Rte. 519 S.
Belvidere, NJ 07823

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

VERIFIED PETITION

DOCKET NO. _____

IN THE MATTER OF THE VERIFIED PETITION :
OF JERSEY CENTRAL POWER & LIGHT :
COMPANY FOR AUTHORIZATION PURSUANT :
TO N.J.S.A. 48:3-7.2 FOR APPROVAL TO :
PARTICIPATE IN THE FIRSTENERGY CORP. :
INTRASYSTEM UTILITY MONEY POOL :
_____ :

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

Jersey Central Power & Light Company ("JCP&L") respectfully states:

1. JCP&L, a New Jersey public utility, is engaged in the generation, purchase, transmission, distribution and sale of electric energy and related utility services to more than 1,000,000 residential, commercial and industrial customers located within 13 counties and 236 municipalities of the State of New Jersey. JCP&L's principal New Jersey offices are located at 300 Madison Avenue, Morristown, New Jersey 07962. JCP&L is a public utility as defined by N.J. 48:2-13. It files this petition pursuant to N.J.S.A. 48:3-7.2.
2. Copies of all correspondence and other communications relating to this proceeding should be addressed to the following:

Marc B. Lasky, Esq.
Elizabeth A. Quirk, Esq.
Thelen Reid & Priest LLP
65 Madison Avenue
Morristown, New Jersey 07960

- and -

Michael J. Filippone
Sally J. Cheong
Jersey Central Power & Light Company
300 Madison Avenue
Morristown, New Jersey 07962

- and -

Mary Bell, Esq.
FirstEnergy Corp.
76 South Main Street
Akron, OH 44308

3. N.J.S.A 48:3-7.2 provides that no public utility shall loan any of its money to any of that utility's affiliates unless such loan or loans have been approved by the New Jersey Board of Public Utilities (the "Board"). JCP&L hereby seeks authorization from the Board to make loans to its public utility affiliates (the individual affiliates are discussed below) through its participation in a utility money pool (the "Money Pool"), as more fully described below.

4. JCP&L is a direct wholly-owned subsidiary of FirstEnergy Corp. ("FirstEnergy"), an Ohio corporation and a registered holding company under the Public Utility Holding Company Act of 1935 ("PUHCA"). FirstEnergy also directly owns all of the issued and outstanding voting securities of the following public utilities: Ohio Edison Company ("Ohio Edison"), The Cleveland Electric Illuminating Company ("Cleveland Electric"), The Toledo Edison Company ("Toledo Edison"), Pennsylvania Power Company ("Penn Power"), American Transmission System, Incorporated ("ATSI"), Northeast Ohio Natural Gas Corp. ("NONGC"), Pennsylvania Electric Company ("Penelec"), Metropolitan Edison Company ("Met-Ed"), York

Haven Power Company ("York Haven") and Waverly Electric Power & Light Company ("Waverly Electric").

5. JCP&L requests authority to participate in the Money Pool pursuant to a Utility Money Pool Agreement (the form of which is filed as Exhibit A to this Petition) to establish an intra-system arrangement for short-term financing by and among JCP&L, FirstEnergy, FirstEnergy Service Company (ServeCo), which is a service company subsidiary of FirstEnergy, Ohio Edison, Cleveland Electric, Toledo Edison, ATSI, Penn Power, NONGC, Penelec, Met-Ed, York Haven and Waverly Electric (collectively hereinafter called the "Participating Companies"), and to issue and acquire short-term notes in connection therewith, through June 30, 2003, pursuant to the terms and conditions as described in this Petition.

6. The purpose of the Money Pool is to assist JCP&L and the other Participating Companies, other than FirstEnergy and ServeCo, in obtaining least-cost short-term financing of their interim capital requirements.

7. Under the terms of the Money Pool, short-term funds will be made available, from time to time through June 30, 2003, to the Participating Companies other than FirstEnergy and ServeCo from the following sources: (a) surplus funds from Participating Companies ("Internal Funds"), and (b) proceeds from bank borrowings or the sale of commercial paper by the Participating Companies for loan to the Money Pool ("External Funds"). External Funds provided by JCP&L to the Money Pool and borrowed therefrom by Participating Companies shall not exceed in the aggregate at any one time an amount equal to JCP&L's limitation on unsecured indebtedness contained in its Certificate of Incorporation (the "Charter Limit"), which was \$281 million as of September 30, 2001. In addition, Internal Funds provided by JCP&L to the Money Pool and borrowed therefrom by Participating Companies shall not exceed in the

aggregate at any one time \$150 million of short-term cash that may be available to JCP&L for temporary investment. As a result, the total amount provided by JCP&L to the Money Pool at any one time shall not exceed in the aggregate the sum of (a) an amount equal to its Charter Limit, plus (b) \$150 million.

8. The Participating Companies that borrow through the Money Pool would borrow *pro rata* from each company that lends, in the proportion that the total amount loaned by each such lending company bears to the total amount then loaned through the Money Pool. On any day when more than one fund source (e.g., Internal Funds and External Funds), with different rates of interest, is used to fund loans through the Money Pool, each borrower would borrow *pro rata* from each such fund source in the Money Pool in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Money Pool.

9. If only Internal Funds make up the funds available in the Money Pool, the interest rate applicable and payable to or by the Participating Companies for all loans of these Internal Funds will be the greater of the 30-day LIBOR rate as quoted in *The Wall Street Journal* or the money market rate that a lending Participating Company could have obtained if it placed its excess cash in such an investment.

10. If only External Funds comprise the funds available in the Money Pool, the interest rate applicable to loans of such External Funds would be equal to the lending company's cost for such External Funds (or, if more than one Participating Company had made available External Funds on such day, the applicable interest rate would be a composite rate equal to the weighted average of the cost incurred by the respective Participating Companies for such External Funds).

11. In cases where both Internal Funds and External Funds are concurrently borrowed through the Money Pool, the rate applicable to all loans comprised of these "blended" funds would be a composite rate equal to the weighted average of: (1) the cost of all Internal Funds contributed by Participating Companies (as determined in accordance with paragraph 9 above) and (2) the cost of all such External Funds (as determined in accordance with paragraph 10 above). In circumstances where Internal Funds and External Funds are available for loans through the Money Pool, loans may be made exclusively from Internal Funds or External Funds, rather than from a "blend" of these funds, to the extent it is expected that these loans would result in a lower cost of borrowing.

12. Funds not required by the Money Pool to make loans (with the exception of funds required to satisfy the Money Pool's liquidity requirements) would ordinarily be invested in one or more short-term investments, including: (1) interest-bearing accounts with banks; (2) obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (3) obligations issued or guaranteed by any state or political subdivision of a state, provided that these obligations are rated not less than "A" by a nationally recognized rating agency; (4) commercial paper rated not less than "A-1" or "P-1" or their equivalent by a nationally recognized rating agency; (5) money market funds; (6) bank certificates of deposit; (7) Eurodollar funds; and (8) other investments that are permitted by Section 9(c) of PUHCA and Rule 40 thereunder. The interest income and other investment income earned by the Money Pool on loans and investment of surplus funds will be allocated among the Participating Companies in accordance with the proportion each Participating Company's contribution of funds to the Money Pool bears to the total amount of funds in the Money Pool and the cost of any External Funds provided to the Money Pool by such

Participating Company. Interest and other investment earnings will be computed on a daily basis and settled once per month.

13. The Participating Companies will have discretion to lend their Internal and External Funds, if any, to, or borrow moneys from, the Money Pool, at any time. Each Participating Company will determine each day, on the basis of cash flow projections and other relevant factors, in such Participating Company's sole discretion, the amount of funds it has available for contribution to the Money Pool, and will contribute such funds to the Money Pool. The determination of whether a Participating Company at any time has surplus funds to lend to the Money Pool or shall lend funds to the Money Pool will be made by such Participating Company's chief financial officer or treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in such Participating Company's sole discretion. Each Participating Company may withdraw any of its funds from the Money Pool at any time upon notice to ServeCo, as administrator of the Money Pool.

14. Similarly, all borrowings from the Money Pool shall be authorized by the borrowing Participating Company's chief financial officer or treasurer, or by a designee thereof. A Participating Company will not be required to borrow from the Money Pool, if it is determined that the Participating Company will be able to obtain funds at lower costs either through direct bank borrowing or through the issuance of its commercial paper. No loans will be made available to FirstEnergy or ServeCo through the Money Pool.

15. Each Participating Company receiving a loan from the Money Pool shall repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event within 364 days of the date on which such loan was made. All loans made through the Money Pool may be prepaid by the borrower without premium or penalty. Loans from the

Money Pool shall be made as open-account advances. Separate promissory notes will not be required for each transaction, but may be executed if the Participating Companies deem it necessary or appropriate.

16. ServeCo will administer the Money Pool on an "at cost" basis in accordance with the rules of the Securities and Exchange Commission ("SEC") under PUHCA. ServeCo is required to maintain separate records for the proposed Money Pool and any other money pool it administers.

17. An Application/Declaration on Form U-1 was filed with the SEC under PUHCA, requesting approval of the recent merger between FirstEnergy and GPU, Inc., which Application/Declaration also sought approval for, among other things, the Money Pool. The SEC issued its order approving the Application/Declaration and such merger, as well as the Money Pool arrangement, on October 29, 2001. A copy of the relevant portions of the SEC order relating to the Money Pool is attached as Exhibit B to this Petition.

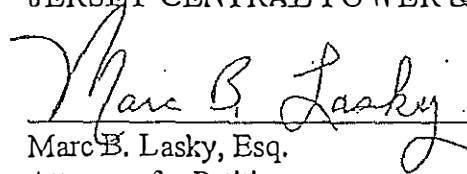
18. While any JCP&L borrowings from the Money Pool would be payable not more than 12 months after the date thereof, and therefore would be exempt under N.J.S.A. 48:3-9, JCP&L nonetheless requests the Board to explicitly authorize borrowings by it through the Money Pool up to its Charter Limit, which was \$281 million as of September 30, 2001, outstanding at any one time. Such authorization is required from the Board because the SEC authorization referred to in paragraph 17 above limits amounts borrowed by each Participating Company "to the amounts authorized by each applicable state commission".

WHEREFORE, JCP&L respectfully requests that your Honorable Board approve:
(i) JCP&L's participation in the Money Pool, as described herein; and (ii) JCP&L's borrowing

through the Money Pool from time to time in amounts not to exceed its Charter Limit outstanding at any one time.

Respectfully submitted,

JERSEY CENTRAL POWER & LIGHT COMPANY

A handwritten signature in cursive script, reading "Marc B. Lasky", is written over a horizontal line.

Marc B. Lasky, Esq.
Attorney for Petitioner
65 Madison Avenue
Morristown, New Jersey 07960
(973)644-3400

Date: March 7, 2002

AFFIDAVIT OF VERIFICATION

Thomas C. Navin, being duly sworn upon his oath, deposes and says:

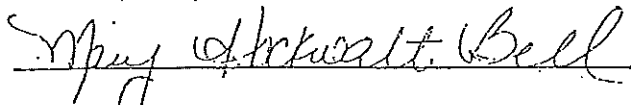
1. I am Treasurer for Jersey Central Power & Light Company, the Verified Petitioner named in the above-captioned matter, and I am duly authorized by said Petitioner to make this Affidavit of Verification on its behalf.

2. I have read the contents of the foregoing Verified Petition and Exhibits attached thereto, and I hereby verify that the statements of fact and other information contained therein, insofar as they relate to Jersey Central Power & Light Company, are true and correct to the best of my knowledge, information and belief.



Thomas C. Navin

Sworn to and subscribed before
me this 7th day of March, 2002



MARY HOCKWALT BELL, ESQ.
NOTARY PUBLIC
SUMMIT COUNTY, STATE OF OHIO
MY COMMISSION HAS NO EXPIRATION DATE

Exhibit A

FORM OF
UTILITY MONEY POOL AGREEMENT

This Utility Money Pool Agreement (the "Agreement"), dated as of _____, 2001, is made and entered into by and among FirstEnergy Corp. ("FirstEnergy"), an Ohio corporation and a registered holding company under the Public Utility Holding Company Act of 1935, as amended (the "Act"), FirstEnergy Service Company. ("FirstEnergy Service"), an Ohio corporation and a non-utility subsidiary of FirstEnergy (in its role as administrator of the money pool and as a participant in the money pool), and the FirstEnergy Utility Subsidiaries identified on the signature page hereto (each a "Party" and collectively, the "Parties").

WITNESSETH:

WHEREAS, the Parties desire to establish a Money Pool (the "Utility Money Pool") to coordinate and provide for certain of their short-term cash and working capital requirements; and

WHEREAS, the utility subsidiaries that will participate in the Utility Money Pool (each a "Subsidiary" and collectively, the "Subsidiaries") will from time to time have need to borrow funds on a short-term basis, and certain of the Parties will from time to time have funds available to loan on a short-term basis;

NOW, THEREFORE, in consideration of the premises and the mutual agreements, covenants and provisions contained herein, and intending to be legally bound hereby, the Parties hereto agree as follows:

ARTICLE I

CONTRIBUTIONS AND BORROWINGS

Section 1.01 Contributions to Utility Money Pool. Each Party will determine each day, on the basis of cash flow projections and other relevant factors, in such Party's sole discretion, the amount of funds it has available for contribution to the Utility Money Pool, and will contribute such funds to the Utility Money Pool. The determination of whether a Party at any time has surplus funds to lend to the Utility Money Pool or shall lend funds to the Utility Money Pool will be made by such Party's chief financial officer or treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in such Party's sole discretion. Each Party may withdraw any of its funds at any time upon notice to FirstEnergy Service as administrative agent of the Utility Money Pool.

Section 1.02 Rights to Borrow. Subject to the provisions of Section 1.04(c) of this Agreement, short-term borrowing needs of the Parties, with the exception of FirstEnergy, will be met by funds in the Utility Money Pool to the extent such funds are available. Each Party (other than FirstEnergy) shall have the right to make short-term borrowings from the Utility Money Pool from time to time, subject to the availability of funds and the limitations and conditions set forth herein and in the applicable orders of the Securities and Exchange Commission ("SEC"). Each Party (other than FirstEnergy) may request loans from the Utility Money Pool from time to

time during the period from the date hereof until this Agreement is terminated by written agreement of the Parties; provided, however, that the aggregate amount of all loans requested by any Party hereunder shall not exceed the applicable borrowing limits set forth in applicable orders of the SEC and other regulatory authorities, resolutions of such Party's Board of Directors, such Party's governing corporate documents, and agreements binding upon such Party. No loans through the Utility Money Pool will be made to, and no borrowings through the Utility Money Pool will be made by, FirstEnergy.

Section 1.03 Source of Funds. (a) Funds will be available through the Utility Money Pool from the following sources for use by the Parties from time to time: (1) surplus funds in the treasuries of Parties other than FirstEnergy, (2) surplus funds in the treasury of FirstEnergy (such funds in clauses (1) and (2) being referred to as "Internal Funds"), and (3) proceeds from bank borrowings by Parties and the sale of commercial paper by FirstEnergy and each other Party ("External Funds"), in each case to the extent permitted by applicable laws and regulatory orders. Funds will be made available from such sources in such other order as FirstEnergy Service, as administrator of the Utility Money Pool, may determine will result in a lower cost of borrowing to companies borrowing from the Utility Money Pool, consistent with the individual borrowing needs and financial standing of the Parties providing funds to the Utility Money Pool.

(b) Borrowing Parties will borrow pro rata from each lending Party in the proportion that the total amount loaned by such lending Party bears to the total amount then loaned through the Utility Money Pool. On any day when more than one fund source (e.g., Internal Funds and External Funds), with different rates of interest, is used to fund loans through the Utility Money Pool, each borrowing Party will borrow pro rata from each fund source in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Utility Money Pool.

Section 1.04 Authorization. (a) Each loan shall be authorized by the lending Party's chief financial officer or treasurer, or by a designee thereof.

(b) FirstEnergy Service, as administrator of the Utility Money Pool, will provide each Party with periodic activity and cash accounting reports that include, among other things, reports of cash activity, the daily balance of loans outstanding and the calculation of interest charged.

(c) All borrowings from the Utility Money Pool shall be authorized by the borrowing Party's chief financial officer or treasurer, or by a designee thereof. No Party shall be required to effect a borrowing through the Utility Money Pool if such Party determines that it can (and is authorized to) effect such borrowing at lower cost directly from banks or through the sale of its own commercial paper.

Section 1.05 Interest. The daily outstanding balance of all loans to any Subsidiary shall accrue interest as follows:

(a) If only Internal Funds comprise the daily outstanding balance of all loans outstanding during a calendar month, the interest rate applicable to such daily balances shall be the greater of the 30 day LIBOR rate as quoted in The Wall Street Journal or the money market

rate that a lending Subsidiary could have obtained if it placed its excess cash in such an investment (as calculated monthly, the "Average Composite").

(b) If only External Funds comprise the daily outstanding balance of all loans outstanding during a calendar month, the interest rate applicable to such daily outstanding balance shall be the lender's cost for such External Funds calculated monthly or, if more than one Party had made available External Funds at any time during the month, the applicable interest rate shall be a composite rate, equal to the weighted average of the costs incurred by the respective Parties for such External Funds calculated monthly.

(c) In cases where the daily outstanding balances of all loans outstanding at any time during the month include both Internal Funds and External Funds, the interest rate applicable to the daily outstanding balances for the month shall be equal to the weighted average of the (i) cost of all Internal Funds contributed by Parties, as determined pursuant to Section 1.05(a) of this Agreement, and (ii) the cost of all such External Funds, as determined pursuant to Section 1.05(b) of this Agreement.

(d) The interest rate applicable to Loans made by a Subsidiary to the Utility Money Pool under Section 1.01 of this Agreement shall be the Average Composite as determined pursuant to Section 1.05(a) of this Agreement.

(e) Loans may be made solely from Internal Funds or solely from External Funds, rather than pursuant to Section 1.05(c), if such practice would result in a lower cost of borrowing.

Section 1.06 Certain Costs. The cost of compensating balances and fees paid to banks to maintain credit lines by Parties lending External Funds to the Utility Money Pool shall initially be paid by the Party maintaining such line. A portion of such costs, or all of such costs if a Party establishes a line of credit solely to lend funds to the Utility Money Pool, shall be retroactively allocated every quarter to the Subsidiaries borrowing such External Funds through the Utility Money Pool in proportion to their respective daily outstanding borrowings of such External Funds.

Section 1.07 Repayment. Each Subsidiary receiving a loan from the Utility Money Pool hereunder shall repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event within 364 days of the date on which such loan was made. All loans made through the Utility Money Pool may be prepaid by the borrower without premium or penalty.

Section 1.08 Form of Loans to Subsidiaries. Loans to the Subsidiaries from the Utility Money Pool shall be made as open-account advances, pursuant to the terms of this agreement. A separate promissory note will not be required for each individual transaction. If the Parties deem it necessary or appropriate, a master promissory note evidencing the terms of the transactions may be signed by each borrowing Party. Any such note shall: (a) be dated as of the date of the initial borrowing; (b) mature on demand or on a date agreed by the Parties to the transaction, but in any event not later than one year after the date of the applicable borrowing;

and (d) be repayable in whole at any time or in part from time to time, without premium or penalty.

ARTICLE II

OPERATION OF UTILITY MONEY POOL

Section 2.01 Operation. Operation of the Utility Money Pool, including record keeping and coordination of loans, will be handled by FirstEnergy Service under the authority of the appropriate officers of the Parties. FirstEnergy Service shall be responsible for the determination of all applicable interest rates and charges to be applied to advances outstanding at any time hereunder, shall maintain records of all advances, interest charges and accruals and interest and principal payments for purposes hereof, and shall prepare periodic reports thereof for the Parties. FirstEnergy Service will administer the Utility Money Pool on an "at cost" basis. Separate records shall be kept by FirstEnergy Service for the Utility Money Pool established by this Agreement and any other money pool administered by FirstEnergy Service.

Section 2.02 Investment of Surplus Funds in the Utility Money Pool. Funds not required for the Utility Money Pool loans (with the exception of funds required to satisfy the Utility Money Pool's liquidity requirements) will ordinarily be invested in one or more short-term investments, including (i) interest-bearing accounts with banks; (ii) obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (iii) obligations issued or guaranteed by any state or political subdivision thereof, provided that such obligations are rated not less than A by a nationally recognized rating agency; (iv) commercial paper rated not less than A-1 by S&P or P-1 by Moody's, or their equivalent by a nationally recognized rating agency; (v) money market funds; (vi) bank certificates of deposit; (vii) Eurodollar funds; and (viii) such other investments as are permitted by Section 9(c) of the Act and Rule 40 thereunder.

Section 2.03 Allocation of Interest Income and Investment Earnings. The interest income and other investment income earned by the Utility Money Pool on loans and investment of surplus funds will be allocated among the Parties in accordance with the proportion each Party's contribution of funds in the Utility Money Pool bears to the total amount of funds in the Utility Money Pool and the cost of any External Funds provided to the Utility Money Pool by such Party. Interest and other investment earnings will be computed on a daily basis and settled once per month.

Section 2.04 Event of Default. If any Subsidiary shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against any Party seeking to adjudicate it bankrupt or insolvent, then FirstEnergy Service, on behalf of the Utility Money Pool, may, by notice to the Subsidiary, terminate the Utility Money Pool's commitment to the Subsidiary and/or declare the principal amount then outstanding of, and the accrued interest on, the loans and all other amounts payable to the Utility Money Pool by the Subsidiary hereunder to be forthwith due and payable, whereupon such amounts shall be immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by each Subsidiary.

ARTICLE III

MISCELLANEOUS

Section 3.01 Amendments. Any such amendment to this Agreement shall be adopted except in a writing executed by Parties and subject to all applicable approvals by the SEC and the applicable state utility regulatory commission.

Section 3.02 Legal Responsibility. Nothing herein contained shall render any Party liable for the obligations of any other Party hereunder and the rights, obligations and liabilities of the Parties are several in accordance with their respective obligations, and not joint.

Section 3.03 Rules for Implementation. The Parties may develop a set of guidelines for implementing the provisions of this Agreement, provided that the guidelines are consistent with all of the provisions of this Agreement.

Section 3.04 Governing Law. This Agreement shall be governed by and construed in accordance with, the laws of the State of Ohio.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each Party hereto as of the date first above written.

FirstEnergy Corp.

By: _____
Name: _____
Title: _____

FirstEnergy Service Group, Inc.

By: _____
Name: _____
Title: _____

Ohio Edison Company

By: _____
Name: _____
Title: _____

The Cleveland Electric Illuminating Company

By: _____

Name:
Title:

The Toledo Edison Company

By: _____
Name:
Title:

Pennsylvania Power Company

By: _____
Name:
Title:

Northeast Ohio Natural Gas Corp.

By: _____
Name:
Title:

American Transmission Systems, Incorporated

By: _____
Name:
Title:

Jersey Central Power & Light Company

By: _____
Name:
Title:

Pennsylvania Electric Company

By: _____
Name:
Title:

Metropolitan Edison Company

By: _____

Name:

Title:

York Haven Power Company

By: _____

Name:

Title:

Waverly Electric Power & Light Company

By: _____

Name:

Title:

Date: _____, 2001

Exhibit B

SECURITIES AND EXCHANGE COMMISSION

(Release No. 35-27459; 70-9793 and 70-9941)

FirstEnergy Corp., GPU, Inc., *et al.*
Order Authorizing Acquisition of Registered Holding Company by Exempt Holding Company and Related Transactions; Approving Service Company and Intrasystem Transactions; Approving Acquisition of Gas Utility Company; and Reserving Jurisdiction

October 29, 2001

FirstEnergy Corp. ("FirstEnergy"), an Ohio holding company claiming exemption from registration under section 3(a)(1) of the Public Utility Holding Company Act of 1935, as amended ("Act"), through rule 2, its utility subsidiaries: Ohio Edison Company ("Ohio Edison"), American Transmission Systems, Incorporated ("ATSI"), The Cleveland Electric Illuminating Company ("Cleveland Electric"), The Toledo Edison Company ("Toledo Edison"), Pennsylvania Power Company ("Penn Power"), and Northeast Ohio Natural Gas Corp. ("NONGC"), and their respective subsidiaries; FirstEnergy's direct nonutility subsidiaries: FE Acquisition Corp. ("FE Acquisition"), FirstEnergy Properties, Inc. ("FE Properties"), FirstEnergy Facilities Services Group, LLC ("FE Facilities"), FE Holdings, LLC ("FE Holdings"), FELHC, Inc. ("FELHC"), FirstEnergy Securities Transfer Company ("FirstEnergy Transfer"), FirstEnergy Nuclear Operating Company ("FENOC"), FirstEnergy Solutions Corp. ("FirstEnergy Solutions"), FirstEnergy Generation Corp. ("GenCo"), FirstEnergy Ventures Corp. ("FirstEnergy Ventures"), MARBEL Energy Corporation ("MARBEL"), Centenor Indemnity Trust ("CIT"), Centenor Service Company ("Centenor Service") and FirstEnergy Service Company ("ServeCo"), and their respective subsidiaries, all located in Akron, Ohio; and GPU, Inc. ("GPU"), a registered public utility holding company, its utility subsidiaries: Jersey Central Power & Light Company ("JCP&L"), Pennsylvania Electric Company

The issuance of any guarantees will also be subject to the limitations of rule 53(a)(1) or 58(a)(1), as applicable. Applicants propose that each Subsidiary be charged a fee for each guarantee provided on its behalf that is not more than that obtainable by the beneficiary of the guarantee from third parties.

2. Money Pools

Applicants request authority for FirstEnergy and the Utility Subsidiaries to establish the Utility Money Pool. In addition, Applicants request authority for the Utility Subsidiaries, to the extent not exempted by rule 52, to make unsecured short-term borrowings from the Utility Money Pool, to contribute surplus funds to the Utility Money Pool, and to lend and extend credit to (and acquire promissory notes from) one another through the Utility Money Pool.

In addition, FirstEnergy and the Nonutility Subsidiaries request authority to establish the Nonutility Money Pool. FirstEnergy requests authority to contribute its surplus funds and to lend and extend credit to: (1) the Utility Subsidiaries through the Utility Money Pool; and (2) the Nonutility Subsidiaries through the Nonutility Money Pool. Amounts borrowed by each Utility Subsidiary from the Utility Money Pool would be limited to amounts authorized by each applicable state commission. FirstEnergy will receive no loans and will borrow no funds from either Money Pool.

Utility Money Pool participants that borrow would borrow *pro rata* from each company that lends, in the proportion that the total amount loaned by each such lending company bears to the total amount then loaned through the Utility Money Pool. On any day when more than one fund source (e.g., surplus treasury funds of FirstEnergy and other Utility Money Pool participants ("Internal Funds")) and proceeds from external

financings ("External Funds"), with different rates of interest, is used to fund loans through the Utility Money Pool, each borrower would borrow *pro rata* from each such fund source in the Utility Money Pool in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Utility Money Pool.

If only Internal Funds make up the funds available in the Utility Money Pool, the interest rate applicable and payable to or by Utility Subsidiaries for all loans of these Internal Funds will be the greater of the 30-day LIBOR rate as quoted in *The Wall Street Journal* or the money market rate that a lending Subsidiary could have obtained if it placed its excess cash in such an investment.

If only External Funds comprise the funds available in the Utility Money Pool, the interest rate applicable to loans of such External Funds would be equal to the lending company's cost for such External Funds (or, if more than one Utility Money Pool participant had made available External Funds on such day, the applicable interest rate would be a composite rate equal to the weighted average of the cost incurred by the respective Utility Money Pool participants for such External Funds).

In cases where both Internal Funds and External Funds are concurrently borrowed through the Utility Money Pool, the rate applicable to all loans comprised of these "blended" funds would be a composite rate equal to the weighted average of: (1) the cost of all Internal Funds contributed by Utility Money Pool participants (as determined in accordance with the second preceding paragraph above) and (2) the cost of all such External Funds (as determined in accordance with the immediately preceding paragraph above). In circumstances where Internal Funds and External Funds are available for

loans through the Utility Money Pool, loans may be made exclusively from Internal Funds or External Funds, rather than from a "blend" of these funds; to the extent it is expected that these loans would result in a lower cost of borrowing.

Funds not required by the Utility Money Pool to make loans (with the exception of funds required to satisfy the Utility Money Pool's liquidity requirements) would ordinarily be invested in one or more short-term investments, including: (1) interest-bearing accounts with banks; (2) obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (3) obligations issued or guaranteed by any state or political subdivision of a state, provided that these obligations are rated not less than "A" by a nationally recognized rating agency; (4) commercial paper rated not less than "A-1" or "P-1" or their equivalent by a nationally recognized rating agency; (5) money market funds; (6) bank certificates of deposit; (7) Eurodollar funds; and (8) other investments that are permitted by section 9(c) of the Act and rule 40 under the Act.

The Nonutility Money Pool will be operated on the same terms and conditions as the Utility Money Pool, except that FirstEnergy funds made available to the two money pools will be made available first for loans through the Utility Money Pool and then for loans through the Nonutility Money Pool. Operation of the Utility and Nonutility Money Pools, including record keeping and coordination of loans, will be handled by FirstEnergy's service company, ServeCo, under the authority of the appropriate officers of the participating companies. ServeCo will administer the Utility and Nonutility Money Pools on an "at cost" basis and will maintain separate records for each money pool. Applicants request that the Commission reserve jurisdiction over the eligibility of

any future Subsidiary (i.e., any company that becomes a Subsidiary of FirstEnergy after the date of this order) to join the Nonutility Money Pool.

3. Other Borrowings

Applicants request authority for FirstEnergy or a Nonutility Subsidiary, as the case may be, to make loans to Nonutility Subsidiaries at interest rates and maturities designed to provide a return to the lending company of not less than its effective cost of capital. If these loans are made to a Nonutility Subsidiary, that Nonutility Subsidiary will not sell any services to any associate Nonutility Subsidiary unless that company falls within one of the categories of companies to which goods and services may be sold on a basis other than "at cost" as described in the Merger Application.

Applicants also request authority for FirstEnergy or a Nonutility Subsidiary to make loans to Nonutility Subsidiaries that are not wholly owned by FirstEnergy, directly or indirectly, at interest rates and maturities designed to provide a return to the lending company of not less than its effective cost of capital. If these loans are made to a Nonutility Subsidiary, that Nonutility Subsidiary will not sell any services to any associate Nonutility Subsidiary unless that company falls within one of the categories of companies to which goods and services may be sold on a basis other than "at cost," as described in the Merger Application.

F. Other Transactions

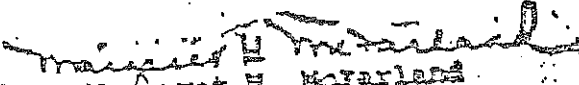
1. Financing Subsidiaries

FirstEnergy and the Subsidiaries request authority to acquire, directly or indirectly, the equity securities of one or more Financing Subsidiaries. Financing Subsidiaries may be corporations, trusts, partnerships or other entities created specifically

FUCOs, other than Current Investment and GenCo Investments, in an amount over \$1.5 billion, and approval of the Tax Allocation Agreement.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Jonathan G. Katz
Secretary


By: Margaret H. Moravland
Deputy Secretary/

THELEN REID & PRIEST LLP

NEW YORK
SAN FRANCISCO
WASHINGTON, D.C.
LOS ANGELES
SILICON VALLEY
MORRISTOWN, N.J.

A CALIFORNIA LIMITED LIABILITY PARTNERSHIP

ATTORNEYS AT LAW

65 MADISON AVENUE

MORRISTOWN, NEW JERSEY 07960

TEL (973) 644-3400 FAX (973) 644-3159

www.thelenreid.com

June 25, 2002

VIA OVERNIGHT DELIVERY

Kristi Izzo, Secretary
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Re: In the Matter of the Verified Petition of Jersey Central
Power & Light Company for Authorization Pursuant to
N.J.S.A. 48:3-7.2 for Approval to Participate in the
FirstEnergy Corp. Intrasystem Utility Money Pool
Docket No. EF02030185

Dear Secretary Izzo:

Petitioner, Jersey Central Power & Light Company ("JCP&L"), submits this letter (original and eleven copies) as Amendment No. 1 to the Petition filed in the above-referenced docket on March 19, 2002. By this Amendment No. 1, JCP&L hereby modifies the Petition as follows:

1. The Petition is amended to provide that JCP&L will contribute only Internal Funds, i.e., surplus short-term funds, to the Money Pool. JCP&L will not contribute External Funds (as defined in the Petition) to the Money Pool.

2. The Petition is amended to provide that JCP&L may make loans through the Money Pool only to Participating Companies (as defined in the Petition) that have investment grade or higher credit ratings on their senior secured debt from at least one nationally recognized rating agency. Therefore, any Participating Company that does not meet this credit rating standard would not be allowed to borrow from the Money Pool so long as JCP&L is contributing funds to the Money Pool. If a Participating Company has an outstanding loan from the Money Pool at a time when JCP&L is deemed to be a lender (because JCP&L had theretofore contributed funds to the Money Pool that were deemed included in such outstanding loan), such

THELEN REID & PRIEST LLP

Kristi Izzo, Secretary

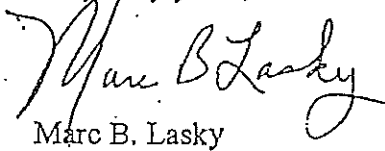
June 25, 2002

Page 2

Participating Company would be required to repay that loan immediately upon no longer meeting the credit rating standard.

Kindly stamp one of the enclosed additional copies of this letter with the date of filing, and return same to the undersigned in the enclosed self-addressed envelope.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Marc B. Lasky". The signature is fluid and cursive, with the first name "Marc" being more prominent.

Marc B. Lasky

MBL/kl

cc: (via overnight delivery)
Dr. Fred S. Grygiel
Mark C. Beyer
Leo M. Lim
Seema M. Singh, Esq.
Kurt Lewandowski, Esq.
Mary H. Bell, Esq.
Michael Stewart
Michael J. Filippone
Sally J. Cheong



Agenda Date: 7/23/02
Agenda Item: 2B

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

IN THE MATTER OF THE VERIFIED PETITION
OF JERSEY CENTRAL POWER & LIGHT
COMPANY FOR AUTHORIZATION PURSUANT
TO N.J.S.A. 48:3-7.2 FOR APPROVAL TO
PARTICIPATE IN THE FIRSTENERGY CORP.
INTRASYSTEM UTILITY MONEY POOL

ENERGY

ORDER OF APPROVAL

DOCKET NO: EF02030185

Marc Lasky, Esq., Counsel for Jersey Central Power & Light Company

Fred S. Grygiel, Chief Economist, Mark C. Beyer, Manager, Leo M. Lim, Supervising
Accountant, Office of the Economist on behalf of the Staff of the Board of Public
Utilities

BY THE BOARD:

Jersey Central Power & Light Company ("Petitioner", or "JCP&L"), a public utility corporation of the State of New Jersey, having principal New Jersey offices at 300 Madison Avenue, Morristown, New Jersey 07962, by petition filed on March 19, 2002, and amended by letter dated June 25, 2002, pursuant to N.J.S.A. 48:3-7.2, requests approval of JCP&L's participation in the FirstEnergy Intrastate Utility Money Pool ("Money Pool") maintained for the benefit of various public utility subsidiaries of FirstEnergy Corp., including Petitioner. FirstEnergy Corp. owns 100% of Petitioner's common stock and is, therefore, the parent company of JCP&L.

The Money Pool is made up of various FirstEnergy Corp. public utility subsidiaries investing available cash in the Money Pool, which may then be loaned by the Money Pool to other participating FirstEnergy Corp. public utility subsidiaries to meet their short-term operating needs.

Under the terms of the Money Pool, JCP&L will make available to the Money Pool, from time to time through June 30, 2003, surplus short-term funds. Other participating subsidiaries may also make surplus short-term funds available to the Money Pool (such surplus short-term funds, whether provided by JCP&L or other participating subsidiaries, are herein referred to as "Internal Funds"). Other participating subsidiaries may also make available to the Money Pool proceeds from bank borrowings or the sale of commercial paper by such other participating subsidiaries ("External Funds").

If only Internal Funds make up the funds available in the Money Pool, the interest rate applicable and payable to or by the participating subsidiaries for all loans of these Internal

Funds will be the greater of the 30-day LIBOR rate as quoted in *The Wall Street Journal* or the money market rate that a lending participating subsidiary could have obtained if it placed its excess cash in such an investment. If only External Funds comprise the funds available in the Money Pool, the interest rate applicable to loans of such External Funds would be equal to the lending company's cost for such External Funds. Appropriate "blending" and pro-rating will be effected if more than one participating subsidiary has made funds available to the Money Pool and/or both Internal and External Funds are available in the Money Pool, provided that loans may be made exclusively from Internal Funds or External Funds, rather than from a "blend" of these funds, to the extent it is expected that these loans would result in a lower cost of borrowing. As stated above, JCP&L shall make available only Internal Funds to the Money Pool, but may borrow both Internal Funds and External Funds provided by other participating subsidiaries, provided this is the least costly borrowing alternative available to JCP&L.

JCP&L will make loans through the Money Pool only to participating subsidiaries that have investment grade or higher credit ratings on their senior secured debt from at least one nationally recognized rating agency. Therefore, any participating subsidiary that does not meet this credit rating standard would not be allowed to borrow from the Money Pool so long as JCP&L is contributing funds to the Money Pool. If a participating subsidiary has an outstanding loan from the Money Pool at a time when JCP&L is deemed to be a lender (because JCP&L had theretofore contributed funds to the Money Pool that were deemed included in such outstanding loan), such participating subsidiary would be required to repay that loan immediately upon no longer meeting the credit rating standard.

Funds not required by the Money Pool to make loans (with the exception of funds required to satisfy the Money Pool's liquidity requirements) would ordinarily be invested in one or more short-term investments, as described in the petition. The interest income and other investment income earned by the Money Pool on loans and investment of surplus funds will be allocated among the participating subsidiaries in accordance with their proportionate contribution of funds to the Money Pool. Interest and other investment earnings will be computed on a daily basis and settled once per month.

JCP&L shall have discretion to lend its Internal Funds, if any, and other participating subsidiaries will have discretion to lend their Internal and External Funds, if any, and all participating subsidiaries (including JCP&L) shall have discretion to borrow moneys from the Money Pool at any time. The determination of whether a participating subsidiary at any time has surplus funds to lend to the Money Pool or shall lend funds to the Money Pool will be made on the basis of cash flow projections and other relevant factors, in such participating subsidiary's sole discretion. Each participating subsidiary may withdraw any of its funds from the Money Pool at any time upon notice to the administrator of the Money Pool. A participating subsidiary will not be required to borrow from the Money Pool, if it is determined that the participating subsidiary will be able to obtain funds at lower costs either through direct bank borrowing or through the issuance of its commercial paper.

Each participating subsidiary receiving a loan from the Money Pool shall repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event within 364 days of the date on which such loan was made. All loans made through the Money Pool may be prepaid by the borrower without premium or penalty. Loans from the Money Pool shall be made as open-account advances. Separate promissory notes will not be required for each transaction, but may be executed if the participating subsidiaries deem it necessary or appropriate.

Petitioner states that the Money Pool is administered by FirstEnergy Service Company, another subsidiary of FirstEnergy Corp., on an "at cost" basis, and will not incur any additional administrative costs.

Petitioner has requested that the Board specifically authorize it to borrow through the Money Pool from time to time amounts not to exceed the limitation on unsecured indebtedness contained in its Certificate of Incorporation (the "Charter Limit") outstanding at any one time.

After considering the record and the exhibits submitted in this matter, the Board FINDS that the FirstEnergy Corp. Intrasystem Money Pool will provide Petitioner an opportunity to earn a higher rate of interest on its short-term investments and an opportunity to reduce expenses associated with its short-term borrowings and, in any event, will not reduce such return or increase such expenses. Therefore, the Board HEREBY ORDERS that Petitioner be and is HEREBY AUTHORIZED to participate in the FirstEnergy Corp. Intrasystem Utility Money Pool.

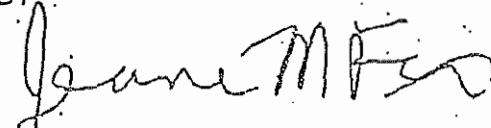
THIS ORDER is subject to the following provisions:

1. Petitioner should not make any bank borrowings or issue commercial paper for the purpose of lending the proceeds to the Money Pool.
2. Petitioner should not borrow from the Money Pool if it will be able to obtain funds at lower costs either through a direct bank borrowing or issuance of its commercial paper.
3. Petitioner should only deposit such Internal Funds (i.e., surplus cash) in the Money Pool as it would otherwise have available for investment in short-term money markets or other short-term investments instruments.
4. Petitioner should not borrow any sum from the Money Pool for a period of greater than 364 days.
5. Petitioner's borrowing through the Money Pool should not exceed the limitation on unsecured indebtedness contained in its Certificate of Incorporation.
6. Petitioner shall file with the Board quarterly comparative statements indicating the interest rate imposed for borrowing/investing with the Money Pool and the prevailing market rate at the time for similarly situated utilities.

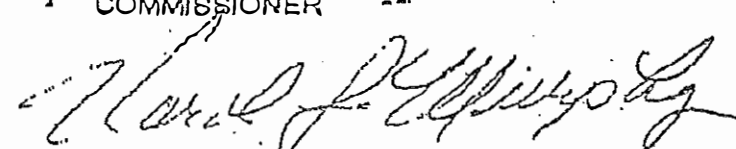
7. Petitioner shall inform the Board within three (3) days of any participating subsidiary that does not meet the credit rating standard set forth in the Money Pool Agreement.

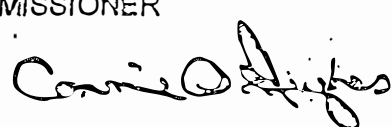
DATED: 7/24/02

BOARD OF PUBLIC UTILITIES
BY:

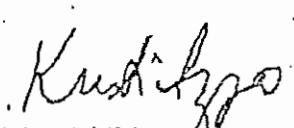

JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER

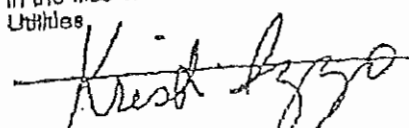

CAROL J. MURPHY
COMMISSIONER


CONNIE O. HUGHES,
COMMISSIONER

ATTEST:


KRISTI IZZO
BOARD SECRETARY

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



Thelen Reid & Priest LLP
Attorneys At Law

A CALIFORNIA LIMITED LIABILITY PARTNERSHIP

65 Madison Avenue, Suite 100
Morristown, New Jersey 07960-7307

Tel. 973.644.3400
Fax 973.644.3159

www.thelenreid.com

February 27, 2003

BY HAND DELIVERY

Kristi Izzo, Secretary
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Re: IN THE MATTER OF THE VERIFIED PETITION OF JERSEY
CENTRAL POWER & LIGHT COMPANY FOR AUTHORIZATION
PURSUANT TO N.J.S.A. 48:3-7.2 FOR APPROVAL TO PARTICIPATE
IN THE FIRSTENERGY CORP. INTRA SYSTEM MONEY POOL
Amendment No. 2 to the Petition
Docket No. EF02030185

Dear Secretary Izzo:

Petitioner, Jersey Central Power & Light Company (the "Company"), submits an original and eleven copies of this Amendment No. 2 to the Petition filed in the above-referenced matter on March 19, 2002, as supplemented by Amendment No. 1 to the Petition dated June 25, 2002 (collectively, the "Petition").

By Order of the Board of Public Utilities (the "Board") dated July 24, 2002 (the "Order"), the Company was authorized from time to time through June 30, 2003, subject to certain conditions specified in the Order, to participate in the FirstEnergy Intrasystem Utility Money Pool (the "Money Pool") maintained for the benefit of various public utility subsidiaries of FirstEnergy Corp. ("FirstEnergy"), including the Company. The Money Pool is made up of various FirstEnergy public utility subsidiaries investing available cash in the Money Pool, which may then be loaned by the Money Pool to other participating FirstEnergy public utility subsidiaries to meet their short-term operating needs. Loans made by the Company through the Money Pool have been made only to

Kristi Izzo, Secretary
February 27, 2003
Page 2

participating subsidiaries that have investment grade or higher credit ratings on their senior secured debt from at least one nationally recognized rating agency in accordance with the Order.

By this Amendment No. 2 to the Petition, the Company hereby amends its Petition and requests an extension, through December 31, 2005, of the time within which the Company may participate in the Money Pool in accordance with the terms of the Order.

Pursuant to N.J.A.C. 14:1-4.5, the Company designates the following person to be notified in connection herewith:

Marc B. Lasky, Esq.
Thelen Reid & Priest LLP
Attorneys for Petitioner
65 Madison Avenue
Morristown, NJ 07960

Attached hereto and made part hereof are the following exhibits:

- Exhibit A - Copy of Petition filed March 18, 2002.
- Exhibit B - Copy of Amendment No. 1 to Petition dated June 25, 2002.
- Exhibit C - Copy of Order of the Board dated July 24, 2002.

Pursuant to N.J.S.A. 48:3-7.2, the Company hereby amends its Petition in this docket and applies to the Board for a Supplemental Order granting the Company an extension, from June 30, 2003 through June 30, 2005, of the time within which the Company may participate in the Money Pool.

In all other respects, the Order as heretofore issued by the Board would remain unchanged.

Thelen Reid & Priest LLP

Kristi Izzo, Secretary
February 27, 2003
Page 3

The Company further requests that an expedited procedure be used in the disposition of this Amendment No. 2 to the Petition, including issuance of an appropriate Supplemental Order without hearing.

Respectfully submitted,

THELEN REID & PRIEST LLP
Attorneys for Petitioner

By: Marc B. Lasky
Marc B. Lasky
65 Madison Avenue
Morristown, NJ 07960
(973) 644-3400

MBL/kd
Enclosure

cc: (by hand delivery)
Dr. Fred S. Grygiel
Mark C. Beyer
Seema M. Singh, Esq.
Mary H. Bell, Esq.
Michael J. Filippone
Sally J. Cheong
Elizabeth A. Quirk, Esq.



Agenda Date: 4/9/03
Agenda Item: 2A

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

IN THE MATTER OF THE VERIFIED PETITION)
OF JERSEY CENTRAL POWER & LIGHT)
COMPANY FOR AUTHORITY PURSUANT TO)
N.J.S.A. 48:3-7.2 FOR APPROVAL TO)
PARTICIPATE IN THE FIRSTENERGY CORP.)
INTRASYSTEM UTILITY MONEY POOL)

ORDER
MODIFYING ORDER DATED
JULY 24, 2002

DOCKET NO: EF02030185

(SEE ATTACHED SERVICE LIST)

BY THE BOARD:

Jersey Central Power & Light Company (Petitioner, or JCP&L), a public utility corporation of the State of New Jersey, having principal New Jersey offices at 300 Madison Avenue, Morristown, New Jersey 07962, by petition filed on February 27, 2003, requests an extension, from June 30, 2003 through June 30, 2005, of the time within which JCP&L may participate in the FirstEnergy Intrasytem Utility Money Pool (Money Pool). In all other respects, the order as heretofore issued by the Board of Public Utilities (the Board) would remain unchanged.

As described in the initial petition, dated March 7, 2002, JCP&L sought authority to participate in the Money Pool in order to assist JCP&L and the other participating FirstEnergy utilities in obtaining least-cost short-term financing of their interim capital requirements. Authority was initially sought through June 30, 2003 because the authority for the money pool initially granted by the Securities and Exchange Commission (SEC) under the Public Utility Holding Company Act of 1935 expires on June 30, 2003. An extension of the authority to participate in the money pool is now being sought from the SEC as well as the Board in order to continue to assist JCP&L in obtaining least-cost, short-term financing of its interim capital requirements.

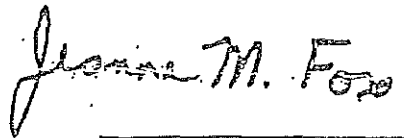
The Board, by Order dated July 24, 2002, authorized Petitioner, from time to time through June 30, 2003, subject to certain conditions specified in the Order, to participate in the Money Pool maintained for the benefit of various public utility subsidiaries of FirstEnergy Corp. (FirstEnergy), including the Petitioner. The Money Pool is made up of various FirstEnergy public utility subsidiaries investing available cash in the Money Pool, which may then be loaned by the Money Pool to other participating First Energy public utility subsidiaries to meet their short-term operating needs. Loans made by JCP&L through the Money Pool have been made only to participating subsidiaries that have investment grade or higher credit ratings on their senior secured debt from at least one nationally recognized rating agency in accordance with the Order.

The Board, after investigation FINDS that the purpose of the request for extension of time within which Petitioner may participate in the Money Pool is necessary and proper.

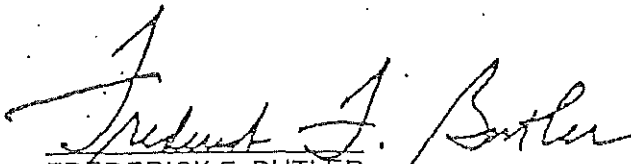
The Board, HEREBY AUTHORIZES JCP&L to participate in the Money Pool through June 30, 2005 subject to the granting by SEC of the extension of time and the terms and conditions of the initial Order except as modified herein.

DATED: 4/11/03


BOARD OF PUBLIC UTILITIES
BY:



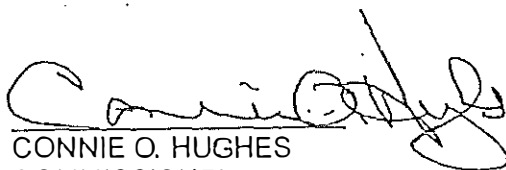
JEANNE M. FOX
PRESIDENT



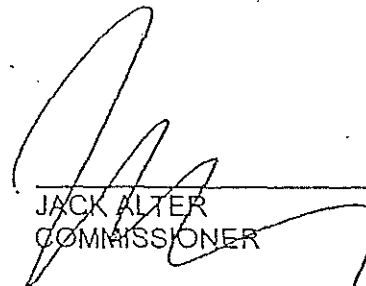
FREDERICK F. BUTLER
COMMISSIONER



CAROL J. MURPHY
COMMISSIONER



CONNIE O. HUGHES
COMMISSIONER



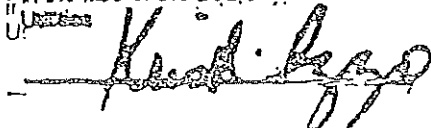
JACK ALTER
COMMISSIONER

ATTEST:



KRISTI IZZO
SECRETARY

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



I/M/O the Petition of Jersey Central Power & Light Company for Authorization
Pursuant to N.J.S.A. 48:3-7.2 For Approval to Participate in the FirstEnergy Corp.
Intrasystem Money Pool (Amendment No. 2 to the petition)
BPU Docket No. EF02030185

BPU STAFF

Dr. Fred S. Grygiel
Office of the Economist
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Mark Beyer
Office of the Economist
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Energy

Nusha Wyner, Director
Div. of Water & Wastewater
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Ratepayer Advocate

Seema M. Singh, Acting Director
Div. of the Ratepayer Advocate
31 Clinton Street, 11th Floor
P. O. Box 46005
Newark, NJ 07102

DAG

Carla Bello, DAG
Dept. of Law & Public Safety
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Attorneys for Petitioner

Marc B. Lasky
Thelen Reid & Priest LLP
65 Madison Avenue
Morristown, NJ 07960

200 Campus Drive, Suite 210
Florham Park, New Jersey 07932

Tel. 973.660.4400
Fax 973.660.4401
www.thelenreid.com

January 13, 2005

BY HAND DELIVERY

Kristi Izzo, Secretary
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Re: IN THE MATTER OF THE VERIFIED PETITION OF JERSEY
CENTRAL POWER & LIGHT COMPANY FOR AUTHORIZATION
PURSUANT TO N.J.S.A. 48:3-7.2 FOR APPROVAL TO PARTICIPATE
IN THE FIRSTENERGY CORP. INTRA SYSTEM MONEY POOL
Amendment No. 3 to the Petition
Docket No. EF02030185

Dear Secretary Izzo:

Petitioner, Jersey Central Power & Light Company (the "Company"), submits an original and eleven copies of this Amendment No. 3 to the Petition filed in the above-referenced matter on March 19, 2002, as previously supplemented by Amendments Nos. 1 and 2 to the Petition dated June 25, 2002 and February 27, 2003, respectively (collectively, the "Petition").

By Order of the Board of Public Utilities (the "Board") dated July 24, 2002, as amended by Order Modifying Order Dated July 24, 2002, which modifying Order was dated April 11, 2003 (collectively, the "Order"), the Company was authorized from time to time through June 30, 2005, subject to certain conditions specified in the Order, to participate in the FirstEnergy Intrastate Utility Money Pool (the "Money Pool") maintained for the benefit of various public utility subsidiaries of FirstEnergy Corp. ("FirstEnergy"), including the Company. The Money Pool is made up of various FirstEnergy public utility subsidiaries investing available cash in the Money Pool, which may then be loaned by the Money Pool to other participating FirstEnergy public utility

Kristi Izzo, Secretary
January 13, 2005
Page 2

subsidiaries to meet their short-term operating needs. Loans made by the Company through the Money Pool have been made only to participating subsidiaries that have investment grade or higher credit ratings on their senior secured debt from at least one nationally recognized rating agency in accordance with the Order.

By this Amendment No. 3 to the Petition, the Company hereby amends its Petition and requests an extension, through December 31, 2007, of the time within which the Company may participate in the Money Pool in accordance with the terms of the Order.

Pursuant to N.J.A.C. 14:1-4.5, the Company designates the following person to be notified in connection herewith:

Marc B. Lasky, Esq.
Thelen Reid & Priest LLP
Attorneys for Petitioner
200 Campus Drive, Suite 210
Florham Park, NJ 07932

Attached hereto and made part hereof are the following exhibits:

- Exhibit 1 - Copy of Petition filed March 18, 2002.
- Exhibit 2 - Copy of Amendment No. 1 to Petition dated June 25, 2002.
- Exhibit 3 - Copy of Order of the Board dated July 24, 2002.
- Exhibit 4 - Copy of Amendment No. 2 to Petition dated February 27, 2003.
- Exhibit 5 - Copy of Order (dated April 11, 2003) Modifying Order Dated July 24, 2002.

Pursuant to N.J.S.A. 48:3-7.2, the Company hereby amends its Petition in this docket and applies to the Board for a Supplemental Order granting the Company an extension, from

Kristi Izzo, Secretary
January 13, 2005
Page 3

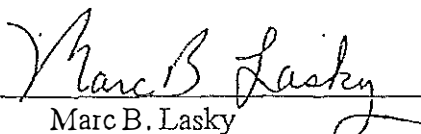
June 30, 2005 through December 31, 2007, of the time within which the Company may participate in the Money Pool.

In all other respects, the Order as heretofore issued by the Board would remain unchanged.

The Company further requests that an expedited procedure be used in the disposition of this Amendment No. 3 to the Petition, including issuance of an appropriate Supplemental Order without hearing.

Respectfully submitted;

THELEN REID & PRIEST LLP
Attorneys for Petitioner

By: 
Marc B. Lasky
200 Campus Drive, Suite 210
Florham Park, NJ 07932
(973) 660-4400

MBL/kl

Enclosure

cc: (w/enclosure - by hand delivery)
Dr. Fred S. Grygiel
Mark C. Beyer
Nusha Wyner
Seema M. Singh, Director (2 copies)
Arthur E. Korkosz, Esq.
Michael J. Filippone
Sally J. Cheong

Agenda Date: 4/20/05
Agenda Item: 2A



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

IN THE MATTER OF THE VERIFIED
PETITION OF JERSEY CENTRAL POWER &)
LIGHT COMPANY FOR AUTHORIZATION)
PURSUANT TO N.J.S.A. 48:3-7.2 FOR)
APPROVAL TO PARTICIPATE IN THE)
FIRSTENERGY CORP. INTRASYSTEM)
MONEY POOL)

ENERGY

ORDER
MODIFYING ORDER DATED
JULY 24, 2002

DOCKET NO. EF02030185
AMENDMENT NO. 3

(SERVICE LIST ATTACHED)

BY THE BOARD:

On January 13, 2005, Jersey Central Power & Light ("Company", "JCP&L", or "Petitioner"), a public utility corporation of the State of New Jersey, having offices at 300 Madison Avenue, Morristown, New Jersey 07962, filed a petition with the New Jersey Board of Public Utilities ("Board") seeking an extension, from June 30, 2005 through December 31, 2007, of the time within which JCP&L may participate in the FirstEnergy Intrasystem Utility Money Pool ("Money Pool").

By Orders of the Board dated July 24, 2002 and April 11, 2003, ("the Money Pool Orders") the Company was authorized from time to time through June 30, 2005, subject to certain conditions specified in the Money Pool Orders, to participate in the Money Pool maintained for the benefit of various public utility subsidiaries of FirstEnergy Corp. ("FirstEnergy"), including the Company. The Money Pool is made up of various FirstEnergy public utility subsidiaries investing available cash in the Money Pool, which may then be loaned by the Money Pool to other participating FirstEnergy utility subsidiaries to meet their short-term operating needs.

Under the terms of the Money Pool, JCP&L will make available to the Money Pool, from time to time through June 30, 2005, surplus short-term funds. Other participating subsidiaries may also make surplus short-term funds available to the Money Pool (such surplus short-term funds, whether provided by JCP&L or other subsidiaries, are herein referred to as "Internal Funds"). Other participating subsidiaries may also make available to the Money Pool proceeds from bank borrowings or the sale of commercial paper by such other participating subsidiaries ("External Funds").

Participating subsidiaries that borrow through the Money Pool would borrow *pro rata* from each company that lends, in the proportion that the total amount loaned by each such lending company bears to the total amount then loaned through the Money Pool. On any day when more than one fund source (e.g. Internal and External Funds), with different rates of interest, is used to fund the loans through the Money Pool, each borrower would borrow *pro rata* from each such fund source in the Money Pool in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Money Pool.

If only Internal Funds make up the funds available in the Money Pool, the interest rate applicable and payable to or by the participating subsidiaries for all loans of these Internal Funds will be the greater of the 30-Day LIBOR rate as quoted in *The Wall Street Journal* or the money market rate that a lending participating subsidiary could have obtained if it paced its excess cash in such an investment.

If only External Funds comprise the funds available in the Money Pool the interest rate applicable to loans of such External Funds would be equal to the lending company's cost for such External Funds. Appropriate "blending" and pro-rating will be effected if more than one participating subsidiary has made funds available to the Money Pool and/or both Internal and External Funds are available in the Money Pool, provided that loans may be made exclusively from Internal Funds or External Funds, rather than from a "blend" of these funds, to the extent it is expected that these loans would result in a lower cost of borrowing. As stated above, JCP&L shall make available only Internal Funds to the Money Pool, but may borrow both Internal and External Funds provided by other participating subsidiaries, provided this is the least costly borrowing alternative available to JCP&L.

Funds not required by the Money Pool to make loans (with the exception of funds required to satisfy the Money Pool's liquidity requirements) are ordinarily invested in one or more short-term investments, including: (1) interest bearing accounts with banks; (2) obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (3) obligations issued or guaranteed by any state or political subdivision of a state, provided that these obligations are rated not less than "A" by a nationally recognized rating agency; (4) commercial paper rated not less than "A-1" or "P-1" or their equivalent by a nationally recognized agency; (5) money market funds; (6) bank certificates of deposit; (7) Eurodollar funds; and (8) other investments that are permitted by Section 9(c) of the Public Utility Holding Company Act of 1935 ("PUHCA") and Rule 40 thereunder. The interest income and other investment income earned by the Money Pool on loans and investment of surplus funds will be allocated among the participating subsidiaries in accordance with the proportion each participating company's contribution of funds to the Money Pool bears to the total amount of funds in the Money Pool and the cost of any External Funds provided to the Money Pool by such participating subsidiary. Interest and other investment earnings will be computed on a daily basis and settled once per month.

FirstEnergy Service Company, also known as ServeCo ("ServeCo"), a service company subsidiary of FirstEnergy, will continue to administer the Money Pool on an "at cost" basis in accordance with the rules of the Securities and Exchange Commission under the PUHCA. ServeCo is required to maintain separate records for the proposed Money Pool and any other money pool it administers.

JCP&L will make available its surplus short term funds to the Money Pool so long as all the participating subsidiaries in the Money Pool have investment grade or higher credit ratings on their senior secured debt from at least one nationally recognized rating agency. Therefore, any participating subsidiary that does not meet this credit rating standard would not be allowed to borrow from the Money Pool so long as JCP&L is contributing funds to the Money Pool. If a participating subsidiary has an outstanding loan from the Money Pool at a time when JCP&L is deemed to be a lender (because JCP&L had therefore contributed funds to the Money Pool that were deemed included in such outstanding loan), such participating subsidiary would be required to repay that loan immediately upon no longer meeting the credit rating standard.

JCP&L has discretion to lend its Internal Funds, if any, and other participating subsidiaries have the discretion to lend their Internal and External Funds, if any, and all participating subsidiaries (including JCP&L) have discretion to borrow monies from the Money Pool at any time. The determination of whether a participating subsidiary at any time has surplus funds to lend to the Money Pool or shall lend funds to the Money Pool is made by such Participating Company's chief financial officer or treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in such participating company's sole discretion. Each participating subsidiary may withdraw any of its funds from the Money Pool at any time upon notice to ServeCo, as administrator of the Money Pool. Similarly, all borrowings from the Money Pool shall be authorized by the borrowing participating company's chief financial officer or treasurer, or by designee thereof. A participating subsidiary will not be required to borrow from the Money Pool, if it is determined that the participating subsidiary will be able to obtain funds at lower costs either through direct bank borrowing or through the issuance of its commercial paper. No loans are made available to FirstEnergy or ServeCo through the Money Pool.

Each participating subsidiary receiving a loan from the Money Pool shall repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event within 364 days of the date on which such loan was made. All loans made through the Money Pool may be prepaid by the borrower without premium or penalty. Loans from the Money Pool are made as open-account advances. Separate promissory notes are not required for each transaction, but may be executed if the participating subsidiaries deem it necessary or appropriate.

Petitioner's borrowing through the Money Pool shall not exceed the limitation on unsecured indebtedness contained in its Certification of Incorporation (approximately \$415M at December 31, 2004).

As previously indicated, the Company requests an extension, through December 31, 2007, of the time within which the Company may participate in the Money Pool in accordance with the terms of the Money Pool Orders.

Based upon the representations found in JCP&L's filing, and on the limitations and conditions imposed by Board Order on JCP&L's participation in the Money Pool, the Ratepayer Advocate does not object to the granting of the requested extension of time to participate in the Money Pool. However, the Ratepayer Advocate recommends that in its approval of the proposed extension, the Board reiterate that the money pool participation is conditioned upon the provisions of the initial Order issued July 24, 2002. Additionally, the Board should require

JCP&L's chief financial officer or treasurer, or designee thereof, to render Money Pool-related short term financing decisions based on what is in the best interests of JCP&L's ratepayers. Furthermore, the Ratepayer Advocate reserves its rights to examine the reasonableness of the proposed financing arrangement and related transactions, and their impact on JCP&L's cost of capital and rates in the next proceeding in which JCP&L's base rates are set or its cost of capital is considered.

The Board, after investigation and review of Petitioner's representations and in accordance with the recommendation of Board Staff, FINDS that the purposes of the request for extension of time within which Petitioner may participate in the Money Pool is necessary and proper.

The Board HEREBY AUTHORIZES JCP&L to participate in the Money Pool through December 31, 2007 subject to the conditions of the initial Order except as modified herein. The existing Securities and Exchange Commission authorization expires on December 31, 2005, so that the authorization herein granted for JCP&L to participate in the Money Pool beyond December 31, 2005 is also subject to the granting by the Securities and Exchange Commission of an extension of time beyond that date.


This ORDER is subject to the following provisions:

1. Petitioner shall not make any bank borrowings or issue commercial paper for the purpose of lending the proceeds to the Money Pool.
2. Petitioner shall not borrow from the Money Pool if it will be able to obtain funds at lower costs either through a direct bank borrowing or issuance of its commercial paper.
3. Petitioner's chief financial officer or treasurer, or designee thereof, shall render Money Pool-related short term financing decisions based on what is in the best interests of JCP&L's ratepayers.
4. Petitioner shall only deposit such Internal Funds (i.e., surplus cash) in the Money Pool as it would otherwise have available for investment in short-term money markets or other short-term investments instruments.
5. Petitioner shall not borrow any sum from the Money Pool for a period of greater than 364 days.
6. Petitioner's borrowing through the Money Pool shall not exceed the limitation on unsecured indebtedness contained in its Certification of Incorporation.

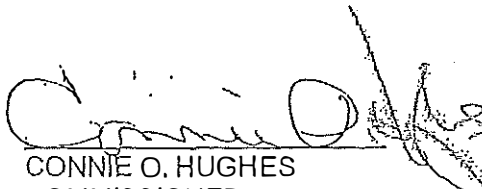
7. Petitioner shall file with the Board quarterly comparative statements indicating the interest rate imposed for borrowing/investing with the Money Pool and the prevailing market rate at the time for similarly situated utilities.
8. Petitioner shall inform the Board within three (3) days of any participating subsidiary that does not meet the credit rating standard set forth in the Money Pool Agreement.

DATED: 4/20/05

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER

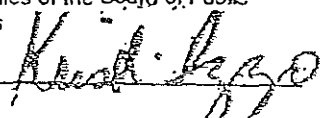

CONNIE O. HUGHES
COMMISSIONER


JACK ALTER
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

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



Service List

IN THE MATTER OF THE VERIFIED PETITION OF JERSEY CENTRAL POWER & LIGHT
COMPANY FOR AUTHORIZATION PURSUANT TO N.J.S.A. 48:3-7.2 FOR APPROVAL TO
PARTICIPATE IN THE FIRSTENERGY CORP. INTRASYSTEM MONEY POOL

Amendment No. 3 to the Petition
BPU Docket No. EF02030185

Mark Beyer
Deputy Chief Economist
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Seema M. Singh, Esq.
Ratepayer Advocate
Division of the Ratepayer Advocate
31 Clinton Street, 11th Floor
PO Box 46005
Newark, NJ 07101

Robert Wojciak
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Carla Bello, DAG
Dept of Law & Public Safety
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Michael Tavani
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Marc B. Lasky
Thelen Reid & Priest LLP
65 Madison Avenue
Morristown, NJ 07960

July 23, 2007

BY HAND DELIVERY

Kristi Izzo, Secretary
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Re: IN THE MATTER OF THE VERIFIED PETITION OF JERSEY
CENTRAL POWER & LIGHT COMPANY FOR AUTHORIZATION
PURSUANT TO N.J.S.A. 48:3-7.2 FOR APPROVAL TO PARTICIPATE
IN THE FIRSTENERGY CORP. INTRA SYSTEM MONEY POOL
Amendment No. 4 to the Petition
Docket No. EF02030185

Dear Secretary Izzo:

Petitioner, Jersey Central Power & Light Company (the "Company"), submits an original and eleven copies of this Amendment No. 4 to the Petition filed in the above-referenced matter on March 19, 2002, as previously supplemented by Amendments Nos. 1, 2 and 3 to the Petition dated June 25, 2002, February 27, 2003 and January 13, 2005, respectively (collectively, the "Petition").

By Order of the Board of Public Utilities (the "Board") dated July 24, 2002, as amended by Orders Modifying Order Dated July 24, 2002, which modifying Orders was dated April 11, 2003 and April 20, 2005, respectively (collectively, the "Order"), the Company was authorized from time to time through December 31, 2007, subject to certain conditions specified in the Order, to participate in the FirstEnergy Intrasystem Utility Money Pool (the "Money Pool") maintained for the benefit of various public utility subsidiaries of FirstEnergy Corp. ("FirstEnergy"), including the Company. The Money Pool is made up of various FirstEnergy public utility subsidiaries investing available cash in the Money Pool, which may then be loaned by the Money Pool to other participating

Kristi Izzo, Secretary
July 23, 2007
Page 2

FirstEnergy public utility subsidiaries to meet their short-term operating needs. Loans made by the Company through the Money Pool have been made only to participating subsidiaries that have investment grade or higher credit ratings on their senior secured debt from at least one nationally recognized rating agency in accordance with the Order. However, the Company requests that it be permitted to make loans through the Money Pool to any participating subsidiary that has investment grade or higher corporate or issuer ratings from at least one nationally recognized rating agency if such participating subsidiary has no senior secured debt rating.

By this Amendment No. 4 to the Petition, the Company hereby amends its Petition and requests an extension, through December 31, 2009, of the time within which the Company may participate in the Money Pool in accordance with the terms of the Order.

In addition, the Company seeks to amend Condition No. 6 appearing on page 4 of April 20, 2005 Orders Modifying Order Dated July 24, 2002. Condition No. 6 provides that: "[The Company's borrowing through the Money Pool shall not exceed the limitation on unsecured indebtedness contained in its Certificate of Incorporation." However, the limitation on unsecured indebtedness contained in the Company's Certificate of Incorporation applies only "[s]o long as any shares of cumulative preferred stock remain outstanding." The Company redeemed its last outstanding series of cumulative preferred stock in September 2006 and, as a result, the limitation on unsecured indebtedness contained in its Certificate of Incorporation is no longer operative. Nonetheless, consistent with the letter dated July 27, 2006 from Randy Scilla, who was at the time Assistant Treasurer of the Company, the Company proposes that, in place of Condition No. 6, the Company's borrowing through the Money Pool not be permitted to exceed the limitation on unsecured indebtedness contained in its Certificate of Incorporation, calculated in the same manner as would

Kristi Izzo, Secretary
July 23, 2007
Page 3

have applied had the last outstanding series of cumulative preferred stock not been redeemed. JCP&L retains the right to seek a modification to this limitation on Money Pool borrowing, although no such modification could become effective unless the Board issues an Order approving any such request.

Pursuant to N.J.A.C. 14:1-4.5, the Company designates the following persons to be notified in connection herewith:

Marc B. Lasky, Esq.
Thelen Reid Brown Raysman & Steiner LLP
Attorneys for Petitioner
200 Campus Drive, Suite 210
Florham Park, NJ 07932

-and-

Sally J. Cheong
Jersey Central Power & Light Company
300 Madison Avenue
Morristown, NJ 07962

Attached hereto and made part hereof are the following exhibits:

- Exhibit 1 - Copy of Petition filed March 18, 2002.
- Exhibit 2 - Copy of Amendment No. 1 to Petition dated June 25, 2002.
- Exhibit 3 - Copy of Order of the Board dated July 24, 2002.
- Exhibit 4 - Copy of Amendment No. 2 to Petition dated February 27, 2003.
- Exhibit 5 - Copy of Order (dated April 11, 2003) Modifying Order Dated July 24, 2002.
- Exhibit 6 - Copy of Amendment No. 3 to Petition dated January 13, 2005.
- Exhibit 7 - Copy of Order (dated April 20, 2005) Modifying Order Dated July 24, 2002.
- Exhibit 8 - Copy of letter dated July 27, 2006 from Randy Scilla.

Pursuant to N.J.S.A. 48:3-7.2, the Company hereby amends its Petition in this docket and applies to the Board for a Supplemental Order granting the Company an extension, from

Kristi Izzo, Secretary
July 23, 2007
Page 4

December 31, 2007 through December 31, 2009, of the time within which the Company may participate in the Money Pool.

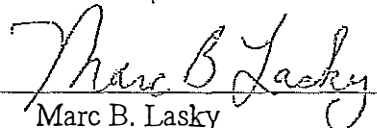
In all other respects, the Order as heretofore issued by the Board would remain unchanged, except as noted above with respect to the limitation on the Company's borrowing through the Money Pool.

The Company further requests that an expedited procedure be used in the disposition of this Amendment No. 4 to the Petition, including issuance of an appropriate Supplemental Order without hearing.

Kindly stamp the enclosed copy of this letter as "filed" and return to the undersigned in the enclosed, self-addressed stamped envelope.

Respectfully submitted,

THELEN REID BROWN RAYSMAN &
STEINER LLP
Attorneys for Petitioner

By: 
Marc B. Lasky
200 Campus Drive, Suite 210
Florham Park, NJ 07932
(973) 660-4400

MBL/kd

Enclosure

cc: (w/enclosure - by hand delivery)
Mark C. Beyer
Robert Wojciak
Nusha Wyner
Robert Schultheis
Kimberly K. Holmes, Esq., Acting Director, Division of Rate Counsel (2 copies)
Michael J. Filippone
Sally J. Cheong

Agenda Date: 12/19/2007
Agenda Item: 2A



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
<http://www.nj.gov/bpu>

IN THE MATTER OF THE VERIFIED)	<u>ENERGY</u>
PETITION OF JERSEY CENTRAL POWER &)	
LIGHT COMPANY FOR AUTHORIZATION)	ORDER
PURSUANT TO N.J.S.A. 48:3-7.2 FOR)	MODIFYING ORDER DATED
APPROVAL TO PARTICIPATE IN THE)	JULY 24, 2002
FIRSTENERGY CORP. INTRASystem)	
MONEY POOL)	DOCKET NO. EF02030185
		AMENDMENT NO. 4

(SERVICE LIST ATTACHED)

BY THE BOARD:

On July 23, 2007, Jersey Central Power & Light ("Company", "JCP&L", or "Petitioner"), a public utility corporation of the State of New Jersey, having offices in Morristown, New Jersey, filed a petition with the New Jersey Board of Public Utilities ("Board") seeking an extension, from December 31, 2007 through December 31, 2009, of the time within which JCP&L may participate in the FirstEnergy Intersystem Utility Money Pool ("Money Pool").

By Orders of the Board dated July 24, 2002, April 11, 2003 and April 20, 2005 ("the Money Pool Orders") the Company was authorized from time to time through December 31, 2007, subject to certain conditions specified in the Money Pool Orders, to participate in the Money Pool maintained for the benefit of various public utility subsidiaries of FirstEnergy Corp. ("FirstEnergy"), including the Company. The Money Pool is made up of various FirstEnergy public utility subsidiaries investing available cash in the Money Pool, which may then be loaned by the Money Pool to other participating FirstEnergy utility subsidiaries to meet their short-term operating needs.

Under the terms of the Money Pool, JCP&L will make available to the Money Pool, from time to time through December 31, 2009, surplus short-term funds. Other participating subsidiaries may also make surplus short-term funds available to the Money Pool (such surplus short-term funds, whether provided by JCP&L or other subsidiaries, are herein referred to as "Internal Funds"). Other participating subsidiaries may also make available to the Money Pool proceeds from bank borrowings or the sale of commercial paper by such other participating subsidiaries ("External Funds").

Participating companies that borrow through the Money Pool would borrow *pro rata* from each company that lends, in the proportion that the total amount loaned by each such lending company bears to the total amount then loaned through the Money Pool. On any day when more than one fund source (e.g. Internal and External Funds), with different rates of interest, is

used to fund the loans through the Money Pool, each borrower would borrow *pro rata* from each such fund source in the Money Pool in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Money Pool.

If only Internal Funds make up the funds available in the Money Pool, the interest rate applicable and payable to or by the participating subsidiaries for all loans of these Internal Funds will be the greater of the 30-Day LIBOR rate as quoted in *The Wall Street Journal* or the money market rate that a lending participating subsidiary could have obtained if it placed its excess cash in such an investment.

If only External Funds comprise the funds available in the Money Pool, the interest rate applicable to loans of such External Funds would be equal to the lending company's cost for such External Funds. Appropriate "blending" and pro-rating will be effected if more than one participating subsidiary has made funds available to the Money Pool and/or both Internal and External Funds are available in the Money Pool, provided that loans may be made exclusively from Internal Funds or External Funds, rather than from a "blend" of these funds, to the extent it is expected that these loans would result in a lower cost of borrowing. As stated above, JCP&L shall make available only Internal Funds to the Money Pool, but may borrow both Internal and External Funds provided by other participating subsidiaries, provided this is the least costly borrowing alternative available to JCP&L.

Funds not required by the Money Pool to make loans (with the exception of funds required to satisfy the Money Pool's liquidity requirements) are ordinarily invested in one or more short-term investments, including: (1) interest bearing accounts with banks; (2) obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (3) obligations issued or guaranteed by any state or political subdivision of a state, provided that these obligations are rated not less than "A" by a nationally recognized rating agency; (4) commercial paper rated not less than "A-1" or "P-1" or their equivalent by a nationally recognized agency; (5) money market funds; (6) bank certificates of deposit; and (7) Eurodollar funds. The interest income and other investment income earned by the Money Pool on loans and investment of surplus funds will be allocated among the participating companies in accordance with the proportion each participating company's contribution of funds to the Money Pool bears to the total amount of funds in the Money Pool and the cost of any External Funds provided to the Money Pool by such participating company. Interest and other investment earnings will be computed on a daily basis and settled once per month.

FirstEnergy Service Company, also known as ServeCo ("ServeCo"), a service company subsidiary of FirstEnergy, will continue to administer the Money Pool on an "at cost" basis in accordance with the rules previously adopted by the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935, which the Federal Energy Regulatory Commission has accepted for continued use under the Public Utility Holding Company Act of 2005. ServeCo is required to maintain separate records for the proposed Money Pool and any other money pool it administers.

JCP&L will make available its surplus short term funds to the Money Pool so long as (i) all the participating subsidiaries in the Money Pool that have senior secured debt ratings have investment grade or higher credit ratings on their senior secured debt from at least one

nationally recognized rating agency, and (ii) all those participating subsidiaries in the Money Pool that do not have senior secured debt ratings have investment grade or higher corporate or issuer ratings from at least one nationally recognized rating agency. Therefore, any participating subsidiary that does not meet the applicable credit rating standard would not be allowed to borrow from the Money Pool so long as JCP&L is contributing funds to the Money Pool. If a participating subsidiary has an outstanding loan from the Money Pool at a time when JCP&L is deemed to be a lender (because JCP&L had therefore contributed funds to the Money Pool that were deemed included in such outstanding loan), such participating subsidiary would be required to repay that loan immediately upon no longer meeting the applicable credit rating standard.

JCP&L has discretion to lend its Internal Funds, if any, and other participating subsidiaries have the discretion to lend their Internal and External Funds, if any, and all participating subsidiaries (including JCP&L) have discretion to borrow moneys from the Money Pool at any time. The determination of whether a participating subsidiary at any time has surplus funds to lend to the Money Pool or shall lend funds to the Money Pool is made by such Participating Company's chief financial officer or treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in such participating company's sole discretion. Each participating subsidiary may withdraw any of its funds from the Money Pool at any time upon notice to ServeCo, as administrator of the Money Pool. Similarly, all borrowings from the Money Pool shall be authorized by the borrowing participating company's chief financial officer or treasurer, or by a designee thereof. A participating subsidiary will not be required to borrow from the Money Pool, if it is determined that the participating subsidiary will be able to obtain funds at lower costs either through direct bank borrowing or through the issuance of its commercial paper. No loans are made available to FirstEnergy or ServeCo through the Money Pool.

Each participating subsidiary receiving a loan from the Money Pool shall repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event within 364 days of the date on which such loan was made. All loans made through the Money Pool may be prepaid by the borrower without premium or penalty. Loans from the Money Pool are made as open-account advances. Separate promissory notes are not required for each transaction, but may be executed if the participating subsidiaries deem it necessary or appropriate.

Petitioner's borrowing through the Money Pool shall not exceed the limitation on unsecured indebtedness contained in its Certification of Incorporation, calculated in the same manner as would have applied had the last outstanding series of cumulative preferred stock not been redeemed in 2006 (approximately \$431 million at June 30, 2007). Petitioner has committed to abide by this limit on Money Pool borrowings even after its Certificate of Incorporation is amended, as is anticipated, to remove the provisions governing cumulative preferred stock, including the language containing the limitation on unsecured indebtedness. As a result, the limitation on Petitioner's Money Pool borrowing will not change.

As previously indicated, the Company requests an extension, through December 31, 2009, of the time within which the Company may participate in the Money Pool in accordance with the terms of the Money Pool Orders.

The Department of Public Advocate, Division of Rate Counsel ("Rate Counsel") is not opposed to the relief sought in this Petition. Rate Counsel believes that with the aid of the requested authority sought in the Petition, the Company should have adequate resources and financial capability to properly and adequately service its New Jersey customers. Rate Counsel respectfully reserves its right to examine this transaction in the context of any future rate cases the Company may have.

The Board, after investigation and review of Petitioner's representations and in accordance with the recommendation of Board Staff, FINDS that the purposes of the request for extension of time within which Petitioner may participate in the Money Pool is necessary and proper.

The Board HEREBY AUTHORIZES JCP&L to participate in the Money Pool through December 31, 2009 subject to the conditions of the initial Order except as modified herein.

This Order is subject to the following provisions:

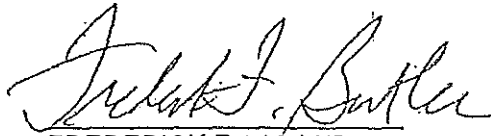
1. Petitioner shall not make any bank borrowings or issue commercial paper for the purpose of lending the proceeds to the Money Pool.
2. Petitioner shall not borrow from the Money Pool if it will be able to obtain funds at lower costs either through a direct bank borrowing or issuance of its commercial paper.
3. Petitioner's chief financial officer or treasurer, or designee thereof, shall render Money Pool-related short term financing decisions based on what is in the best interests of JCP&L's ratepayers.
4. Petitioner shall only deposit such Internal Funds (i.e., surplus cash) in the Money Pool as it would otherwise have available for investment in short-term money markets or other short-term investments instruments.
5. Petitioner shall not borrow any sum from the Money Pool for a period of greater than 364 days.
6. Petitioner's borrowing through the Money Pool shall not exceed the limitation on unsecured indebtedness contained in its Certification of Incorporation, calculated in the same manner as would have applied had the last outstanding series of cumulative preferred stock not been redeemed in 2006, which limitation shall continue after the anticipated amendment to Petitioner's Certificate of Incorporation to remove the provisions governing cumulative preferred stock, including the language containing the limitation on unsecured indebtedness. As a result, the limitation on Petitioner's Money Pool borrowing will not change.
7. Petitioner shall file with the Board quarterly comparative statements indicating the interest rate imposed for borrowing/investing with the Money Pool and the prevailing market rate at the time for similarly situated utilities.

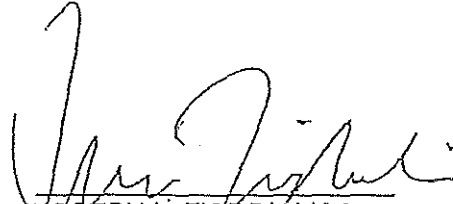
8. Petitioner shall inform the Board within three (3) days of any participating subsidiary that does not meet the applicable credit rating standard set forth in the Money Pool Agreement.


DATED: 12/21/07

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER

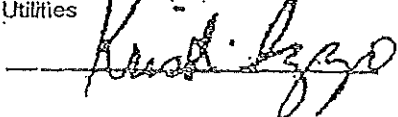

JOSEPH L. FIORDIALISO
COMMISSIONER


CHRISTINE V. BATOR
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

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



Service List

IN THE MATTER OF THE VERIFIED PETITION OF JERSEY CENTRAL POWER & LIGHT
COMPANY FOR AUTHORIZATION PURSUANT TO N.J.S.A. 48:3-7.2 FOR APPROVAL TO
PARTICIPATE IN THE FIRSTENERGY CORP. INTRASYSTEM MONEY POOL

BPU Docket No. EF02030185

Amendment No. 4

Mark C. Beyer
Chief Economist
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Nusha Wyner, Director
Division of Energy
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Robert Wojciak
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Michael Tavani
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Robert Schultheis
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Kimberly K. Holmes, Esq.
Acting Director
Division of the Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

Ami Morita, ADRA
Division of the Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

Felicia Thomas-Friel, ADRA
Division of the Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

Kurt S. Lewandowski, Esq.
Division of the Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

Badrhn M. Ubushin, Esq.
Division of the Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

Diane Schulze, Esq.
Division of the Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

David Peterson
Chesapeake Consulting Group, Inc.
10351 Southern Maryland Blvd.
Suite 202
Dunkirk, MD 20754-9500

Margaret Comes, DAG
Dept of Law & Public Safety
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Marc B. Lasky, Esq.
Thelen Reid Brown Raysman
& Steiner LLP
200 Campus Drive, Suite 210
Florham Park, NJ 07932

Michael J. Filippone
Jersey Central Power & Light Co.
300 Madison Avenue
Morristown, NJ 07962

Sally J. Cheong
Jersey Central Power & Light Co.
300 Madison Avenue
Morristown, NJ 07962

BPU Docket No. EF02030185
Amendment No. 4

Morgan, Lewis & Bockius LLP
89 Headquarters Plaza North
Suite 1435
Morristown, NJ 07960
Fax: 877.432.9652
www.morganlewis.com

Morgan Lewis

C O U N S E L O R S A T L A W

A Pennsylvania Limited Liability Partnership

ROBERT A. WHITE
Partner-In-Charge

Marc B. Lasky
973.993.3133
mlasky@MorganLewis.com

August 18, 2009

BY HAND DELIVERY

Kristi Izzo, Secretary
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Re: IN THE MATTER OF THE VERIFIED PETITION OF JERSEY
CENTRAL POWER & LIGHT COMPANY FOR AUTHORIZATION
PURSUANT TO N.J.S.A. 48:3-7.2 FOR APPROVAL TO PARTICIPATE
IN THE FIRSTENERGY CORP. INTRA SYSTEM MONEY POOL
Amendment No. 5 to the Petition
Docket No. EF02030185

Dear Secretary Izzo:

Petitioner, Jersey Central Power & Light Company (the "Company"), submits an original and eleven copies of this Amendment No. 5 to the Petition filed in the above-referenced matter on March 19, 2002, as previously supplemented by Amendments Nos. 1, 2, 3 and 4 to the Petition dated June 25, 2002, February 27, 2003, January 13, 2005 and July 23, 2007, respectively (collectively, the "Petition").

By Order of the Board of Public Utilities (the "Board") dated July 24, 2002, as amended by Orders Modifying Order Dated July 24, 2002, which modifying Orders were dated April 11, 2003, April 20, 2005 and December 21, 2007, respectively (collectively, the "Order"), the Company was authorized from time to time through December 31, 2009, subject to certain conditions

Kristi Izzo, Secretary
August 18, 2009
Page 2

Morgan Lewis
C O U N S E L O R S A T L A W
A Pennsylvania Limited Liability Partnership

specified in the Order, to participate in the FirstEnergy Intrasystem Utility Money Pool (the "Money Pool") maintained for the benefit of various public utility subsidiaries of FirstEnergy Corp. ("FirstEnergy"), including the Company. The Money Pool is made up of various FirstEnergy public utility subsidiaries investing available cash in the Money Pool, which may then be loaned by the Money Pool to other participating FirstEnergy public utility subsidiaries to meet their short-term operating needs.

By this Amendment No. 5 to the Petition, the Company hereby amends its Petition and requests an extension, through December 31, 2011, of the time within which the Company may participate in the Money Pool. As part of this requested extension of the time within which the Company may participate in the Money Pool, the Company is proposing to modify the authority previously granted in the Order so as to require that all borrowers in the Money Pool have, at a minimum, investment grade credit ratings from all (rather than just one) applicable nationally recognized statistical rating organizations ("NRSROs") from which ratings are obtained. In all other respects, the requested authority would remain unchanged.

The Money Pool, as previously authorized in the Order and as proposed to be extended by this Amendment No. 5, complies in all respects with rules applicable to money pools that became effective on April 6, 2009 (N.J.A.C. 14:4-4A.7(f) and (g)), as follows:

1. Board approval is hereby being sought under N.J.S.A. 48:3-7.2 (N.J.A.C. 14:4-4A.7(f)1);
2. Participation in the Money Pool is restricted to subsidiaries of FirstEnergy, including the Company and subsidiaries that are classified as electric utilities by the Pennsylvania Public Utility Commission and the Public Utilities Commission of Ohio (N.J.A.C. 14:4-4A.7(f)2);

Kristi Izzo, Secretary
August 18, 2009
Page 3

Morgan Lewis
C O U N S E L O R S A T L A W
A Pennsylvania Limited Liability Partnership

3. Any subsidiary that is not a public utility or an out-of-state utility is prohibited from borrowing from the Money Pool (N.J.A.C. 14:4-4A.7(f)3);

4. All borrowers in the Money Pool are required to have, at a minimum, investment grade credit ratings from all applicable NRSROs (N.J.A.C. 14:4-4A.7(f)4);

5. The Company would continue to limit its borrowings through the Money Pool to an amount not to exceed the limitation on unsecured indebtedness that had previously been contained in its Certificate of Incorporation before the removal of that provision from the Certificate of Incorporation following the redemption of the Company's last series of preferred stock in 2006. That is, the Company will continue to limit its borrowings through the Money Pool on the same basis as has heretofore applied, calculating that limitation in the same manner as would have applied had the limitation on unsecured indebtedness not been removed from the Certification of Incorporation (N.J.A.C. 14:4-4A.7(f)5)¹;

6. The fees for administering the Money Pool are cost-based, based on applicable rules of the Federal Energy Regulatory Commission under the Public Utility Holding Company Act of 2005, and subject to review by the Board for ratemaking purposes (N.J.A.C. 14:4-4A.7(f)6);

7. The Company will not borrow any sum from the Money Pool for a period of greater than 364 days (N.J.A.C. 14:4-4A.7(f)7);

8. The Company will record all Money Pool transactions in a separate general ledger account within its books of account, on an aggregate monthly basis (N.J.A.C. 14:4-4A.7(g)1);

¹ JCP&L retains the right to seek a modification to this limitation on Money Pool borrowing, although no such modification could become effective unless the Board issues an Order approving any such request.

Kristi Izzo, Secretary
August 18, 2009
Page 4

Morgan Lewis
C O U N S E L O R S A T L A W
A Pennsylvania Limited Liability Partnership

9. The Company will not borrow funds for the specific purpose of lending to the Money Pool (N.J.A.C. 14:4-4A.7(g)2);

10. The Company will not borrow from the Money Pool if funds are available at lower costs, either through bank borrowings or through issuance of commercial paper (N.J.A.C. 14:4-4A.7(g)3);

11. The Company will file with the Board and/or Board staff quarterly statements comparing the Money Pool interest rates with the prevailing market interest rates for similarly situated public utilities (N.J.A.C. 14:4-4A.7(g)4);

12. The Company will deposit cash in the money pool only if the cash is otherwise available for investment in short-term money markets or other short-term investments (N.J.A.C. 14:4-4A.7(g)5); and

13. The Company's chief financial officer or a designee thereof will render Money Pool-related decisions based on the best interests of the Company's ratepayers (N.J.A.C. 14:4-4A.7(g)6).

In addition, if the senior secured credit rating of any borrower from the Money Pool that has a senior secured credit rating falls below any applicable NRSRO's investment grade rating, the Company shall demand repayment of any outstanding loans to such borrower within three business days and make no further loans to such borrower through the Money Pool until further notice by the Board or until such borrower's senior secured credit rating is again investment grade (N.J.A.C. 14:4-4A.7(h)).

Pursuant to N.J.A.C. 14:1-4.5, the Company designates the following persons to be notified in connection herewith:

Kristi Izzo, Secretary
August 18, 2009
Page 5

Morgan Lewis
C O U N S E L O R S A T L A W
A Pennsylvania Limited Liability Partnership

Marc B. Lasky, Esq.
Morgan, Lewis & Bockius LLP
Attorneys for Petitioner
89 Headquarters Plaza, Suite 1435
Morristown, NJ 07960

-and-

Sally J. Cheong
Jersey Central Power & Light Company
300 Madison Avenue
Morristown, NJ 07962

Attached hereto and made part hereof are the following exhibits:

- Exhibit 1 - Copy of Petition filed March 18, 2002.
- Exhibit 2 - Copy of Amendment No. 1 to Petition dated June 25, 2002.
- Exhibit 3 - Copy of Order of the Board dated July 24, 2002.
- Exhibit 4 - Copy of Amendment No. 2 to Petition dated February 27, 2003.
- Exhibit 5 - Copy of Order (dated April 11, 2003) Modifying Order Dated July 24, 2002.
- Exhibit 6 - Copy of Amendment No. 3 to Petition dated January 13, 2005.
- Exhibit 7 - Copy of Order (dated April 20, 2005) Modifying Order Dated July 24, 2002.
- Exhibit 8 - Copy of Amendment No. 4 to Petition dated July 23, 2007.
- Exhibit 9 - Copy of Order (dated December 21, 2007) Modifying Order Dated July 24, 2002.

Pursuant to N.J.S.A. 48:3-7.2, the Company hereby amends its Petition in this docket and applies to the Board for a Supplemental Order granting the Company an extension, from December 31, 2009 through December 31, 2011, of the time within which the Company may participate in the Money Pool.

Kristi Izzo, Secretary
August 18, 2009
Page 6

Morgan Lewis
C O U N S E L O R S A T L A W
A Pennsylvania Limited Liability Partnership

In all other respects, the Order as heretofore issued by the Board would remain unchanged, except as noted above.

The Company further requests that an expedited procedure be used in the disposition of this Amendment No. 5 to the Petition, including issuance of an appropriate Supplemental Order without hearing.

Kindly stamp the enclosed copy of this letter as "filed" and return to the undersigned in the enclosed, self-addressed stamped envelope.

Respectfully submitted,

MORGAN, LEWIS & BOCKIUS LLP
Attorneys for Petitioner

By: 

Marc B. Lasky
89 Headquarters Plaza, Suite 1435
Morristown, NJ 07960
(973) 993-3133

MBL/kl

Enclosure

cc: (w/enclosure - by hand delivery)
Mark C. Beyer
Robert Wojciak
Jerome May
Robert Schultheis
Stefanie Brand, Director, Division of Rate Counsel (2 copies)
Michael J. Filippone
Sally J. Cheong

Agenda Date: 12/17/09
Agenda Item: 2A



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE VERIFIED)	
PETITION OF JERSEY CENTRAL POWER &)	
LIGHT COMPANY FOR AUTHORIZATION)	ORDER
PURSUANT TO N.J.S.A. 48:3-7.2 FOR)	MODIFYING ORDER DATED
APPROVAL TO PARTICIPATE IN THE)	JULY 24, 2002
FIRSTENERGY CORP. INTRASYSTEM)	
MONEY POOL)	DOCKET NO. EF02030185
		AMENDMENT NO. 5

Marc B. Lasky, Esq. Morgan, Lewis & Bockius LLP Morristown, NJ 07960 for Petitioner

BY THE BOARD:

On August 18, 2009, Jersey Central Power & Light ("Company", "JCP&L", or "Petitioner"), a public utility corporation of the State of New Jersey, having offices in Morristown, New Jersey, filed a petition with the New Jersey Board of Public Utilities ("Board") seeking an extension, of the time within which JCP&L may participate in the FirstEnergy Intersystem Utility Money Pool ("Money Pool"), from December 31, 2009 through December 31, 2011. By this Order, the Board considers that request.

By Orders dated July 24, 2002, April 11, 2003, April 20, 2005 and December 21, 2007(collectively, "Money Pool Orders"), the Board authorized the Company, from time to time through December 31, 2009 and subject to certain conditions specified in the Money Pool Orders, to participate in the Money Pool maintained for the benefit of various public utility subsidiaries of FirstEnergy Corp. ("FirstEnergy"), including the Company. The Money Pool is made up of various FirstEnergy public utility subsidiaries investing available cash in the Money Pool, which may then be loaned by the Money Pool to other participating FirstEnergy utility subsidiaries to meet their short-term operating needs.

According to the petition, if continued participation is authorized, JCP&L will make available to the Money Pool, from time to time through December 31, 2011, surplus short-term funds in accordance with the terms of the Money Pool. Other participating subsidiaries may also make surplus short-term funds available to the Money Pool (such surplus short-term funds, whether provided by JCP&L or other subsidiaries, are referred to as "Internal Funds"). Other participating subsidiaries may also make available to the Money Pool proceeds from bank

borrowings or the sale of commercial paper by such other participating subsidiaries (referred to as "External Funds").

As described in the petition, participating companies that borrow through the Money Pool would borrow *pro rata* from each company that lends, in the proportion that the total amount loaned by each such lending company bears to the total amount then loaned through the Money Pool. On any day when more than one fund source (e.g. Internal and External Funds), with different rates of interest, is used to fund the loans through the Money Pool, each borrower would borrow *pro rata* from each such fund source in the Money Pool in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Money Pool.

If only Internal Funds make up the funds available in the Money Pool, the interest rate applicable and payable to or by the participating subsidiaries for all loans of these Internal Funds will be the greater of the 30-Day LIBOR rate as quoted in The Wall Street Journal or the money market rate that a lending participating subsidiary could have obtained if it placed its excess cash in such an investment.

If only External Funds comprise the funds available in the Money Pool, the interest rate applicable to loans of such External Funds would be equal to the lending company's cost for such External Funds. Appropriate "blending" and pro-rating will be effected if more than one participating subsidiary has made funds available to the Money Pool and/or both Internal and External Funds are available in the Money Pool, provided that loans may be made exclusively from Internal Funds or External Funds, rather than from a "blend" of these funds, to the extent it is expected that these loans would result in a lower cost of borrowing. As proposed, JCP&L shall make available only Internal Funds to the Money Pool, but may borrow both Internal and External Funds provided by other participating subsidiaries, provided this is the least costly borrowing alternative available to JCP&L.

Funds not required by the Money Pool to make loans (with the exception of funds required to satisfy the Money Pool's liquidity requirements) are ordinarily invested in one or more short-term investments, including: (1) interest bearing accounts with banks; (2) obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (3) obligations issued or guaranteed by any state or political subdivision of a state, provided that these obligations are rated not less than "A" by a nationally recognized rating agency; (4) commercial paper rated not less than "A-1" or "P-1" or their equivalent by a nationally recognized agency; (5) money market funds; (6) bank certificates of deposit; and (7) Eurodollar funds. The interest income and other investment income earned by the Money Pool on loans and investment of surplus funds will be allocated among the participating companies in accordance with the proportion each participating company's contribution of funds to the Money Pool bears to the total amount of funds in the Money Pool and the cost of any External Funds provided to the Money Pool by such participating company. Interest and other investment earnings will be computed on a daily basis and settled once per month.

JCP&L represents that First Energy Service Company, also known as ServeCo ("ServeCo"), a service company subsidiary of FirstEnergy, will continue to administer the Money Pool on an "at cost" basis in accordance with the rules previously adopted by the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935, which the Federal Energy Regulatory Commission has accepted for continued use under the Public Utility Holding

Company Act of 2005. ServeCo is required to maintain separate records for the proposed Money Pool and any other money pool it administers.

If continued participation is approved, JCP&L will make available its surplus short term funds to the Money Pool so long as all borrowers in the Money Pool have, at a minimum, investment grade credit ratings from all applicable nationally recognized rating agencies from which ratings are obtained. Therefore, any participating subsidiary that does not meet the applicable credit rating standard would not be allowed to borrow from the Money Pool so long as JCP&L is contributing funds to the Money Pool. If a participating subsidiary has an outstanding loan from the Money Pool at a time when JCP&L is deemed to be a lender (because JCP&L had contributed funds to the Money Pool that were deemed included in an outstanding loan), the participating subsidiary would be required to repay that loan immediately upon no longer meeting the applicable credit rating standard.

JCP&L has discretion to lend its Internal Funds, if any, and other participating subsidiaries have the discretion to lend their Internal and External Funds, if any, and all participating subsidiaries (including JCP&L) have discretion to borrow moneys from the Money Pool at any time. The determination of whether a participating subsidiary at any time has surplus funds to lend to the Money Pool or shall lend funds to the Money Pool is made by such Participating Company's chief financial officer or treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in such participating company's sole discretion. Each participating subsidiary may withdraw any of its funds from the Money Pool at any time upon notice to ServeCo, as administrator of the Money Pool. Similarly, all borrowings from the Money Pool shall be authorized by the borrowing participating company's chief financial officer or treasurer, or by a designee thereof. A participating subsidiary will not be required to borrow from the Money Pool, if it is determined that the participating subsidiary will be able to obtain funds at lower costs either through direct bank borrowing or through the issuance of its commercial paper. No loans are made available to FirstEnergy or ServeCo through the Money Pool.

Each participating subsidiary receiving a loan from the Money Pool shall repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event within 364 days of the date on which such loan was made. All loans made through the Money Pool may be prepaid by the borrower without premium or penalty. Loans from the Money Pool are made as open-account advances. Separate promissory notes are not required for each transaction, but may be executed if the participating subsidiaries deem it necessary or appropriate.

Petitioner agrees that its borrowing through the Money Pool shall not exceed the limitation on unsecured indebtedness that had previously been contained in its Certification of Incorporation before the removal of that provision from the Company's Certificate of Incorporation following the redemption of the Company's last outstanding series of cumulative preferred stock in 2006, calculated in the same manner as previously applied (approximately \$407 million at June 30, 2009). As a result, the limitation on Petitioner's Money Pool borrowing contained in the Money Pool Orders will not change.

The Company represents that its continued participation in the Money Pool, on the terms discussed herein and in the petition, is in compliance with all of the provisions of the money pool-related regulations that became effective in April 2009. N.J.A.C. 14:4-4A.7(f), (g) and (h).

By letter dated November 23, 2009, the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") indicated that it did not oppose the Board's approval of the petition subject to certain conditions that are contained in this Order. Rate Counsel also reserved its right to examine the Company's participation in the Money Pool in future rate cases.

The Board, after investigation and review of Petitioner's representations and submissions, and after consideration of the recommendations of Rate Counsel and Board Staff, FINDS that JCP&L's participation in the Money Pool on the conditions specified below and in the Money Pool Orders is in compliance with the law and the extension of time within which Petitioner may participate in the Money Pool is necessary and proper.

Accordingly, the Board HEREBY AUTHORIZES JCP&L to continue to participate in the Money Pool through December 31, 2011 subject to the conditions of the initial Order except as modified herein.


This Order is subject to the following provisions:


1. Petitioner shall not make any bank borrowings or issue commercial paper for the purpose of lending the proceeds to the Money Pool.
2. Petitioner shall not borrow from the Money Pool if it will be able to obtain funds at lower costs either through a direct bank borrowing or issuance of its commercial paper.
3. Petitioner's chief financial officer or treasurer, or a designee thereof, shall make Money Pool-related short term financing decisions based on what is in the best interests of JCP&L's ratepayers.
4. Petitioner shall only deposit such Internal Funds (i.e., surplus cash) in the Money Pool as it would otherwise have available for investment in short-term money markets or other short-term investments instruments.
5. Petitioner shall not borrow any sum from the Money Pool for a period of greater than 364 days.
6. Petitioner's borrowing through the Money Pool shall not exceed the limitation on unsecured indebtedness that had previously been contained in its Certification of Incorporation, calculated in the same manner as would have applied had the provision not been removed from the Company's Certificate of Incorporation following the redemption of the Company's last outstanding series of cumulative preferred stock in 2006. As a result, the limitation on Petitioner's Money Pool borrowing will not change.
7. Petitioner shall file with the Board quarterly comparative statements indicating the interest rate imposed for borrowing/investing with the Money Pool and the prevailing market rate at the time for similarly situated utilities.

8. Petitioner shall comply with the requirements of N.J.A.C. 14:4-4A.7 (f), (g) and (h), and the provisions of all other applicable statutes, regulations and Orders.


DATED: 12/17/09

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

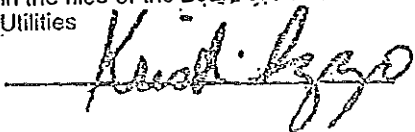

NICHOLAS ASSELTA
COMMISSIONER


ELIZABETH RANDALL
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

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



Service List

IN THE MATTER OF THE VERIFIED PETITION OF JERSEY CENTRAL POWER & LIGHT
COMPANY FOR AUTHORIZATION PURSUANT TO N.J.S.A. 48:3-7.2 FOR APPROVAL TO
PARTICIPATE IN THE FIRSTENERGY CORP. INTRASYSTEM MONEY POOL

Amendment No. 5 to the Petition
BPU Docket No. EF02030185

Jerome May, Director
Division of Energy
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Mark C. Beyer
Chief Economist
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Robert Wojciak
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Robert Schultheis
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Diane Schulze, Esq.
Division of the Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

Stefanie A. Brand, Esq.
Director
Division of the Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

Ami Morita, Esq. ADRA
Division of the Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

Felicia Thomas-Friel, Esq.
ADRA
Division of the Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

Kurt S. Lewandowski, Esq.
Division of the Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

Babette Tenzer, DAG
Department of Law & Public
Safety
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Michael J. Filippone
Jersey Central Power & Light
Company
300 Madison Avenue
Morristown, NJ 07962

Sally J. Cheong
Jersey Central Power & Light
Company
300 Madison Avenue
Morristown, NJ 07962

Marc B. Lasky, Esq.
Morgan, Lewis & Bockius
LLP
89 Headquarters Plaza North
Suite 1435
Morristown, NJ 07960

Morgan, Lewis & Bockius LLP
89 Headquarters Plaza North
Suite 1435
Morristown, NJ 07960
Fax: 877.432.9652
www.morganlewis.com

Morgan Lewis
C O U N S E L O R S A T L A W
A Pennsylvania Limited Liability Partnership
RANDALL B. SUNBERG
Partner-in-Charge

Marc B. Lasky
973.993.3133
mlasky@MorganLewis.com

March 18, 2011

BY HAND DELIVERY

Kristi Izzo, Secretary
Board of Public Utilities
Two Gateway Center, Suite 801
Newark, NJ 07102

Re: IN THE MATTER OF THE VERIFIED PETITION OF JERSEY
CENTRAL POWER & LIGHT COMPANY FOR AUTHORIZATION
PURSUANT TO N.J.S.A. 48:3-7.2 FOR APPROVAL TO PARTICIPATE
IN THE FIRSTENERGY CORP. INTRA SYSTEM MONEY POOL
Amendment No. 6 to the Petition
Docket No. EF02030185

Dear Secretary Izzo:

Petitioner, Jersey Central Power & Light Company (the "Company"), submits an original and eleven copies of this Amendment No. 6 to the Petition filed in the above-referenced matter on March 19, 2002, as previously supplemented by Amendments Nos. 1, 2, 3, 4 and 5 to the Petition dated June 25, 2002, February 27, 2003, January 13, 2005, July 23, 2007 and August 18, 2009, respectively (collectively, the "Petition").

By Order of the Board of Public Utilities (the "Board") dated July 24, 2002, as amended by Orders Modifying Order Dated July 24, 2002, which modifying Orders were dated April 11, 2003, April 20, 2005, December 21, 2007 and December 17, 2009, respectively (collectively, the "Orders"), the Company was authorized from time to time through December 31, 2011, subject to

Kristi Izzo, Secretary
March 18, 2011
Page 2

Morgan Lewis
C O U N S E L O R S A T L A W
A Pennsylvania Limited Liability Partnership

certain conditions specified in the Orders, to participate in the FirstEnergy Intrastate Utility Money Pool (the "Money Pool") maintained for the benefit of various public utility subsidiaries of FirstEnergy Corp. ("FirstEnergy"), including the Company. The Money Pool is made up of various FirstEnergy public utility subsidiaries investing available cash in the Money Pool, which may then be loaned by the Money Pool to other participating FirstEnergy public utility subsidiaries to meet their short-term operating needs.

By this Amendment No. 6 to the Petition, the Company hereby amends its Petition to (i) allow participation in the Money Pool as borrowers and lenders by former utility subsidiaries of Allegheny Energy, Inc. ("Allegheny Energy"), and (ii) request an extension, through December 31, 2013, of the time within which the Company may participate in the Money Pool. Allegheny Energy became a wholly-owned subsidiary of FirstEnergy, the Company's parent company, on February 25, 2011 by virtue of the consummation of the merger of Allegheny Energy with a new subsidiary of FirstEnergy created for the purpose of such transaction, with the result that FirstEnergy became the ultimate corporate parent of the former Allegheny Energy utility subsidiaries, namely: Monongahela Power Company, an electric utility under West Virginia law, The Potomac Edison Company, a [an electric utility under West Virginia law and an electric company under Maryland law], West Penn Power Company, a public utility and electric distribution company under Pennsylvania law, and Trans-Allegheny Interstate Line Company (TrAILCo), a public utility under the laws of Pennsylvania, West Virginia and Virginia (collectively, the "Allegheny Utilities"). In addition, for so long as necessary to accommodate existing computer system and bank account arrangements applicable to the Allegheny Utilities, Allegheny Energy Service Company ("Allegheny Service") will participate in the Money

Pool as administrator for the Allegheny Utilities (but not as a borrower or lender), as directed by FirstEnergy Service Company.

Other than allowing participation by the Allegheny Utilities, and by Allegheny Service as administrator for the Allegheny Utilities, and the extension of the time within which the Company may participate in the Money Pool, the Company's requested authority would remain unchanged. Without in any way limiting the foregoing, the existing requirement in the Orders that all borrowers in the Money Pool have, at a minimum, investment grade credit ratings from all applicable nationally recognized statistical rating organizations ("NRSROs") from which ratings are obtained would apply to participation by the Allegheny Utilities.

The Money Pool, as previously authorized in the Orders and as proposed to be modified and extended by this Amendment No. 6, complies in all respects with rules applicable to money pools that became effective on April 6, 2009 (N.J.A.C. 14:4-4A.7(f) and (g)), as follows:

1. Board approval is hereby being sought under N.J.S.A. 48:3-7.2 (N.J.A.C. 14:4-4A.7(f)1);
2. Participation in the Money Pool is restricted to subsidiaries of FirstEnergy, including the Company and subsidiaries that are classified as public utilities under the laws of Pennsylvania, Ohio, West Virginia, Maryland or Virginia (N.J.A.C. 14:4-4A.7(f)2);
3. Any subsidiary that is not a public utility or an out-of-state utility is prohibited from borrowing from the Money Pool (N.J.A.C. 14:4-4A.7(f)3);
4. All borrowers in the Money Pool are required to have, at a minimum, investment grade credit ratings from all applicable NRSROs (N.J.A.C. 14:4-4A.7(f)4);

5. The Company would continue to limit its borrowings through the Money Pool to an amount not to exceed the limitation on unsecured indebtedness that had previously been contained in its Certificate of Incorporation before the removal of that provision from the Certificate of Incorporation following the redemption of the Company's last series of preferred stock in 2006. That is, the Company will continue to limit its borrowings through the Money Pool on the same basis as has heretofore applied, calculating that limitation in the same manner as would have applied had the limitation on unsecured indebtedness not been removed from the Certification of Incorporation (N.J.A.C. 14:4-4A.7(f)5)¹;

6. The fees for administering the Money Pool are cost-based, based on applicable rules of the Federal Energy Regulatory Commission under the Public Utility Holding Company Act of 2005, and subject to review by the Board for ratemaking purposes (N.J.A.C. 14:4-4A.7(f)6);

7. The Company will not borrow any sum from the Money Pool for a period of greater than 364 days (N.J.A.C. 14:4-4A.7(f)7);

8. The Company will record all Money Pool transactions in a separate general ledger account within its books of account, on an aggregate monthly basis (N.J.A.C. 14:4-4A.7(g)1);

9. The Company will not borrow funds for the specific purpose of lending to the Money Pool (N.J.A.C. 14:4-4A.7(g)2);

10. The Company will not borrow from the Money Pool if funds are available at lower costs, either through bank borrowings or through issuance of commercial paper (N.J.A.C. 14:4-4A.7(g)3);

¹ JCP&L retains the right to seek a modification to this limitation on Money Pool borrowing, although no such modification could become effective unless the Board issues an Order approving any such request.

11. The Company will file with the Board and/or Board staff quarterly statements comparing the Money Pool interest rates with the prevailing market interest rates for similarly situated public utilities (N.J.A.C. 14:4-4A.7(g)4);

12. The Company will deposit cash in the money pool only if the cash is otherwise available for investment in short-term money markets or other short-term investments (N.J.A.C. 14:4-4A.7(g)5); and

13. The Company's chief financial officer or a designee thereof will render Money Pool-related decisions based on the best interests of the Company's ratepayers (N.J.A.C. 14:4-4A.7(g)6).

In addition, if the senior secured credit rating of any borrower from the Money Pool that has a senior secured credit rating, including the Allegheny Utilities, falls below any applicable NRSRO's investment grade rating, the Company shall demand repayment of any outstanding loans to such borrower within three business days and make no further loans to such borrower through the Money Pool until further notice by the Board or until such borrower's senior secured credit rating is again investment grade (N.J.A.C. 14:4-4A.7(h)).

Pursuant to N.J.A.C. 14:1-4.5, the Company designates the following persons to be notified in connection herewith:

Kristi Izzo, Secretary
March 18, 2011
Page 6

Morgan Lewis
C O U N S E L O R S A T L A W
A Pennsylvania Limited Liability Partnership

Marc B. Lasky, Esq.
Morgan, Lewis & Bockius LLP
Attorneys for Petitioner
89 Headquarters Plaza, Suite 1435
Morristown, NJ 07960

-and-

Sally J. Cheong
Jersey Central Power & Light Company
300 Madison Avenue
Morristown, NJ 07962

Attached hereto and made part hereof are the following exhibits:

- Exhibit 1 - Copy of Petition filed March 18, 2002.
- Exhibit 2 - Copy of Amendment No. 1 to Petition dated June 25, 2002.
- Exhibit 3 - Copy of Order of the Board dated July 24, 2002.
- Exhibit 4 - Copy of Amendment No. 2 to Petition dated February 27, 2003.
- Exhibit 5 - Copy of Order (dated April 11, 2003) Modifying Order Dated July 24, 2002.
- Exhibit 6 - Copy of Amendment No. 3 to Petition dated January 13, 2005.
- Exhibit 7 - Copy of Order (dated April 20, 2005) Modifying Order Dated July 24, 2002.
- Exhibit 8 - Copy of Amendment No. 4 to Petition dated July 23, 2007.
- Exhibit 9 - Copy of Order (dated December 21, 2007) Modifying Order Dated July 24, 2002.
- Exhibit 10 - Copy of Amendment No. 5 to Petition dated August 18, 2009.
- Exhibit 11 - Copy of Order (dated December 17, 2009) Modifying Order Dated July 24, 2002.
- Exhibit 12 Copy of Revised and Restated Utility Money Pool Agreement, including copy marked to show changes from existing Utility Money Pool Agreement

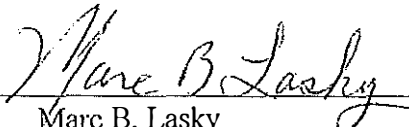
Pursuant to N.J.S.A. 48:3-7.2, the Company hereby amends its Petition in this docket and applies to the Board for a Supplemental Order (i) allowing the Allegheny Utilities to participate in the Money Pool as borrowers and lenders, (ii) allowing Allegheny Service to participate in the Money Pool as administrator for the Allegheny Utilities, and (iii) granting the Company an extension, from December 31, 2011 through December 31, 2013, of the time within which the Company may participate in the Money Pool. In all other respects, the Orders as heretofore issued by the Board would remain unchanged.

The Company further requests that an expedited procedure be used in the disposition of this Amendment No. 6 to the Petition, including issuance of an appropriate Supplemental Order without hearing.

Kindly stamp the enclosed copy of this letter as "filed" and return to the undersigned in the enclosed, self-addressed stamped envelope.

Respectfully submitted,

MORGAN, LEWIS & BOCKIUS LLP
Attorneys for Petitioner

By: 
Marc B. Lasky
89 Headquarters Plaza, Suite 1435
Morristown, NJ 07960
(973) 993-3133

cc: (w/enclosure - by hand delivery)
Mark C. Beyer
Robert Wojciak
Jerome May
Robert Schultheis
Stefanie A. Brand, Director, Division of Rate Counsel (2 copies)
Lawrence E. Sweeney
Sally J. Cheong

Agenda Date: 9/21/11
Agenda Item: 2A



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

IN THE MATTER OF THE VERIFIED PETITION OF) ENERGY
JERSEY CENTRAL POWER & LIGHT COMPANY)
FOR AUTHORIZATION PURSUANT TO N.J.S.A.) ORDER MODIFYING ORDER
48:3-7.2 FOR APPROVAL TO PARTICIPATE IN THE) DATED JULY 24, 2002
FIRSTENERGY CORP. INTRASYSTEM MONEY)
POOL) DOCKET NO. EF02030185
) AMENDMENT NO. 6

Marc B. Lasky, Esq., Morgan, Lewis & Bockius LLP, for Petitioner
Diane Schulze, Esq., Assistant Deputy Rate Counsel, New Jersey Division of Rate Counsel

BY THE BOARD:

On March 18, 2011, Jersey Central Power & Light ("Company" or "JCP&L"), a public utility corporation of the State of New Jersey having offices in Morristown, New Jersey, filed a petition with the New Jersey Board of Public Utilities ("Board") seeking (i) authorization for JCP&L to continue to participate in the FirstEnergy Intersystem Utility Money Pool ("Money Pool") following inclusion of former utility subsidiaries of Allegheny Energy, Inc. ("Allegheny Energy") to participate in the Money Pool as borrowers and lenders, as described below, and (ii) an extension of the time within which JCP&L may participate in the Money Pool, from December 31, 2011 through December 31, 2013. By this Order, the Board considers those requests.

By Orders of the Board dated July 24, 2002, April 11, 2003, April 20, 2005, December 21, 2007 and December 17, 2009 (collectively, "Money Pool Orders"), the Board authorized the Company, from time to time through December 31, 2011 and subject to certain conditions specified in the Money Pool Orders, to participate in the Money Pool maintained for the benefit of various public utility subsidiaries of FirstEnergy Corp. ("FirstEnergy"), including the Company. The Money Pool is made up of various FirstEnergy public utility subsidiaries investing available cash in the Money Pool, which may then be loaned by the Money Pool to other participating FirstEnergy utility subsidiaries to meet their short-term operating needs.

According to the petition, Allegheny Energy became a wholly-owned subsidiary of FirstEnergy, the Company's parent company, on February 25, 2011 by virtue of the consummation of the merger of Allegheny Energy with a new subsidiary of FirstEnergy created for the purpose of the transaction, with the result that FirstEnergy became the ultimate corporate parent of the former Allegheny Energy utility subsidiaries, namely: Monongahela Power Company, an electric utility under West Virginia law; The Potomac Edison Company, a an electric utility under West Virginia law and an electric company under Maryland law; West Penn Power Company, a public utility

and electric distribution company under Pennsylvania law, and Trans-Allegheny Interstate Line Company (TrAILCo), a public utility under the laws of Pennsylvania, West Virginia and Virginia (collectively, the "Allegheny Utilities").

JCP&L also stated in the petition that, for so long as necessary to accommodate existing computer system and bank account arrangements applicable to the Allegheny Utilities, Allegheny Energy Service Company ("Allegheny Service") will participate in the Money Pool as administrator for the Allegheny Utilities (but not as a borrower or lender), as directed by FirstEnergy Service Company, also known as ServeCo ("ServeCo"), a service company subsidiary of FirstEnergy. As a result, JCP&L also requests confirmation that it may continue to participate in the Money Pool notwithstanding Allegheny Service's participation as administrator for the Allegheny Utilities.

According to the petition, if continued participation is authorized, JCP&L will make available to the Money Pool, from time to time through December 31, 2013, surplus short-term funds in accordance with the terms of the Money Pool. Other participating subsidiaries may also make surplus short-term funds available to the Money Pool (such surplus short-term funds, whether provided by JCP&L or other subsidiaries, are referred to as "Internal Funds"). Other participating subsidiaries may also make available to the Money Pool proceeds from bank borrowings or the sale of commercial paper by those other participating subsidiaries (referred to as "External Funds").

As described in the petition, participating companies that borrow through the Money Pool would borrow *pro rata* from each company that lends, in the proportion that the total amount loaned by each such lending company bears to the total amount then loaned through the Money Pool. On any day when more than one fund source (e.g., Internal and External Funds), with different rates of interest, is used to fund the loans through the Money Pool, each borrower would borrow *pro rata* from each such fund source in the Money Pool in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Money Pool.

If only Internal Funds make up the funds available in the Money Pool, the interest rate applicable and payable to or by the participating subsidiaries for all loans of these Internal Funds will be the greater of the 30-Day LIBOR rate as quoted in *The Wall Street Journal* or the money market rate that a lending participating subsidiary could have obtained if it placed its excess cash in such an investment.

If only External Funds comprise the funds available in the Money Pool, the interest rate applicable to loans of such External Funds would be equal to the lending company's cost for such External Funds. Appropriate "blending" and pro-rating will be effected if more than one participating subsidiary has made funds available to the Money Pool and/or both Internal and External Funds are available in the Money Pool, provided that loans may be made exclusively from Internal Funds or External Funds, rather than from a "blend" of these funds, to the extent it is expected that these loans would result in a lower cost of borrowing. As proposed, JCP&L shall make available only Internal Funds to the Money Pool, but may borrow both Internal and External Funds provided by other participating subsidiaries, provided this is the least costly borrowing alternative available to JCP&L.

Funds not required by the Money Pool to make loans (with the exception of funds required to satisfy the Money Pool's liquidity requirements) are ordinarily invested in one or more short-term investments, including: (1) interest bearing accounts with banks; (2) obligations issued or

guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (3) obligations issued or guaranteed by any state or political subdivision of a state, provided that these obligations are rated not less than "A" by a nationally recognized rating agency; (4) commercial paper rated not less than "A-1" or "P-1" or their equivalent by a nationally recognized rating agency; (5) money market funds; (6) bank certificates of deposit; and (7) Eurodollar funds. The interest income and other investment income earned by the Money Pool on loans and investment of surplus funds will be allocated among the participating companies in accordance with the proportion each participating company's contribution of funds to the Money Pool bears to the total amount of funds in the Money Pool and the cost of any External Funds provided to the Money Pool by such participating company. Interest and other investment earnings will be computed on a daily basis and settled once per month.

JCP&L represents that ServeCo will continue to administer the Money Pool on an "at cost" basis in accordance with the rules previously adopted by the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935, which the Federal Energy Regulatory Commission has accepted for continued use under the Public Utility Holding Company Act of 2005. ServeCo is required to maintain separate records for the proposed Money Pool and any other money pool it administers. As noted above, Allegheny Service will act as administrator for the Allegheny Utilities for an interim period, as directed by ServeCo.

If continued participation is approved, JCP&L will make available its surplus short term funds to the Money Pool so long as all borrowers in the Money Pool have, at a minimum, investment grade credit ratings from all applicable nationally recognized rating agencies from which ratings are obtained. Therefore, any participating subsidiary that does not meet the applicable credit rating standard would not be allowed to borrow from the Money Pool so long as JCP&L is contributing funds to the Money Pool. If a participating subsidiary has an outstanding loan from the Money Pool at a time when JCP&L is deemed to be a lender (because JCP&L had contributed funds to the Money Pool that were deemed included in such outstanding loan), that participating subsidiary would be required to repay that loan immediately upon no longer meeting the applicable credit rating standard.

JCP&L has discretion to lend its Internal Funds, if any, and other participating subsidiaries have the discretion to lend their Internal and External Funds, if any, and all participating subsidiaries (including JCP&L) have discretion to borrow moneys from the Money Pool at any time. The determination of whether a participating subsidiary at any time has surplus funds to lend to the Money Pool or shall lend funds to the Money Pool is made by such Participating Company's chief financial officer or treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in such participating company's sole discretion. Each participating subsidiary may withdraw any of its funds from the Money Pool at any time upon notice to ServeCo, as administrator of the Money Pool, or, in the case of the Allegheny Utilities for an interim period, to Allegheny Service. Similarly, all borrowings from the Money Pool shall be authorized by the borrowing participating company's chief financial officer or treasurer, or by a designee thereof. A participating subsidiary will not be required to borrow from the Money Pool, if it is determined that the participating subsidiary will be able to obtain funds at lower costs either through direct bank borrowing or through the issuance of its commercial paper. No loans are made available to FirstEnergy, ServeCo or Allegheny Service through the Money Pool.

Each participating subsidiary receiving a loan from the Money Pool shall repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event within 364 days of the date on which such loan was made. All loans made through the Money

Pool may be prepaid by the borrower without premium or penalty. Loans from the Money Pool are made as open-account advances. Separate promissory notes are not required for each transaction, but may be executed if the participating subsidiaries deem it necessary or appropriate.

JCP&L agrees that its borrowing through the Money Pool shall not exceed the limitation on unsecured indebtedness that had previously been contained in its Certification of Incorporation before the removal of that provision from the Company's Certificate of Incorporation following the redemption of the Company's last outstanding series of cumulative preferred stock in 2006, calculated in the same manner as previously applied and is approximately \$368 million as of June 30, 2011.

The Company represents that its continued participation in the Money Pool, on the terms discussed herein and in the petition, is in compliance with all of the provisions of the money pool-related regulations that became effective in April 2009. N.J.A.C. 14:4-4A.7(f), (g) and (h).

By letter dated August 11, 2011, the Division of Rate Counsel ("Rate Counsel") Indicated that it did not oppose the Board's approval of the petition subject to certain conditions that are contained in this Order. Rate Counsel also reserved its right to examine the Company's participation in the Money Pool in future rate cases.

The Board, after investigation and review of the Company's representations and submissions, and after consideration of the recommendations of Rate Counsel and Board Staff, FINDS that JCP&L's participation in the Money Pool on the conditions specified below and in the Money Pool Orders is in compliance with the law, and that the Company's participation in the Money Pool including the Allegheny Utilities, as borrowers and lenders, and by Allegheny Service, as administrator for the Allegheny Utilities, and the extension of time within which the Company may participate in the Money Pool, are necessary and proper.

Accordingly, the Board HEREBY AUTHORIZES JCP&L to continue to participate in the Money Pool through December 31, 2013, subject to the conditions of the initial Order except as modified herein.

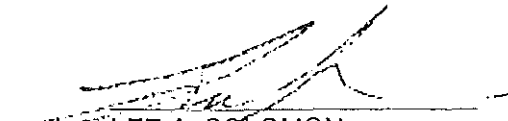
This Order is subject to the following provisions:

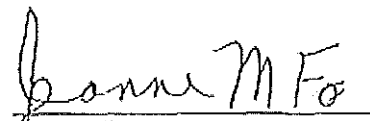
1. The Company shall not make any bank borrowings or issue commercial paper for the purpose of lending the proceeds to the Money Pool.
2. The Company shall not borrow from the Money Pool if it will be able to obtain funds at lower costs either through a direct bank borrowing or issuance of its commercial paper.
3. JCP&L's chief financial officer or treasurer, or designee thereof, shall render Money Pool-related short term financing decisions based on what is in the best interests of JCP&L's ratepayers.
4. JCP&L shall only deposit such Internal Funds (i.e., surplus cash) in the Money Pool as it would otherwise have available for investment in short-term money markets or other short-term investments instruments.
5. JCP&L shall not borrow any sum from the Money Pool for a period of greater than 364 days.

6. JCP&L's borrowing through the Money Pool shall not exceed the limitation on unsecured indebtedness that had previously been contained in its Certification of Incorporation, calculated in the same manner as would have applied had the provision not been removed from the Company's Certificate of Incorporation following the redemption of the Company's last outstanding series of cumulative preferred stock in 2006. As a result, the limitation on Petitioner's Money Pool borrowing will not change.
7. JCP&L shall file with the Board quarterly comparative statements indicating the interest rate imposed for borrowing/investing with the Money Pool and the prevailing market rate at the time for similarly situated utilities.
8. JCP&L shall comply with the requirements of N.J.A.C. 14:4-4A.7(f), (g) and (h), and the provisions of all other applicable statutes, regulations and Orders.
9. JCP&L shall inform the Board within three (3) business days of any participating subsidiary that does not meet the applicable credit rating standard set forth in the Money Pool Agreement.

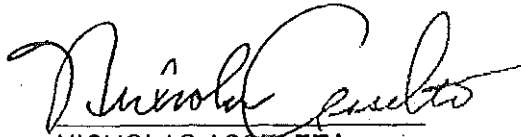
DATED: 9/22/11

BOARD OF PUBLIC UTILITIES
BY:



LEE A. SOLOMON
PRESIDENT

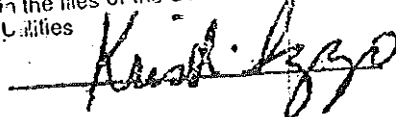

JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDIALISO
COMMISSIONER


NICHOLAS ASSELETA
COMMISSIONER

ATTEST:


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



Service List

**In The Matter Of The Verified Petition Of Jersey Central Power & Light Company For
Authorization Pursuant To N.J.S.A. 48:3-7.2 For Approval To Participate In The First
Energy Corp. Intrasystem Money Pool**

**Amendment No. 6 to the Petition
BPU Docket No. EF02030185**

Jerome May, Director
Division of Energy
Board of Public Utilities
44 South Clinton Ave
Trenton, NJ 08625

Mark C. Beyer
Chief Economist
Board of Public Utilities
44 South Clinton Ave
Trenton, NJ 08625

Robert Wojciak
Board of Public Utilities
44 South Clinton Ave
Trenton, NJ 08625

Robert Schultheis
Board of Public Utilities
44 South Clinton Ave
Trenton, NJ 08625

Stefanie A. Brand, Esq.
Director
Division of the Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

Ami Morita, Esq. ADRA
Division of the Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

Diane Schulze, Esq.
Division of the Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

Babette Tenzer, DAG
Department of Law & Public
Safety
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Lawrence E. Sweeney
Jersey Central Power & Light
Company
300 Madison Avenue
Morristown, NJ 07962

Sally J. Cheong
Jersey Central Power & Light
Company
300 Madison Avenue
Morristown, NJ 07962

Marc B. Lasky, Esq.
Morgan, Lewis & Bockius
LLP
89 Headquarters Plaza North
Suite 1435
Morristown, NJ 07960

Morgan, Lewis & Bockius LLP
89 Headquarters Plaza North
Suite 1453
Morristown, NJ 07960
Fax: 877.432.9652
www.morganlewis.com

Morgan Lewis
C O U N S E L O R S A T L A W
A Pennsylvania Limited Liability Partnership
RANDALL B. SUNBERG
Partner-in-Charge

January 29, 2013

BY HAND DELIVERY

Kristi Izzo, Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625

Re: IN THE MATTER OF THE VERIFIED PETITION OF **JERSEY
CENTRAL POWER & LIGHT COMPANY** FOR AUTHORIZATION
PURSUANT TO N.J.S.A. 48:3-7.2 FOR APPROVAL TO PARTICIPATE
IN THE FIRSTENERGY CORP. INTRA SYSTEM MONEY POOL
Amendment No. 7 to the Petition
Docket No. EF02030185

Dear Secretary Izzo:

Petitioner, Jersey Central Power & Light Company (the “Company”), submits an original and eleven copies of this Amendment No. 7 to the Petition filed in the above-referenced matter on March 19, 2002, as previously supplemented by Amendments Nos. 1, 2, 3, 4, 5 and 6 to the Petition dated June 25, 2002, February 27, 2003, January 13, 2005, July 23, 2007, August 18, 2009 and March 18, 2011, respectively (collectively, the “Petition”).

By Order of the Board of Public Utilities (the “Board”) dated July 24, 2002, as amended by Orders Modifying Order Dated July 24, 2002, which modifying Orders were dated April 11, 2003, April 20, 2005, December 21, 2007, December 17, 2009 and September 22, 2011, respectively (collectively, the “Orders”), the Company was authorized from time to time through

Almaty Beijing Boston Brussels Chicago Dallas Frankfurt Harrisburg Houston Irvine London Los Angeles Miami
Moscow New York Palo Alto Paris Philadelphia Pittsburgh Princeton San Francisco Tokyo Washington Wilmington

Kristi Izzo, Secretary
January 29, 2013
Page 2

December 31, 2013, subject to certain conditions specified in the Orders, to participate in the FirstEnergy Intrastate Utility Money Pool (the "Money Pool") maintained for the benefit of various public utility subsidiaries of FirstEnergy Corp. ("FirstEnergy"), including the Company. The Money Pool is made up of various FirstEnergy public utility subsidiaries investing available cash in the Money Pool, which may then be loaned by the Money Pool to other participating FirstEnergy public utility subsidiaries to meet their short-term operating needs.

By this Amendment No. 7 to the Petition, the Company hereby amends its Petition and requests an extension, through December 31, 2016, of the time within which the Company may participate in the Money Pool. As part of this requested extension of the time within which the Company may participate in the Money Pool, the Company is also proposing to modify its limitation on its Money Pool borrowings on both a temporary and permanent basis to an aggregate principal amount not to exceed \$850 million and \$600 million outstanding at any one time, respectively.

The temporary increase to the borrowing limit under the Money Pool being sought is equal to the Company's short-term borrowing limit of \$850 million recently authorized by the Federal Energy Regulatory Commission (the "Commission"). Previously, the Company operated under a \$600 million short-term borrowing limit, as authorized by the Commission on June 1, 2012, at First Energy Service Company, 139 FERC ¶ 62,172 (2012), but the Company sought an emergency request for a \$250 million increase on November 21, 2012, as supplemented on November 30, 2012, to provide bridge financing for emergency repairs to its electric utility system because of the severe damage recently caused by Hurricane Sandy. This request for an increased short-term borrowing limit was

Kristi Izzo, Secretary
January 29, 2013
Page 3

granted by the Commission on December 18, 2012, at *First Energy Service Company*, 141 FERC ¶ 62,201 (2012) (a copy of which is attached hereto as Exhibit 14).

The Company hereby requests temporary authorization to increase its borrowing limit under the Money Pool to \$850 million until the Company's issuance of senior notes authorized by the Board pursuant to the Company's petition filed on November 30, 2012 (Docket No. EF12111053). Thereafter, the Company hereby requests authorization that its borrowing limit under the Money Pool be set at \$600 million through December 31, 2016. The Company would therefore be afforded the financial flexibility to satisfy its short-term borrowing needs completely with the lower cost of funds afforded by the Money Pool as compared to its borrowing costs associated with its line of credit with commercial banks (the current savings is approximately 120 basis points). As with the Company's emergency request to the Commission, the request for the temporary increase to the borrowing limit under the Money Pool is for the purpose of providing the most cost effective short-term financing for repairs to the electric system because of the severe damage caused by Hurricane Sandy.

The Money Pool, as previously authorized in the Orders and as proposed to be modified and extended by this Amendment No. 7 complies in all respects with rules applicable to money pools (N.J.A.C. 14:4-4.7(f), (g) and (h)), as follows:

1. Board approval is hereby being sought under N.J.S.A. 48:3-7.2 (N.J.A.C. 14:4-4.7(f));

Kristi Izzo, Secretary
January 29, 2013
Page 4

2. Participation in the Money Pool is restricted to subsidiaries of FirstEnergy, including the Company and subsidiaries that are classified as public utilities under the laws of Pennsylvania, Ohio, West Virginia, Maryland, New York or Virginia (N.J.A.C. 14:4-4.7(f)2);

3. Any subsidiary that is not a public utility or an out-of-state utility is prohibited from borrowing from the Money Pool (N.J.A.C. 14:4-4.7(f)3);

4. All borrowers in the Money Pool are required to have, at a minimum, investment grade credit ratings from all applicable nationally recognized statistical rating organizations ("NRSROs") (N.J.A.C. 14:4-4.7(f)4);

5. The Company's Amended and Restated Certificate of Incorporation effective February 14, 2008, does not include a limitation upon unsecured indebtedness. Therefore, the Company's Amended and Restated Certificate of Incorporation does not limit the amount of borrowings through the Money Pool (N.J.A.C. 14:4-4.7(f)5);

6. The fees for administering the Money Pool are cost-based, based on applicable rules of the Federal Energy Regulatory Commission under the Public Utility Holding Company Act of 2005, and subject to review by the Board for ratemaking purposes (N.J.A.C. 14:4-4.7(f)6);

7. The Company will not borrow any sum from the Money Pool for a period of greater than 364 days (N.J.A.C. 14:4-4.7(f)7);

8. The Company will record all Money Pool transactions in a separate general ledger account within its books of account, on an aggregate monthly basis (N.J.A.C. 14:4-4.7(g)1);

Kristi Izzo, Secretary
January 29, 2013
Page 5

9. The Company will not borrow funds for the specific purpose of lending to the Money Pool (N.J.A.C. 14:4-4.7(g)2);

10. The Company will not borrow from the Money Pool if funds are available at lower cost through bank borrowings (N.J.A.C. 14:4-4.7(g)3);

11. The Company will file with the Board and/or Board staff quarterly statements comparing the Money Pool interest rates with the prevailing market interest rates for similarly situated public utilities (N.J.A.C. 14:4-4.7(g)4);

12. The Company will deposit cash in the Money Pool only if the cash is otherwise available for investment in short-term money markets or other short-term investments (N.J.A.C. 14:4-4.7(g)5); and

13. The Company's Treasurer or a designee thereof will render Money Pool-related decisions based on the best interests of the Company's ratepayers (N.J.A.C. 14:4-4.7(g)6).

In addition, if the senior secured credit rating of any borrower from the Money Pool that has a senior secured credit rating falls below any applicable NRSRO's investment grade rating, the Company shall demand repayment of any outstanding loans to such borrower within three business days and make no further loans to such borrower through the Money Pool until further notice by the Board or until such borrower's senior secured credit rating is again investment grade (N.J.A.C. 14:4-4.7(h)).

Pursuant to N.J.A.C. 14:1-4.5, the Company designates the following persons to be notified in connection herewith:

Kristi Izzo, Secretary
January 29, 2013
Page 6

Gregory Eisenstark, Esq.
Morgan, Lewis & Bockius LLP
Attorneys for Petitioner
89 Headquarters Plaza, Suite 1453
Morristown, NJ 07960

-and-

Sally J. Cheong
Jersey Central Power & Light Company
300 Madison Avenue
Morristown, NJ 07962

Attached hereto and made part hereof are the following exhibits:

- Exhibit 1 - Copy of Petition filed March 19, 2002.
- Exhibit 2 - Copy of Amendment No. 1 to Petition dated June 25, 2002.
- Exhibit 3 - Copy of Order of the Board dated July 24, 2002.
- Exhibit 4 - Copy of Amendment No. 2 to Petition dated February 27, 2003.
- Exhibit 5 - Copy of Order (dated April 11, 2003) Modifying Order Dated July 24, 2002.
- Exhibit 6 - Copy of Amendment No. 3 to Petition dated January 13, 2005.
- Exhibit 7 - Copy of Order (dated April 20, 2005) Modifying Order Dated July 24, 2002.
- Exhibit 8 - Copy of Amendment No. 4 to Petition dated July 23, 2007.
- Exhibit 9 - Copy of Order (dated December 21, 2007) Modifying Order Dated July 24, 2002.
- Exhibit 10 - Copy of Amendment No. 5 to Petition dated August 18, 2009.
- Exhibit 11 - Copy of Order (dated December 17, 2009) Modifying Order Dated July 24, 2002.
- Exhibit 12 - Copy of Amendment No. 6 to Petition dated March 18, 2011.

Kristi Izzo, Secretary
January 29, 2013
Page 7

- Exhibit 13 Copy of Order (dated September 22, 2011) Modifying Order Dated July 24, 2002.
- Exhibit 14 FERC Order (dated December 18, 2012), in *First Energy Service Company*, 141 FERC ¶ 62,201 (2012)
- Exhibit 15 Copy of Revised and Restated Utility Money Pool Agreement.

Pursuant to N.J.S.A. 48:3-7.2, the Company hereby amends its Petition in this docket and applies to the Board for a Supplemental Order (i) granting the Company an extension, from December 31, 2013 through December 31, 2016, of the time within which the Company may participate in the Money Pool; and (ii) increasing the Company's limitation on Money Pool borrowings on both a temporary and permanent basis to an aggregate principal amount not to exceed \$850 million and \$600 million outstanding at any one time, respectively, as set forth herein. In all other respects, the Orders as heretofore issued by the Board would remain unchanged.


The Company further requests that an expedited procedure be used in the disposition of this Amendment No. 7 to the Petition, including issuance of an appropriate Supplemental Order without hearing. More specifically, in light of JCP&L's need to finance costs associated with restoration of the distribution system from Hurricane Sandy damage, the Company requests that the Board approve the temporary increase in the borrowing limit under the Money Pool to \$850 million at the February 20, 2013 public agenda meeting.

Kristi Izzo, Secretary
January 29, 2013
Page 8

Kindly stamp the enclosed copy of this letter as "filed" and return to the undersigned
in the enclosed, self-addressed stamped envelope.

Respectfully submitted,

MORGAN, LEWIS & BOCKIUS LLP
Attorneys for Petitioner

By: 
Gregory Eisenstark
89 Headquarters Plaza, Suite 1453
Morristown, NJ 07960
(973) 993-3134

cc: (w/enclosure - by hand delivery)
Mark C. Beyer
Robert Wojciak
Jerome May
Robert Schultheis
Stefanie A. Brand, Director, Division of Rate Counsel (2 copies)
Mark A. Mader
Sally J. Cheong



Agenda Date: 3/20/13
Agenda Item: 2C

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th 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) ORDER MODIFYING
FOR AUTHORIZATION PURSUANT TO N.J.S.A.) ORDER DATED JULY 24, 2002
48:3-7.2 FOR APPROVAL TO PARTICIPATE IN)
THE FIRSTENERGY CORP. INTRASYSTEM)
MONEY POOL) DOCKET NO. EF02030185
AMENDMENT NO. 7

Parties of Record:

Gregory Eisenstark, Esq., Morgan, Lewis & Bockius LLP, for Petitioner
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On January 29, 2013, Jersey Central Power & Light ("Company" or "JCP&L"), a public utility corporation of the State of New Jersey having offices in Morristown, New Jersey, filed a petition with the New Jersey Board of Public Utilities ("Board") seeking (i) an extension of the time within which JCP&L may participate in the FirstEnergy Intersystem Utility Money Pool ("Money Pool"), through December 31, 2016, and (ii) authorization to modify the limitations on its Money Pool borrowings on both a temporary and permanent basis. By this Order, the Board considers those requests.

By Orders of the Board dated July 24, 2002, April 11, 2003, April 20, 2005, December 21, 2007, December 17, 2009 and September 22, 2011 (collectively, "Money Pool Orders"), the Board authorized the Company, from time to time through December 31, 2013 and subject to certain conditions specified in the Money Pool Orders, to participate in the Money Pool maintained for the benefit of various public utility subsidiaries of FirstEnergy Corp. ("FirstEnergy"), including the Company. The Money Pool is made up of various FirstEnergy public utility subsidiaries investing available cash in the Money Pool, which may then be loaned by the Money Pool to other participating FirstEnergy utility subsidiaries to meet their short-term operating needs.

According to the petition, if continued participation is authorized, JCP&L will make available to the Money Pool, from time to time through December 31, 2016, surplus short-term funds in accordance with the terms of the Money Pool. Other participating subsidiaries may also make surplus short-term funds available to the Money Pool (surplus short-term funds, whether provided by JCP&L or other subsidiaries, are referred to as "Internal Funds"). Other

participating subsidiaries may also make available to the Money Pool proceeds from bank borrowings or other forms of short-term indebtedness by those other participating subsidiaries (referred to as "External Funds").

As described in the petition, participating companies that borrow through the Money Pool would borrow *pro rata* from each company that lends, in the proportion that the total amount loaned by each such lending company bears to the total amount then loaned through the Money Pool. On any day when more than one fund source (e.g., Internal and External Funds), with different rates of interest, is used to fund the loans through the Money Pool, each borrower would borrow *pro rata* from each such fund source in the Money Pool in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Money Pool.

If only Internal Funds make up the funds available in the Money Pool, the interest rate applicable and payable to or by the participating subsidiaries for all loans of these Internal Funds will be the greater of the 30-Day LIBOR rate as quoted in *The Wall Street Journal* or the money market rate that a lending participating subsidiary could have obtained if it placed its excess cash in such an investment.

If only External Funds comprise the funds available in the Money Pool, the interest rate applicable to loans of these External Funds would be equal to the lending company's cost for the External Funds. Appropriate "blending" and pro-rating will be effected if more than one participating subsidiary has made funds available to the Money Pool and/or both Internal and External Funds are available in the Money Pool, provided that loans may be made exclusively from Internal Funds or External Funds, rather than from a "blend" of these funds, to the extent it is expected that these loans would result in a lower cost of borrowing. As stated above, JCP&L may make Internal Funds available to the Money Pool but shall not make External Funds available to the Money Pool for the specific purpose of lending to the Money Pool. As proposed, JCP&L may borrow both Internal and External Funds provided by other participating subsidiaries, provided this is the least costly borrowing alternative available to JCP&L.

Funds not required by the Money Pool to make loans (with the exception of funds required to satisfy the Money Pool's liquidity requirements) are ordinarily invested in one or more short-term investments, including: (1) interest bearing accounts with banks; (2) obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (3) obligations issued or guaranteed by any state or political subdivision of a state, provided that these obligations are rated not less than "A" by a nationally recognized rating agency; (4) commercial paper rated not less than "A-1" or "P-1" or their equivalent by a nationally recognized rating agency; (5) money market funds; (6) bank certificates of deposit; and (7) Eurodollar funds. The Interest Income and other investment income earned by the Money Pool on loans and investment of surplus funds will be allocated among the participating companies in accordance with the proportion each participating company's contribution of funds to the Money Pool bears to the total amount of funds in the Money Pool and the cost of any External Funds provided to the Money Pool by such participating company. Interest and other investment earnings will be computed on a daily basis and settled once per month.

JCP&L represents that FirstEnergy Service Company ("ServeCo") will continue to administer the Money Pool on an "at cost" basis in accordance with the rules previously adopted by the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935, which the Federal Energy Regulatory Commission has accepted for continued use under the

Public Utility Holding Company Act of 2005. ServeCo is required to maintain separate records for the proposed Money Pool and any other money pool it administers.

If continued participation is approved, JCP&L will make available its surplus short term funds to the Money Pool so long as all borrowers in the Money Pool have, at a minimum, investment grade credit ratings from all applicable nationally recognized rating agencies from which ratings are obtained. Therefore, any participating subsidiary that does not meet the applicable credit rating standard would not be allowed to borrow from the Money Pool so long as JCP&L is contributing funds to the Money Pool. If a participating subsidiary has an outstanding loan from the Money Pool at a time when JCP&L is deemed to be a lender (because JCP&L had contributed funds to the Money Pool that were deemed included in such outstanding loan), that participating subsidiary would be required to repay that loan immediately upon no longer meeting the applicable credit rating standard.

As described in the petition, JCP&L has discretion to lend its Internal Funds, if any, and other participating subsidiaries have the discretion to lend their Internal and External Funds, if any, and all participating subsidiaries (including JCP&L) have discretion to borrow moneys from the Money Pool at any time. The determination of whether a participating subsidiary at any time has surplus funds to lend to the Money Pool or shall lend funds to the Money Pool is made by the participating company's chief financial officer or treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in the participating company's sole discretion. Each participating subsidiary may withdraw any of its funds from the Money Pool at any time upon notice to ServeCo, as administrator of the Money Pool. Similarly, all borrowings from the Money Pool shall be authorized by the borrowing participating company's chief financial officer or treasurer, or by a designee thereof. A participating subsidiary will not be required to borrow from the Money Pool, if it is determined that the participating subsidiary will be able to obtain funds at lower costs through direct bank borrowing or through the issuance of its commercial paper. No loans will be made available to FirstEnergy, ServeCo or Allegheny Service through the Money Pool.

Each participating subsidiary receiving a loan from the Money Pool shall repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event within 364 days of the date on which such loan was made. All loans made through the Money Pool may be prepaid by the borrower without premium or penalty. Loans from the Money Pool are made as open-account advances. Separate promissory notes are not required for each transaction, but may be executed if the participating subsidiaries deem it necessary or appropriate.

JCP&L agrees that its borrowing through the Money Pool shall not exceed \$850 million, until such time as JCP&L issues the senior notes authorized by the Board in its Order dated February 20, 2013 in Docket No. EF12111053, and thereafter shall not exceed \$600 million. The Company has stated that the request for the temporary increase in the borrowing limit under the Money Pool is for the purpose of providing the most cost effective short-term financing for repairs to the electric system necessitated by Superstorm Sandy.

The Company represents that its continued participation in the Money Pool, on the terms discussed herein and in the petition, is in compliance with all of the provisions of the money pool-related regulations. N.J.A.C. 14:4-4.7(f), (g) and (h).

In a letter dated March 7, 2013, Rate Counsel stated that it does not object to the Company's

extension and borrowing limit expansion requests, subject to the limitations and clarifications included in this order. Rate Counsel reserves its rights to take appropriate positions in future Board proceedings involving JCP&L, including in the Company's pending rate case.

The Board, after investigation and review of the Company's representations and submissions, and after consideration of the recommendations of Rate Counsel and Board Staff, **FINDS** that JCP&L's continued participation in the Money Pool, on the conditions specified below and in the Money Pool Orders, is in compliance with the law, and that the increase in the borrowing limits as more fully described below, and the extension of time within which the Company may participate in the Money Pool, are necessary and proper.

Accordingly, the Board **HEREBY AUTHORIZES** JCP&L to continue to participate in the Money Pool through December 31, 2016, subject to the conditions of the initial Money Pool Order except as modified herein.

This Order is subject to the following provisions:


1. The temporary increase in JCP&L's borrowing limit of up to \$850 million through the Money Pool shall expire at the sooner of the following: completion of the \$750 million long term debt issuance authorized by the Board in its Order dated February 20, 2013 in Docket No. EF12111053 or one year from the date of this Order. Thereafter, the Company's borrowing limit through the Money Pool shall be \$600 million.
2. The Company shall not make any bank borrowings or issue commercial paper for the sole purpose of lending the proceeds to the Money Pool.
3. The Company shall not borrow from the Money Pool if it will be able to obtain funds at lower costs through a direct bank borrowing or issuance of commercial paper.
4. JCP&L's chief financial officer or treasurer, or designee thereof, shall render Money Pool-related short term financing decisions based on what is in the best interests of JCP&L's ratepayers.
5. JCP&L shall only deposit such Internal Funds (i.e., surplus cash) in the Money Pool as it would otherwise have available for investment in short-term money markets or other short-term investments instruments.
6. The Company shall not borrow any sum from the Money Pool for a period of greater than 364 days.
7. JCP&L shall file with the Board quarterly comparative statements indicating the interest rate imposed for borrowing/investing with the Money Pool and the prevailing market rate at the time for similarly situated utilities.
8. JCP&L shall comply with the requirements of N.J.A.C. 14:4-4.7(f), (g) and (h), and the provisions of all other applicable statutes, rules and Orders.
9. JCP&L shall inform the Board within three (3) business days of any participating subsidiary not meeting the applicable credit rating standard as described in the Money Pool Agreement.

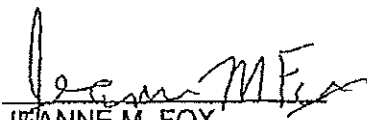
10. The proceeds from the Money Pool borrowings shall be used only for JCP&L's utility operations and shall not be used for purposes of funding the company's or its affiliates' non-regulated operations.
11. Nothing in this Order authorizes rate recovery from customers or the capital structure to be used in the Company's pending rate case.
12. The Company is obligated to utilize a prudent and cost effective capital structure and mix of capital to finance its utility operations at lowest reasonable cost.

This Order shall be effective on March 29, 2013.

DATED: 3/20/13

BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT


JEANNE M. FOX
COMMISSIONER

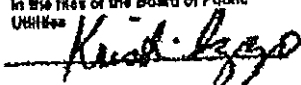

JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER

ATTEST:

KRISTI IZZO
SECRETARY

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



**In the Matter of the Verified Petition of Jersey Central Power & Light Company for Authorization
Pursuant to N.J.S.A. 48:3-7.2 for Approval to Participate in the First Energy Corp. Intra-system
Money Pool**

Docket No. EF02030185 Amendment 7

SERVICE LIST

Kristi Izzo, Secretary
Board of Public Utilities
Office of the Secretary
44 South Clinton Ave., 9th Fl
Post Office Box 350
Trenton, NJ 08625-0350

Stefanie A. Brand, Esq.
Director
Division of the Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

Caroline Vachier, DAG
Department of Law & Public Safety
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Mark C. Beyer
Chief Economist
Board of Public Utilities
Economist Office
44 South Clinton Ave., 9th Fl
Post Office Box 350
Trenton, NJ 08625-0350

Ami Morita, Esq. ADRA
Division of the Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

Mark A. Mader
Jersey Central Power & Light Company
300 Madison Avenue
Morristown, NJ 07962

Robert Wojciak
Board of Public Utilities
Economist Office
44 South Clinton Ave., 9th Fl
Post Office Box 350
Trenton, NJ 08625-0350

Diane Schulze, Esq.
Division of the Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

Sally J. Cheong
Jersey Central Power & Light Company
300 Madison Avenue
Morristown, NJ 07962

Jerome May, Director
Division of Energy
Board of Public Utilities
44 South Clinton Ave., 9th Fl
Post Office Box 350
Trenton, NJ 08625-0350

Babette Tenzer, DAG
Department of Law & Public
Safety
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Gregory Elsenstark, Esq.
Morgan, Lewis & Bockius LLP
89 Headquarters Plaza North
Suite 1435
Morristown, NJ 07960

Robert Schultheis
Division of Energy
Board of Public Utilities
44 South Clinton Ave., 9th Fl
Post Office Box 350
Trenton, NJ 08625-0350

Steven Staub, Treasurer
FirstEnergy Corp.
76 S. Main Street, 18th Floor
Akron, OH 44308

**BEFORE THE
NEW JERSEY BOARD OF PUBLIC UTILITIES**

In the Matter of the Verified Petition of Jersey Central Power & Light Company and Mid-Atlantic Interstate Transmission, LLC (“MAIT”) for: (1) Approval of the Transfer of its Transmission Assets to Mid-Atlantic Interstate Transmission, LLC Pursuant to N.J.S.A. 48:3-7; (2) Approval of a Lease of the Real Property and Associated Rights to Mid-Atlantic Interstate Transmission, LLC Pursuant to N.J.S.A. 48:3-7; (3) Approval of a Mutual Assistance Agreement Pursuant to N.J.S.A. 48:3-7.1; and (4) a Declaration that Mid-Atlantic Interstate Transmission, LLC Will be Deemed a Public Utility for the Purposes of Siting Authority under N.J.S.A. 40:55D-19 and Eminent Domain Authority Pursuant to N.J.S.A. 48:3-17.6 *et seq.*

-and-

In the Matter of the Verified Petition of Jersey Central Power & Light Company for Authorization Pursuant to N.J.S.A. 48:3-7.2 for Approval to Participate in the FirstEnergy Corp. Intrasystem Money Pool

Direct Testimony

of

Mark A. Mader

Re: Overview of the Filing and Transaction, MAIT’s Status as a New Jersey Public Utility, and Summary of Benefits

TABLE OF CONTENTS

	Page
I. INTRODUCTION AND BACKGROUND	1
II. TRANSACTION OVERVIEW	4
III. BENEFITS OF THE TRANSACTION	8
IV. CLASSIFICATION OF TRANSMISSION ASSETS	10
V. SERVICE AGREEMENT AND MUTUAL ASSISTANCE AGREEMENT	12
VI. REQUEST FOR A DECLARATION THAT MAIT WILL BE A NEW JERSEY PUBLIC UTILITY AND SCOPE OF THE BOARD’S JURISDICTION OVER MAIT	17

1 **I. INTRODUCTION AND BACKGROUND**

2 **Q. Please state your name and business address.**

3 A. My name is Mark A. Mader, and my business address is 300 Madison Ave,
4 Morristown, N.J. 07960.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by FirstEnergy Service Company (“FESC”), and my title is
7 Director, Rates and Regulatory Affairs for New Jersey. My responsibilities are
8 primarily focused on rates and regulatory tasks performed for Jersey Central
9 Power & Light Company (“JCP&L”), an electric distribution company that
10 operates its distribution system under the jurisdiction of the New Jersey Board of
11 Public Utilities (“Board” or “BPU”) and its transmission system under the
12 jurisdiction of the Federal Energy Regulatory Commission (“FERC”). More
13 specifically, my current duties include oversight of all aspects of electric rate case
14 preparation, revenue requirement development, regulatory finance, cost
15 allocation, regulated pricing and tariff services, and retail rate design for the
16 distribution and transmission segments of JCP&L’s business.

17 **Q. Please describe your professional experience and educational background.**

18 A. I graduated from West Virginia University in 1986, where I earned a Bachelor of
19 Science in Mechanical Engineering.

20 I was employed by Allegheny Energy for approximately 25 years. There,
21 among others, I held the positions of: Director, Energy Procurement; Director,
22 Asset Management; and Director, Load Management. Upon completion of the
23 acquisition of Allegheny Energy, Inc. by FirstEnergy Corp. (“FirstEnergy”), I

1 relocated to New Jersey and, in 2011, was named Director, Rates and Regulatory
2 Affairs for New Jersey.

3 My education, experience and qualifications are fully set forth in
4 Appendix A to my testimony

5 **Q. Have you previously testified in Board of Public Utilities (“Board” or “BPU”)**
6 **proceedings?**

7 A. Yes, I provided testimony in JCP&L’s most recent base rate case, BPU Docket
8 Number ER12111052.

9 **Q. Have you testified in proceedings before other utility regulatory**
10 **commissions?**

11 A. Yes. I have previously testified before the Public Utilities Commission of Ohio,
12 the West Virginia Public Service Commission, the Virginia State Corporation
13 Commission, and the Pennsylvania Public Utility Commission.

14 **Q. Would you describe the purpose of your testimony?**

15 A. I am testifying in support of the petition (the “Petition”) seeking approval of
16 several transactions related to the formation of Mid-Atlantic Interstate
17 Transmission, LLC (“MAIT”), a separate affiliated entity that will own and
18 operate the transmission assets of JCP&L, Metropolitan Edison Company (“Met-
19 Ed”) and Pennsylvania Electric Company (“Penelec”), (which transactions I refer
20 to collectively as the “Transaction”). MAIT will be a subsidiary of FirstEnergy
21 Transmission (“FET”). JCP&L, Met-Ed, and Penelec are wholly owned
22 subsidiaries of FirstEnergy (collectively “Operating Companies.”). The
23 Operating Companies will each own a membership interest in MAIT. I provide

1 an overview of the Transaction and introduce the other witnesses who are filing
2 testimony in support of the Company's Petition. In addition, I discuss the
3 operation of MAIT (including a description of the applicable service agreements
4 that MAIT will be a party to), describe the assets JCP&L will transfer, and
5 explain that the public interest is served by this Transaction. Finally, I provide
6 testimony in support of the request that MAIT be deemed a New Jersey public
7 utility and discuss the Board's jurisdiction over MAIT.

8 **Q. Are you sponsoring any exhibits with your testimony?**

9 A. Yes, I am sponsoring one exhibit with my testimony. Exhibit MAM-1 is an
10 organizational chart of the pre-transaction corporate structure and an
11 organizational chart of the post-transaction corporate structure.

12 **Q. Please identify the other witnesses submitting direct testimony on behalf of**
13 **JCP&L in this proceeding.**

14 A. Mr. Steven R. Staub (Exhibit P-3) will describe the financial aspects and benefits
15 of the Transaction. Specifically, Mr. Staub explains the details of the Transaction
16 whereby, among other things, the Operating Companies will contribute all of their
17 existing transmission assets to MAIT in exchange for Class B membership
18 interests in MAIT. Mr. Staub also explains the relationship between the
19 Operating Companies and FET, FET's cash contribution to MAIT in exchange for
20 Class A stock, as well as the financing, governance and overall business profile of
21 MAIT. Finally, Mr. Staub discusses the addition of MAIT to the Board-approved
22 FirstEnergy Regulated Money Pool Agreement.

1 Mr. K. Jon Taylor (Exhibit P-4) provides a description of the transmission
2 assets to be transferred from the Operating Companies to MAIT, a detailed
3 discussion of accounting and tax issues, including the manner in which the
4 Operating Companies will account for their investment in MAIT as well as
5 dividends received from MAIT, the addition of MAIT to the Board-approved
6 FESC Service Agreement (“Service Agreement”) and amendments to the Revised
7 Amended and Restated Mutual Assistance Agreement (“MAA”).

8 Mr. Jeffrey J. Mackauer (Exhibit P-5) discusses the transmission planning
9 process at FirstEnergy and describes the benefits and capital requirements
10 associated with expanding FirstEnergy’s Energizing the Future (“EtF”) program
11 to include the transmission facilities currently owned and operated by the
12 Operating Companies.

13
14 **II. TRANSACTION OVERVIEW**

15 **Q. Please briefly describe the current corporate structure with respect to the**
16 **transmission assets of JCP&L and its affiliated Operating Companies**
17 **involved in this Transaction.**

18 A. JCP&L, Met-Ed and Penelec each own transmission assets. JCP&L is a New
19 Jersey electric public utility primarily engaged in the purchase, transmission,
20 distribution and sale of electric energy and related utility services to
21 approximately 1.1 million residential, commercial and industrial customers
22 located within 13 counties and 236 municipalities of the State of New Jersey.
23 JCP&L owns, operates and maintains 2,569 circuit miles of transmission lines,

1 substations and other transmission facilities in Northern and Central New Jersey.
2 Penelec, which is a Pennsylvania public utility, owns, operates and maintains
3 2,877 circuit miles of transmission lines, substations and other transmission
4 facilities in Western and Central Pennsylvania. Met-Ed, which is also a
5 Pennsylvania public utility, owns, operates and maintains 1,406 circuit miles of
6 transmission lines, substations and other transmission facilities in Eastern and
7 Central Pennsylvania. Each of the Operating Companies, including JCP&L,
8 provides transmission service pursuant to the terms of the PJM Open-Access
9 Transmission Tariff (“OATT”) approved by the FERC.

10 **Q. What is the current corporate structure of FET?**

11 A. FET is a subsidiary of FirstEnergy. FET’s subsidiaries include American
12 Transmission Systems, Inc. (“ATSI”) and Trans-Allegheny Interstate Line
13 Company (“TrAILCo”). ATSI is a transmission-only entity or “transco” that
14 provides transmission services in the state of Ohio and the western portion of the
15 Commonwealth of Pennsylvania. Currently, ATSI owns, operates and maintains
16 over 8,100 circuit-miles of transmission lines, substations and other transmission
17 facilities located solely in the ATSI Zone of PJM. ATSI is comprised, in large
18 part, of the transmission assets formerly owned by certain of FirstEnergy’s
19 operating utilities in Ohio and Western Pennsylvania (*i.e.*, Toledo Edison
20 Company, Ohio Edison Company, and Cleveland Electric Illuminating Company
21 in Ohio and Pennsylvania Power Company in Western Pennsylvania). Currently,
22 TrAILCo owns, operates and maintains over 180 circuit-miles of transmission
23 lines, substations and other transmission facilities, including the Trans-Allegheny

1 Interstate Line and the Black Oak Static Var Compensator (“SVC”), along with
2 other projects under construction. *See* Exhibit MAM-1.

3 **Q. Please briefly describe the Transaction and the resulting corporate structure.**

4 A. MAIT will be established as a transmission-only subsidiary of FET, in which the
5 Operating Companies will own a membership interest. Each of the Operating
6 Companies will make a one-time contribution of their existing FERC
7 jurisdictional transmission assets in a tax-free transfer in exchange for a Class B
8 membership interest in MAIT. FET will make a cash contribution to MAIT in
9 exchange for a Class A membership interest that will give FET operating and
10 management control of MAIT. Following the Transaction, JCP&L will only own
11 transmission-related assets that are performing a distribution function. *See* Exhibit
12 MAM-1.

13 Upon receiving the necessary regulatory approvals, MAIT will become a
14 transmission owner in PJM. MAIT will be subject to FERC’s jurisdiction over
15 rates for the transmission service it provides. MAIT will provide transmission
16 service under the PJM Open Access Transmission Tariff (“OATT”), as approved
17 by FERC.

18 **Q. Please describe the transmission assets that JCP&L will contribute to MAIT.**

19 A. JCP&L will contribute transmission assets as defined in the Contribution
20 Agreement (Exhibit KJT-1 attached to Exhibit P-4). All of these transmission
21 assets are currently part of JCP&L’s FERC rate base and, therefore, are not
22 subject to the Board’s ratemaking jurisdiction. The transmission assets will be
23 contributed at book value. JCP&L witness K. Jon Taylor discusses the specific

1 transmission assets and the financial aspects of the asset transfer in greater detail
2 in his pre-filed direct testimony (Exhibit P-4).

3 **Q. Will JCP&L and the other Operating Companies also contribute the real**
4 **estate assets associated with their transmission facilities?**

5 A. The real estate assets will remain on the books of JCP&L and the other Operating
6 Companies. However, each of the Operating Companies will enter into a ground
7 lease with MAIT, under which all of their transmission-related real estate assets,
8 including property owned in fee, easements, rights-of-way, and other property
9 rights, will be leased to MAIT. JCP&L witness K. Jon Taylor discusses the
10 financial aspects of the ground lease in his pre-filed direct testimony (Exhibit P-
11 4).

12 **Q. After MAIT is operational, will it construct new transmission facilities in the**
13 **JCP&L service territory?**

14 A. Yes. In addition to owning and operating the existing transmission facilities,
15 MAIT will construct all new transmission facilities in the JCP&L service
16 territory. MAIT will also acquire any additional real estate or property rights
17 necessary for such future transmission projects. For those transmission projects
18 where JCP&L has begun construction, upon closing of the Transaction, MAIT
19 will complete the construction and own the transmission facilities.

1 **III. BENEFITS OF THE TRANSACTION**

2 **Q. Please provide a summary of the benefits from the Transaction, as described**
3 **by witnesses Mackauer and Staub.**

4 A. FirstEnergy organizes its businesses by function, namely distribution,
5 transmission and generation. This provides clear lines of responsibility, promotes
6 operating efficiency and fosters transparency for investors. Since each business
7 segment is separately financed and managed, this realignment will allow each
8 business head to focus on delivering operational excellence for his or her
9 respective business unit without intra-company competition for resources between
10 transmission and distribution interests.

11 Generally, the benefits of the formation of MAIT include, but not are not
12 limited to: i) the expansion of the “Energizing the Future” (“EtF”) program, in an
13 accelerated timeframe, to complete projects associated with the FirstEnergy
14 reliability enhancement investments, estimated to be \$2.5 - \$3.0 billion for the
15 Operating Companies over the next five to ten years; ii) estimated reduction in
16 financing costs of \$135 million to fund these investments; and (iii) the projected
17 creation of over 200 highly-skilled jobs.

18 **Q. Will the formation of MAIT provide additional customer benefits through**
19 **the EtF initiative?**

20 A. Yes. FirstEnergy has commenced a system-wide effort to modernize its
21 transmission system. This initiative, known as EtF, will require capital
22 investment and deployment of resources, estimated to be \$2.5 - \$3.0 billion in the
23 service territories of the Operating Companies over the next five to ten years.

1 The creation of MAIT will facilitate the expansion of the EtF initiative, from
2 both an operational and financial viewpoint. The creation of MAIT will enable
3 the accelerated completion of projects targeted to sustain system performance,
4 increase operational flexibility and improve communications infrastructure to
5 facilitate enhancements to physical and cyber security. These projects are needed
6 to: (i) proactively replace transmission lines and substation components that
7 present an increasing risk to reliability; (ii) provide technological advances to the
8 transmission system that will help enhance reliability; (iii) increase future load
9 serving capability; (iv) improve the storm resilience of the existing transmission
10 system; and (v) address heightened concerns with cyber and physical security.
11 Mr. Mackauer discusses the operational benefits in further detail in his testimony.

12 The formation of MAIT will also allow FirstEnergy to finance the
13 construction of transmission projects more cost-effectively. As Mr. Staub points
14 out, greater transparency from the separation of the transmission segment
15 provides financial benefits for both MAIT and customers. As investors perceive
16 the transmission-only model as straightforward and easy to assess for investment
17 purposes, this can reduce perceived investor risk, improve the overall credit
18 profile and, therefore, lower financing cost of the business. Mr. Staub estimates
19 the reduction in financing cost to be a 30 basis point differential in debt borrowing
20 rates. When applied to \$1.5 billion of debt-financed rate base, the result is \$135
21 million of savings to customers over a 30 year asset life.

22 **Q. What other benefits will the formation of MAIT have for JCP&L's**
23 **customers?**

1 A. JCP&L has been thoughtful with respect to this Transaction in accomplishing its
2 desired organizational structure. Because the transmission assets will be
3 transferred at their carrying values (i.e., book value) as reflected in JCP&L's
4 books of account, JCP&L's tax basis "carries over" to MAIT. As such, the
5 Accumulated Deferred Income Taxes ("ADIT") of approximately \$200 million,
6 presently recorded by JCP&L, which represents the difference between the book
7 and tax basis of the FERC jurisdictional transmission assets being transferred, will
8 also be transferred from JCP&L to MAIT, as further discussed in Mr. Taylor's
9 testimony.

10

11 **IV. CLASSIFICATION OF TRANSMISSION ASSETS**

12 **Q. What facilities does JCP&L classify as transmission?**

13 A. JCP&L classifies all facilities with voltage levels at or above 46 kV and 34.5 kV
14 facilities in a delta configuration as transmission facilities. A small amount of
15 34.5 kV facilities in a wye configuration at JCP&L (which are currently operated
16 at 19.9 kV) are classified as sub-transmission/distribution facilities and will
17 remain as such, under JCP&L's ownership, after the Transaction (and subject to
18 the Board's jurisdiction).

19

1 **Q. In preparation for the Transaction, did JCP&L verify that the current**
2 **classification of its transmission facilities is appropriate?**

3 A. Yes. JCP&L hired an independent consultant, Navigant, to complete what is
4 known as a “seven factor test,” to distinguish between “transmission” facilities,
5 which are subject to FERC’s exclusive jurisdiction, and “local distribution”
6 facilities, which, in New Jersey, are subject to the exclusive jurisdiction of the
7 BPU. The seven factors are used to identify the “primary function of a facility” in
8 accordance with FERC requirements. If the primary function is transmission, the
9 facility is subject to FERC’s exclusive jurisdiction; if the primary function is
10 distribution, the facility is under exclusive state jurisdiction.

11 **Q. Did Navigant recommend any changes to JCP&L’s existing transmission and**
12 **distribution facility classifications?**

13 A. No. Based on the seven factor analysis it completed, Navigant did not
14 recommend any changes to JCP&L’s existing transmission facility classifications.

15 **Q. Does JCP&L agree with Navigant’s conclusions?**

16 A. Yes.

17 **Q. What further analysis did JCP&L complete to distinguish the assets that**
18 **would be transferred?**

19 A. JCP&L completed an internal review of its FERC transmission plant accounts,
20 applying the results of the seven factor test. It was determined that certain
21 transmission assets currently recorded in FERC Account Nos. 352 (Structures),
22 353 (Station Equipment), 355 (Poles and Fixtures), and 356 (Overhead
23 Conductors and Devices), serve a distribution function. For JCP&L, the total net

1 book value of the assets to be reclassified as sub-transmission/distribution
2 pursuant to its internal analyses is approximately \$3.6 million as of December 31,
3 2014. These assets will be subject to the jurisdiction of the Board in the same
4 manner as all other distribution assets owned by JCP&L.

5 **Q. How will JCP&L address the potential for double-recovery on any portion of**
6 **these assets that are currently reflected in transmission rates?**

7 A. JCP&L will not seek to include these assets in distribution rate base until JCP&L
8 files its next distribution rate case, which will occur no later than April 1, 2017 as
9 required by the BPU in its Order in JCP&L's last base rate case.

10
11 **V. SERVICE AGREEMENT AND MUTUAL ASSISTANCE AGREEMENT**

12
13 **Q. Please describe the arrangements for operational interaction between MAIT**
14 **and JCP&L.**

15 A. Any corporate services provided by FESC to MAIT will be guided by the Service
16 Agreement which is included as Exhibit KJT-2 to Mr. Taylor's testimony.
17 Because MAIT will not have any employees, the use of affiliate resources in the
18 form of goods and services related to the construction, operation and maintenance
19 of the FERC jurisdictional transmission assets that will be transferred to MAIT, as
20 well as other regional support services that the FirstEnergy Operating Companies
21 typically perform for themselves and which will also be required by MAIT, will
22 be governed by the MAA, which is included as Exhibit KJT-3 to Mr. Taylor's
23 testimony, and is being submitted to the Board for approval in this proceeding.

24 **Q. Will MAIT be added to any existing affiliate agreements?**

25 A. Yes. MAIT will become a party to the existing Service Agreement and the MAA.

1 **Q. Please describe the impact of adding MAIT to the existing Service**
2 **Agreement.**

3 A. There will be no significant impact. The Service Agreement describes the
4 services provided by FESC and the procedures for charging costs to the
5 FirstEnergy affiliated companies, including the cost allocation methodologies for
6 indirectly charging costs related to services that benefit multiple affiliate
7 companies.¹ The impact of adding MAIT to the existing Service Agreement will
8 be the inclusion of one additional signatory party as a service recipient, similar to
9 the addition of the former Allegheny Energy, Inc. (“AYE”) companies, which
10 companies were added as service recipients to the Service Agreement in
11 conjunction with FirstEnergy’s 2011 acquisition of AYE. Just as with the
12 addition of the AYE companies, the addition of MAIT to the Service Agreement
13 will not change any of the eighteen cost allocation methodologies that have been
14 utilized by FESC since 2003 for distributing costs for the goods provided and
15 services rendered that cannot be directly charged to a single affiliate company,
16 such as charges to multiple affiliate companies, which must be indirectly charged.
17 However, as occurred with the addition of the AYE companies, the addition of
18 MAIT will be reflected in changes to the data inputs or factors used by FESC to
19 apply the cost allocation methodologies.

¹ FESC provides various corporate, managerial and administrative support services to FirstEnergy and its associate companies in the following areas: administrative services, business development, call centers, claims, communications, controllers, corporate and shareholder services, corporate affairs and community involvement, credit management, energy delivery and customer service, economic development, enterprise risk management, governmental affairs, human resources, industrial relations, information services, insurance services, internal audit, investment services, investor relations, legal, performance planning, rates and regulatory affairs, real estate, supply chain, technologies support, telecommunications support, transmission & distribution technical services, treasury and workforce development.

1 **Q. Does the Board need to re-approve the Service Agreement as part of this**
2 **proceeding?**

3 A. I have been advised by counsel that, under the terms of the Board's approval of
4 the Service Agreement, no approval is required to add MAIT to it. Aside from
5 adding an additional signatory, there will be no changes to the Service
6 Agreement.

7 **Q. Please describe the MAA.**

8 A. The original MAA is a legacy agreement from the pre-merger GPU experience.
9 The MAA was executed on October 28, 1993 among JCP&L, Met-Ed, Penelec,
10 GPU Service Corporation (GPUSC), and GPU Nuclear (GPUN) Corporation,
11 when JCP&L was part of the GPU holding company system. It was further
12 amended to reflect GPU's merger with and into FirstEnergy by including
13 FirstEnergy's Ohio-based regulated utilities (*i.e.*, Ohio Edison, Cleveland Electric
14 Illuminating, and Toledo Edison) as well as other FirstEnergy affiliates. It was
15 most recently amended again to its current form in 2011 to reflect the
16 FirstEnergy/Allegheny business combination. A subsequent proposed revision
17 was drafted in 2012 to address the addition of certain other FirstEnergy
18 subsidiaries that were not already a party thereto (*i.e.*, FirstEnergy Nuclear
19 Operating Company (FENOC), FE Properties, ATSI, FE Generation, Bay Shore
20 Power Company and FET).²

21 The primary objective of the current MAA is to provide a form of
22 agreement for the provision, when requested or required, of non-power goods and

² The addition of these entities as signatories was consistent with the recommendations from JCP&L's last management audit in BPU Docket No. EA0911943.

1 services by and between the FirstEnergy operating companies. In addition, the
2 MAA provides a vehicle for the FirstEnergy operating companies to provide non-
3 power goods and services to certain FirstEnergy non-operating company affiliates
4 and, where appropriate, vice versa. The MAA provides the pricing parameters for
5 transactions in goods or services, thereunder, consistent with applicable federal
6 and state requirements. The MAA also provides the billing, payment and
7 accounting arrangements within the FirstEnergy integrated accounting system for
8 transactions under the MAA. In addition to standard boilerplate provisions,
9 among other things, the MAA has a one-year term and automatically extends for
10 successive one-year periods, subject to the right of a signatory to terminate on
11 sixty days written notice prior to the end of any calendar year.

12 **Q. How does the MAA relate to, or affect, the Service Agreement?**

13
14 A. The MAA does not alter, modify or change the Service Agreement. However, the
15 MAA does provide for the FirstEnergy operating companies to provide non-
16 power goods and services to FESC when requested or required. These would be
17 predominantly services, but sometimes goods, which the FirstEnergy Operating
18 Companies are uniquely able to provide within FirstEnergy and which, FESC
19 cannot provide itself, and, from time to time, may request or require.

20 **Q. Please describe the impact of adding MAIT to the current MAA.**

21 A. The impact of adding MAIT to the current MAA will be to add an additional
22 signatory party as a service recipient, similar to the most recent accommodations
23 made to add the AYE entities once they became part of FirstEnergy. Thereafter,
24 MAIT will be able to request and receive non-power goods and services from the

1 FirstEnergy operating companies consistent with the terms and conditions of the
2 MAA. This would include the provision of transmission line workers and related
3 technical support services and workers, including those from JCP&L, to assist
4 MAIT in the performance of its operations as a stand-alone transmission asset
5 owner within the FirstEnergy holding company system.

6 **Q. Does the Board need to approve the MAA as part of this proceeding?**

7 A. Yes. As a New Jersey public utility, MAIT will be subject to the provisions of
8 N.J.S.A. 48:3-7.1. (“Certain contracts between public utilities and corporations or
9 persons owning or controlling utility stock; approval of board; disapproval”).
10 N.J.S.A. 48:3-7.1 requires Board approval of contracts between utility affiliates
11 under common ownership for the receipt of management, advisory, construction
12 or engineering service that in itself or in connection with another contract relating
13 to the same work, project, transaction or service involves the utility’s expenditure
14 of a sum exceeding \$25,000. Because employees of JCP&L or other FE entities
15 will be doing work for MAIT, at the request of MAIT, under the MAA, and
16 because it is likely that the scope of services provided and MAIT’s expenditures
17 under the MAA will exceed \$25,000, the petitioners are requesting that the Board
18 approve the MAA pursuant to N.J.S.A. 48:3-7.1. A copy of the Revised Amended
19 and Restated MAA, with MAIT included as a signatory, is attached to Mr.
20 Taylor’s Testimony as Exhibit KJT-3.

1 **VI. REQUEST FOR A DECLARATION THAT MAIT WILL BE A NEW**
2 **JERSEY PUBLIC UTILITY AND SCOPE OF THE BOARD'S**
3 **JURISDICTION OVER MAIT**

4
5 **Q. JCP&L's transmission rates and service are under the sole jurisdiction of**
6 **FERC. The Board has jurisdiction with respect to siting, eminent domain**
7 **rights, and certain vegetation management standards related to electric**
8 **transmission facilities. Will the Transaction change this jurisdictional**
9 **balance in any way?**

10 **A.** No. After the Transaction, MAIT will be subject to FERC's jurisdiction in regard
11 to transmission rates for providing transmission service. As part of this Petition,
12 JCP&L is requesting that the Board deem MAIT to be New Jersey public utility,
13 with its transmission assets subject to the same scope of jurisdiction that the
14 Board currently has with respect to JCP&L's transmission assets.

15 **Q. Can you discuss the specific elements of MAIT's status as a New Jersey**
16 **public utility?**

17 **A.** Yes. JCP&L is requesting that the Board find that MAIT will enjoy the following
18 rights, and be subject to the Board's jurisdiction with respect thereto:

- 19 a. Petitions filed pursuant to N.J.S.A. 40:55D-19 relating to siting and
20 construction of transmission projects;
- 21 b. Petitions filed pursuant to N.J.S.A. 48:3-16 and 48:3-17 regarding
22 exercising the power of eminent domain; and
- 23 c. Compliance with the Board's transmission vegetation management
24 regulations as currently set forth at N.J.A.C. 14:5-9.1 *et seq.*

1 In addition, MAIT will pay the annual BPU assessment and be subject to
2 the applicable portions of the Board’s affiliate standards and “PUHCA”
3 regulations. MAIT will provide the Board with all required access to its books
4 and records.

5 **Q. Why is it appropriate for the Board to declare that MAIT is a New Jersey**
6 **public utility?**

7 A. MAIT will own and operate the transmission facilities that are dedicated for
8 public use in the JCP&L service territory. MAIT’s transmission facilities will be
9 interconnected with JCP&L’s distribution system. In order to plan, maintain, and
10 upgrade the transmission system, MAIT will require the statutory rights of a
11 public utility under New Jersey law. Because MAIT will be a New Jersey utility,
12 the Board, in turn, will have clearly defined jurisdiction over those aspects of
13 MAIT’s operation that I have discussed in my testimony.

14 **Q. Does this conclude your direct testimony?**

15 A. Yes, it does, at this time.

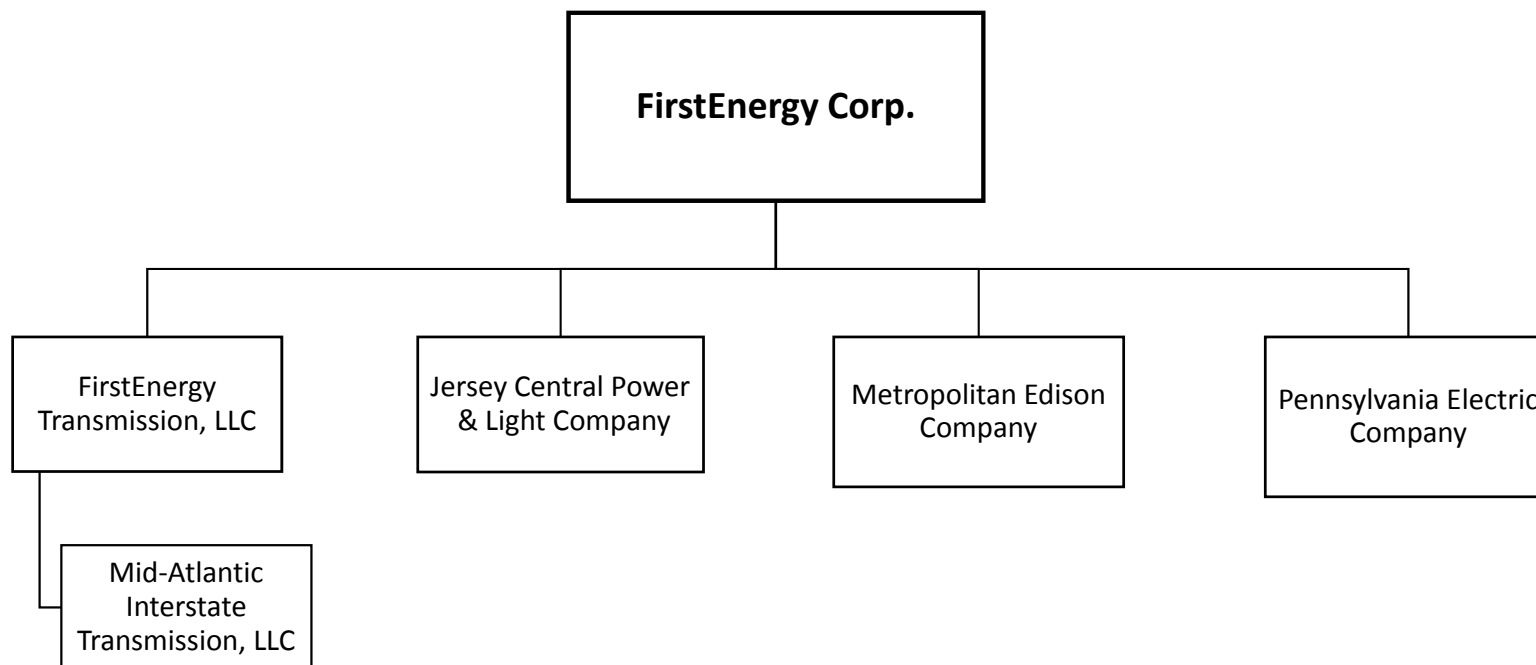
Experience and Education

My name is Mark A. Mader and my business address is 300 Madison Avenue, Morristown, NJ. I am employed by FirstEnergy Service Company as Director, Rate and Regulatory Affairs. My current duties and responsibilities include oversight of all aspects of electric rate case preparation, revenue requirement development, regulatory finance, cost allocation, regulated pricing and tariff services, and retail rate design for the distribution and transmission segments of JCP&L's business. I am also responsible for relationship management with the BPU Staff.

I graduated from West Virginia University in 1986, where I earned a Bachelor of Science in Mechanical Engineering.

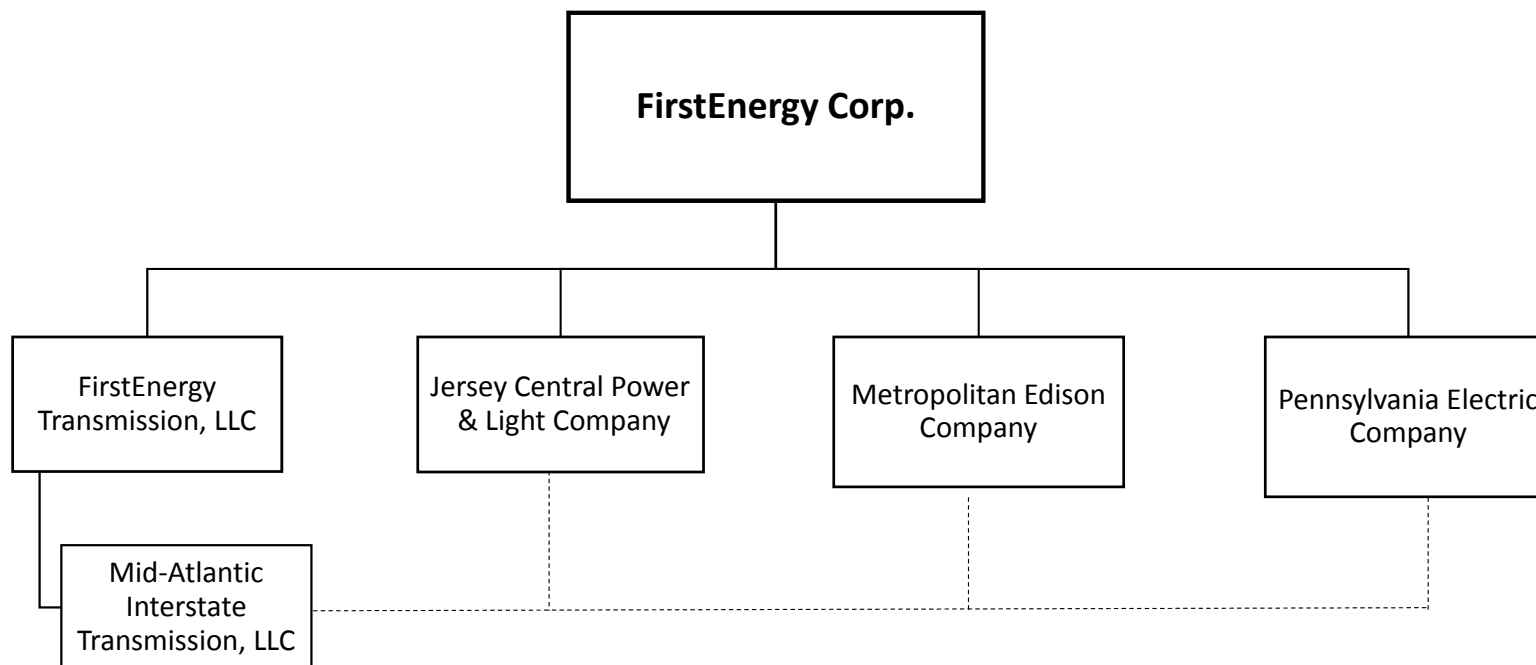
I was employed by Allegheny Energy for approximately 25 years. There, I have held the positions of: Director, Energy Procurement; Director, Asset Management; and Director, Load Management. Upon completion of the acquisition of Allegheny Energy, Inc. by FirstEnergy Corporation, I relocated to New Jersey in the position of Senior Advisor.

Organization Chart of Pre-Transaction Corporate Structure



Note: FirstEnergy Corp., FirstEnergy Transmission, LLC, Jersey Central Power & Light Company and Pennsylvania Electric Company have subsidiaries that are not shown on this chart.

Organization Chart of Post-Transaction Corporate Structure



Note: FirstEnergy Corp., FirstEnergy Transmission, LLC, Jersey Central Power & Light Company and Pennsylvania Electric Company have subsidiaries that are not shown on this chart.

**BEFORE THE
NEW JERSEY BOARD OF PUBLIC UTILITIES**

In the Matter of the Verified Petition of Jersey Central Power & Light Company and Mid-Atlantic Interstate Transmission, LLC (“MAIT”) for: (1) Approval of the Transfer of its Transmission Assets to Mid-Atlantic Interstate Transmission, LLC Pursuant to N.J.S.A. 48:3-7; (2) Approval of a Lease of the Real Property and Associated Rights to Mid-Atlantic Interstate Transmission, LLC Pursuant to N.J.S.A. 48:3-7; (3) Approval of a Mutual Assistance Agreement Pursuant to N.J.S.A. 48:3-7.1; and (4) a Declaration that Mid-Atlantic Interstate Transmission, LLC Will be Deemed a Public Utility for the Purposes of Siting Authority under N.J.S.A. 40:55D-19 and Eminent Domain Authority Pursuant to N.J.S.A. 48:3-17.6 *et seq.*

-and-

In the Matter of the Verified Petition of Jersey Central Power & Light Company for Authorization Pursuant to N.J.S.A. 48:3-7.2 for Approval to Participate in the FirstEnergy Corp. Intrasystem Money Pool

Direct Testimony

of

Steven R. Staub

Re: Financial Aspects of Transaction, Benefits Resulting From Financial Structure, and Money Pool Agreement

TABLE OF CONTENTS

	Page
I. INTRODUCTION AND BACKGROUND	1
II. TRANSACTION AND FINANCIAL ASPECTS	3
III. BENEFITS RESULTING FROM THE FINANCIAL STRUCTURE OF A STAND-ALONE TRANSMISSION COMPANY	9
IV. REGULATED MONEY POOL.....	16

1 **I. INTRODUCTION AND BACKGROUND**

2 **Q. Please state your name and business address.**

3 A. My name is Steven R. Staub. My business address is 76 South Main Street,
4 Akron, OH 44308

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by FirstEnergy Service Company (“FESC”) as Vice President and
7 Treasurer.

8 **Q. What are your current responsibilities?**

9 A. I am responsible for Treasury activities including capital markets, cash
10 management, interest rate derivatives, investment management, and debt
11 compliance. I am also responsible for Business Planning activities including
12 short-term budgeting and forecasting, reporting strategy and process management.
13 My responsibilities extend to each of the companies owned by FirstEnergy Corp.,
14 including its transmission and distribution operating companies.

15 **Q. Please describe your educational background and professional experience.**

16 A. I am a graduate of the University of Pittsburgh with undergraduate degrees in
17 Business/Accounting and Political Science. I received an MBA from the
18 University of Pittsburgh and a Master of Taxation from Robert Morris University.
19 I have over twenty years of professional experience in finance related-positions,
20 including fifteen years with the regulated utility industry. My educational
21 background and professional experience is more fully outlined in Appendix A.

22 **Q. Have you previously testified in Board of Public Utilities (“Board” or**
23 **“BPU”) proceedings?**

1 A. Yes. I testified in JCP&L's most recent base rate case, BPU Docket No.
2 ER12111052, OAL Docket No. PUC16310-2012N.

3 **Q. Would you describe the purpose of your testimony?**

4 A. The purpose of my testimony is to describe the financial aspects of the proposed
5 transaction (the "Transaction") under which Jersey Central Power & Light
6 Company ("JCP&L"), Pennsylvania Electric Company ("Penelec"), and
7 Metropolitan Edison Company ("Met-Ed") (collectively, the "Operating
8 Companies") will contribute their transmission assets¹, excluding land and other
9 real estate interests², to Mid-Atlantic Interstate Transmission, LLC ("MAIT"), a
10 newly-formed subsidiary of FirstEnergy Transmission, LLC ("FET"), in which
11 the Operating Companies will have membership interests. I will also describe and
12 explain the benefits resulting from the financial structure of the Transaction.
13 Finally, I will address the inclusion of MAIT in the FirstEnergy regulated utility
14 Money Pool Agreement ("Money Pool" and "Money Pool Agreement",
15 respectively).

16 **Q. Are you sponsoring any exhibits as part of this filing?**

17 A. Yes. Exhibit SRS-1 is an unexecuted copy of the proposed limited liability
18 company ("LLC") operating agreement (the "LLC Operating Agreement") for
19 MAIT, which will govern the activities of MAIT. Exhibit SRS-2 is a chart
20 showing corporate bond spreads, which I discuss later in my testimony. Exhibit

¹ "Transmission assets" are defined in the Capital Contribution Agreement (Exhibit No. KJT-1 accompanying the Direct Testimony of K. Jon Taylor, Exhibit P-4) ("Contribution Agreement"). The terms of the Contribution Agreement are explained in more detail in Mr. Taylor's testimony.

² The related land and other real estate interests will be leased to MAIT under Ground Leases between each of the Operating Companies and MAIT, as discussed in Mr. Taylor's testimony.

1 SRS-3 is a copy of the Money Pool Agreement in clean and blackline form,
2 indicating the addition of MAIT.

3 **II. TRANSACTION AND FINANCIAL ASPECTS**

4 **Q. Please describe MAIT and its primary function.**

5 A. MAIT will be a limited liability company (“LLC”) and a stand-alone transmission
6 entity that will finance, construct, and own new transmission projects located
7 within the JCP&L, Penelec, and Met-Ed transmission control zones within PJM
8 Interconnection, L.L.C. (“PJM”) and, upon the receipt of all necessary regulatory
9 approvals, will also own, operate, and maintain the existing transmission assets
10 currently held by the Operating Companies, including those currently owned by
11 JCP&L. All of the transmission assets will be under the jurisdiction of the
12 Federal Energy Regulatory Commission (“FERC”).

13 **Q. Please describe the proposed transaction between the Operating Companies,**
14 **FET, and MAIT.**

15 A. Upon receipt of all necessary regulatory approvals, the Operating Companies,
16 FET, and MAIT will enter into the Contribution Agreement and the Amended and
17 Restated Limited Liability Company Operating Agreement (“LLC Operating
18 Agreement”). Under the Contribution Agreement, FET will provide cash to
19 MAIT in exchange for Class A membership interests. Under the LLC Operating
20 Agreement (Exhibit SRS-1) these Class A membership interests will provide FET
21 operating control and management of MAIT. The Operating Companies will then
22 contribute all of their existing transmission assets as defined in the Contribution
23 Agreement to MAIT in a tax-free transfer in exchange for Class B membership

1 interests in MAIT. As a result of the Transaction, the Operating Companies will
2 no longer own the transmission assets defined in the Contribution Agreement, but
3 will continue to own and operate the remaining facilities they currently use to
4 provide retail electric service within their existing service territories.

5 **Q. What are the differences between Class A and Class B membership**
6 **interests?**

7 A. Under the LLC Operating Agreement, Class A membership interests will provide
8 FET operating control and management of MAIT. The Class B membership
9 interests that the Operating Companies will receive do not confer operating
10 control and management authority over MAIT. However, as set forth in Section
11 3.2 of the LLC Operating Agreement, the Operating Companies will maintain
12 voting rights over “special matters,” which include decisions pertaining to
13 bankruptcy, mergers, any sale of substantially all assets of MAIT and amendment
14 of the LLC Operating Agreement.

15 **Q. How will the Transaction be financed or funded by the Operating Companies**
16 **and FET?**

17 A. In exchange for the contribution of cash, MAIT will issue Class A membership
18 interests to FET. In exchange for the contribution of transmission assets, MAIT
19 will issue Class B membership interests to the Operating Companies. The amount
20 of membership interests to be issued by MAIT will be determined in accordance
21 with the Contribution Agreement. The Operating Companies’ initial equity
22 interests will amount to approximately 95% of MAIT’s total equity as reflected on
23 the Operating Companies’ respective capital accounts maintained by MAIT.

1 **Q. At the close of the Transaction, what will be the approximate ownership**
2 **interests in MAIT of each of the Operating Companies and FET?**

3 A. The Operating Companies' initial Class B ownership interests collectively will
4 amount to approximately 95% of MAIT's total equity, as reflected on the
5 Operating Companies' respective capital accounts maintained by MAIT. Based
6 on data as of December 31, 2014, JCP&L's investment will be approximately
7 54.8%; Met-Ed's investment will be approximately 17%; and Penelec's
8 investment will be approximately 23.2%. These estimates are preliminary and
9 subject to change based on the actual transfer date. FET's Class A membership
10 interest will represent initially approximately 5% of MAIT's total equity as
11 reflected in FET's capital account maintained by MAIT.

12 **Q. Will the Operating Companies be subject to a continuing obligation to**
13 **contribute cash or other assets to MAIT?**

14 A. No. The Transaction requires the Operating Companies to make a one-time
15 contribution of transmission assets to MAIT. The Operating Companies will have
16 no continuing obligation to contribute equity to MAIT after this initial transfer
17 occurs.

18 **Q. Will the amount of JCP&L's investment in MAIT increase over time?**

19 A. No. MAIT will dividend all of its earnings to its investors in proportion to each
20 of their contributed capital. Therefore, the amount of JCP&L's investment in
21 MAIT will not increase since MAIT will not retain any of its earnings.

22

1 **Q. How will MAIT's earnings be distributed?**

2 A. MAIT will pay dividends at regular intervals to the Operating Companies and
3 FET, in proportion to each of their contributed capital. The dividends that
4 Operating Companies receive will be available for all of their corporate purposes,
5 including investment in distribution plant, as they determine appropriate.

6 **Q. How do you expect to account for the future earnings and dividends of**
7 **MAIT?**

8 Earnings and dividends generated by MAIT will be allocated to FET and the
9 Operating Companies based on each entity's respective contributed capital to
10 MAIT at the time earnings are recorded and distributions are made. Separate
11 capital accounts will be maintained on MAIT's books for FET's Class A
12 membership interest and each of the Operating Companies' Class B membership
13 interest.

14 **Q. Do the Operating Companies and MAIT anticipate issuing debt as part of**
15 **the Transaction?**

16 A. No. Neither the Operating Companies nor MAIT will need to issue debt in order
17 to effectuate the terms of the Transaction.

18 **Q. Will the Operating Companies transfer debt to MAIT as part of the**
19 **Transaction?**

20 A. No. The Operating Companies do not attribute corporate debt to specific asset
21 classes, and the Operating Companies will not transfer any existing debt to MAIT
22 as part of the Transaction.

23

1 **Q. Please describe the post-Transaction corporate structure of MAIT.**

2 A. As mentioned above, MAIT will be a newly-formed subsidiary of FET, and the
3 Operating Companies will have a membership interest in MAIT.

4 **Q. Will MAIT have a relationship with other FirstEnergy companies?**

5 A. Yes. MAIT will be an indirect, wholly-owned subsidiary of FirstEnergy and an
6 affiliate of FESC, a direct subsidiary of FirstEnergy. Similar to FET and the
7 Operating Companies (as well as the other FirstEnergy subsidiaries), MAIT will
8 become a signatory to the existing FirstEnergy Service Agreement, under which
9 FESC will provide corporate services and other centralized services (including
10 transmission-related services) to MAIT.³ While MAIT will have a Board of
11 Managers and officers, it will not have any employees of its own. MAIT also will
12 be a party to the Revised Amended and Restated Mutual Assistance Agreement
13 (“MAA”), pursuant to which employees of the Operating Companies will provide
14 services to MAIT. JCP&L witnesses Mark A. Mader and K. Jon Taylor discuss
15 aspects of the MAA in more detail in their respective testimony.

16 **Q. How will MAIT’s day-to-day operations and future transmission growth be**
17 **financed?**

18 A. MAIT will be a member of FirstEnergy’s regulated Money Pool and is expected,
19 subject to obtaining the necessary regulatory approvals, to have short-term
20 borrowing capability under FET’s current \$1 billion credit facility. These two
21 sources of funds should provide MAIT with sufficient liquidity for day-to-day

³ The FirstEnergy Service Agreement was filed with the Board in BPU Docket Nos. EM02100777 and EE98050267 and approved by the Board in its order dated December 14, 2005. Consistent with the Board’s order approving the Service Agreement, additional signatories were added at the time of the FE/AYE merger in 2011.

1 operations. Growth in transmission assets will be financed by a combination of
2 FET contributions of equity and issuances of debt by MAIT, which debt issuances
3 will be subject to obtaining the necessary regulatory approvals.

4 **Q. Does MAIT plan to issue long-term debt securities? If so, when?**

5 A. Yes, once it is operating, MAIT will issue long-term debt securities. After the
6 Board approves MAIT's request to be designated a New Jersey public utility,
7 MAIT will file a petition with the Board for authority to issue long-term debt.
8 The Company has not yet determined the timeframe for MAIT's initial sale of
9 long-term debt securities.

10 **Q. Will MAIT's debt be guaranteed by the Operating Companies and FET?**

11 A. No. The Operating Companies and FET will not provide guarantees for MAIT's
12 debt.

13 **Q. How will this Transaction affect the capital structure of JCP&L?**

14 A. The capital structure of JCP&L will remain unchanged on the day of the closing
15 of the Transaction when the transmission assets are transferred to MAIT. Rather
16 than recording its investment in transmission plant accounts, JCP&L will record
17 an amount of investment in a unique asset account equivalent to the amount of
18 transmission assets (including physical assets, transmission-related regulatory
19 assets, transmission-related goodwill, and net of accumulated deferred income
20 tax) contributed or transferred to MAIT. Thus, JCP&L's total amount of
21 investment does not change once the transfer is complete. This accounting
22 approach is explained in more detail in the Direct Testimony of K. Jon Taylor.

23

1 **Q. Which entity will control the operations and management of MAIT?**

2 A. FET, due to its Class A ownership interest, will appoint the Board of Managers
3 who will control the day-to-day operation and management of MAIT. Under the
4 terms of the LLC Operating Agreement, the Operating Companies will be granted
5 Class B ownership interests. The Class B ownership interests relative to MAIT
6 operations do include consent rights with respect to major corporate matters, such
7 as mergers, acquisitions, and bankruptcy.

8 **Q. Will any of MAIT’s affiliates have the ability to control the manner in which**
9 **transmission services are provided?**

10 A. No. MAIT will provide transmission services to customers in accordance with
11 the terms of the PJM Open Access Transmission Tariff (“OATT”), which is the
12 same manner in which services are provided today by the Operating Companies.

13
14 **III. BENEFITS RESULTING FROM THE FINANCIAL STRUCTURE OF A**
15 **STAND-ALONE TRANSMISSION COMPANY**

16
17 **Q. Please address the structural and financial benefits of forming MAIT and**
18 **completing the Transaction as the Petitioners propose.**

19 A. The generation, transmission and distribution functions of FirstEnergy are already
20 operated and managed as separate business units with differing levels of oversight
21 by Federal and state regulators. Thus, the creation of a separate transmission
22 company better aligns FirstEnergy’s corporate structure with the de facto
23 operational structure and labor resources provided by the Operating Companies.
24 The structural separation of these functions establishes a clear delineation of
25 responsibility and accountability for each business unit. Because each business

1 segment is separately financed and managed, this realignment will allow each
2 business head to focus on delivering operational excellence for its respective
3 business unit without intra-company competition for resources between
4 transmission and distribution interests. Additionally, the proposed realignment
5 complements the current financial reporting structure, which is already function-
6 based. This proposal with respect to the Operating Companies and MAIT is
7 similar to the approach FirstEnergy has already implemented by transferring
8 transmission assets from its Ohio utilities and one of its Pennsylvania utilities
9 (Pennsylvania Power Company) to ATSI, as explained in more detail in the Direct
10 Testimony of Mr. Taylor.

11 From a financial perspective, in addition to allowing the creation of a
12 separate transmission business without adverse tax consequences, the Transaction
13 will improve FirstEnergy's financial strength and flexibility with respect to
14 transmission development in the region. The credit agencies also have
15 consistently expressed a preference for the separate transmission company
16 business model. FirstEnergy's proposal to restructure ownership of all
17 transmission assets within the Met-Ed, Penelec, and JCP&L transmission control
18 zones within PJM to achieve a more modern, efficient division of assets reflects
19 this favored approach.

20 **Q. Please describe the transmission needs and challenges in the service**
21 **territories of the Operating Companies that will benefit from the creation of**
22 **MAIT.**

1 A. There is a significant need for new transmission investment in the Met-Ed,
2 Penelec, and JCP&L transmission control zones within PJM in the next few years.
3 Based on a preliminary assessment, increased transmission system capital
4 investments in the Met-Ed, Penelec, and JCP&L zones are needed that could
5 reach \$2.5 to 3 billion over the next five to ten years. Witness Jeffrey J. Mackauer
6 (Exhibit P-5) discusses the specific categories of projects that MAIT will
7 undertake and how those projects will benefit customers from an operational
8 perspective.

9 Because of the levels of investment that will be needed to enhance the
10 transmission grid, I believe it will be increasingly challenging for utilities that
11 have the obligation to meet the service requirements of retail electric distribution
12 customers to implement sustained transmission expansion and enhancement
13 initiatives while maintaining investment grade credit metrics to support an
14 adequate supply of investor capital. Separate transmission-only focused
15 companies offer several advantages, which enables overall lower costs for
16 customers:

17 **Reduced Cost of Capital.** As Mr. Mader explains, a transmission-only company
18 improves transparency for investors. In my experience, investors perceive the
19 transmission-only model as straightforward and easy to assess for investment
20 purposes, which can reduce perceived investor risk and improve the overall credit
21 profile of the business. For example, Trans-Allegheny Interstate Line Company
22 (“TrAILCo”), a direct, wholly-owned subsidiary of FET and a transmission-only
23 utility, has a current senior unsecured credit rating of A3, as assigned by

1 Moody's, which is two notches above the JCP&L's current credit ratings of Baa2.
2 Moody's derives a credit profile for each company under the same holding
3 company umbrella by taking into consideration the potential of parent
4 intervention, both positive and negative. Standard & Poor's ("S&P"), on the
5 other hand, employs a group approach that assigns the same corporate credit
6 rating to all members of a corporate holding company system, which, for
7 FirstEnergy, is currently BBB-. However, S&P provides a pure stand-alone credit
8 profile for each member of the group as well. TrAILCo's stand-alone S&P credit
9 profile of AA is at least three notches above that of the Operating Companies.

10 Exhibit SRS-2 shows the average spreads of corporate bond yields over
11 U.S. Treasury yields for three different credit ratings assigned by S&P, beginning
12 in January 2013. This exhibit shows that higher credit ratings generally translate
13 into a lower cost of capital, which is a direct benefit to customers of regulated
14 utilities. The four data points shown as red squares (labeled 1, 2, 3 & 4) reflect
15 the actual spread of the yields on bonds issued by the Operating Companies and
16 by TrAILCo relative to the average spread of all corporate bonds issued with the
17 specific credit ratings shown on the chart. The data show that the spread for two
18 of the three Operating Companies that are rated Baa2 by Moody's is nearly
19 identical to the basis point spread for S&P's BBB rated bonds. Not surprisingly,
20 TrAILCo's debt at the time of issuance priced 30 basis points lower than the
21 average spread for all BBB (S&P) bonds.

22 To further illustrate the effects of credit quality on price, the exhibit
23 shows six additional data points. The three data points shown as green circles

1 (labeled 5, 6 & 7) reflect the actual spread of the yields on bonds issued by ITC
2 Midwest LLC, ITC Great Plains LLC and Michigan Electric Transmission
3 Company, LLC, all transmission-only utilities and wholly owned subsidiaries of
4 ITC Holdings Corp, the nation's largest independent electric transmission
5 company. The three data points shown as orange triangles (labeled 8, 9 & 10)
6 reflect the actual spread of the yields on bonds issued by American Transmission
7 Company, a privately owned transmission-only company. As can be seen all six
8 issuances have a Moody's credit rating of A1, and, not surprisingly, are priced
9 significantly lower than the spread for Moody's Baa2 & A3 bonds shown on the
10 exhibit.

11 Since MAIT's structure with formulaic cost recovery will be similar to
12 TrAILCo, I would expect MAIT to have at least a 30 basis point price advantage
13 over the Operating Companies. From a financing perspective, this 30 basis point
14 differential in debt borrowing rates when applied to \$1.5 billion of debt-financed
15 rate base can result in \$135 million of savings to customers over a 30 year asset
16 life.

17 I believe this estimated 30 basis point differential is conservative because
18 it does not take into account the cost savings available from making larger
19 issuances, which will be enabled by the contribution of the three Operating
20 Companies' transmission assets to MAIT. Specifically, it is less cost-efficient to
21 make three separate debt issuances by each of the Operating Companies than a
22 single issuance by MAIT. Three issuances, each of which is smaller than a single
23 MAIT issuance, may require the issuers to make liquidity concessions that

1 increase borrowing costs. For example, Exhibit SRS-2 shows two separate
2 issuances of senior notes in the amounts of \$250 million and \$200 million, by
3 Met-Ed and Penelec, respectively, which occurred on the same day in June 2014.
4 Even though both Companies had the same credit rating at the time of those
5 issuances, Penelec's senior notes priced 15 basis points higher than Met-Ed's.
6 The investment bankers' assessment of this spread differential, indicates that the
7 smaller size of Penelec's issuance was the likely cause of that differential.
8 Generally, investors view \$250 million as the minimum size of an issuance
9 necessary to provide minimally desired levels of liquidity. Liquidity is a measure
10 of how quickly securities can be bought or sold and is especially important for the
11 syndicate of banks that underwrite the bonds and take on the risk of distributing
12 the securities in a secondary market. The greater the liquidity, the lower the risk
13 and the price. Thus, if the debt needed for transmission operations can be offered
14 in a single issuance, the minimum issuance size necessary to avoid or minimize
15 liquidity concessions can be more readily achieved.

16 Furthermore, separate transmission companies, with a singular focus on
17 the transmission function, coupled with the transparent, formula-based cost
18 recovery mechanism authorized by FERC for transmission service, are an
19 attractive investment for a wider spectrum of investors and, therefore, provide
20 added flexibility in raising equity capital through multiple avenues, whether
21 public or private at lower cost.

22 **Efficiency.** MAIT will be a much larger transmission owner than any of the
23 Operating Companies would ever be individually. Because MAIT would be a

1 larger company with a larger asset pool, it would be better equipped from a
2 financial perspective to secure the debt required to make substantial investments
3 in the transmission system on reasonable terms. Rather than issuing debt at each
4 of the Operating Companies for needed investment, the debt only needs to be
5 issued at the MAIT level. This makes the process more cost effective, efficient
6 and less time consuming.

7 **Reduced Competition for Capital.** Investment by each of the Operating
8 Companies in transmission competes with other necessary investments and can be
9 deferred in favor of more immediate investments in distribution facilities.
10 Without such competing interests, MAIT will be able to pursue investment in
11 necessary transmission facilities on which a reasonable return can be earned while
12 enhancing service to customers as explained by Mr. Mackauer.

13 Furthermore, MAIT's operational flexibility and access to capital will
14 provide greater flexibility to respond promptly, efficiently, and cost-effectively to
15 PJM and North American Electric Reliability Corporation ("NERC") reliability
16 requirements. This is especially important because, under the existing structure
17 where the Operating Companies own the transmission assets, PJM requirements
18 to construct new transmission projects commit a significant portion of the
19 Operating Companies' available capital to such projects, which is then
20 unavailable for distribution system investment. Consequently, the capital
21 demands of more transmission projects could limit the amount of available capital
22 for needed distribution plant investments, and the associated increase in debt

1 burden could adversely affect the financial condition and credit profiles of the
2 Operating Companies.

3 Because MAIT will issue debt in its own name without a guarantee from
4 the Operating Companies, any debt incurred by MAIT to finance new
5 transmission will not affect the financial condition and credit ratings of the
6 Operating Companies. This will allow the Operating Companies to have greater
7 control over their annual expenditures dedicated to the distribution business and
8 similarly reduce the range of business lines that must be evaluated for purposes of
9 assessing risks by investors. Hence, the migration to a transmission-only model
10 not only better supports the sustained level of transmission investment needed at
11 MAIT, but at the same time preserves the Operating Companies' capacity to issue
12 debt for their own distribution system needs.

13 **Q. Will the formation of MAIT impact JCP&L's credit ratings?**

14 A. The formation of MAIT is not expected to impact JCP&L's credit ratings. Since
15 JCP&L will be an equity investor in MAIT, JCP&L will be receiving a dividend
16 for its investment that will be equivalent to the earnings that it would have
17 realized prior to the transfer of transmission assets.

18

19 **IV. REGULATED MONEY POOL**

20 **Q. Will MAIT be a member of the FirstEnergy's regulated Money Pool?**

21 A. Yes, in this filing MAIT is requesting Board approval to become a member of
22 FirstEnergy's regulated Money Pool. As explained above, it is expected that
23 MAIT's credit ratings will be higher than the ratings of JCP&L; therefore, there

1 will be no adverse effects of adding MAIT to the Money Pool Agreement. A
2 copy of the current Money Pool Agreement approved by the Board, and a
3 blackline to the current version showing the addition of MAIT, is included as
4 Exhibit SRS-3.

5 **Q. Will MAIT have access to other short term borrowings besides FirstEnergy's**
6 **regulated Money Pool?**

7 A. Yes. I anticipate that, upon obtaining the necessary regulatory authorization,
8 MAIT will have short term borrowing capability under FET's current one billion
9 dollar credit facility. MAIT expects to request FERC's approval for short term
10 debt authority by the end of 2015. These two sources of funds should provide
11 MAIT with sufficient liquidity needed for day to day operations.

12 **Q. Does this conclude your direct testimony?**

13 A. Yes, it does, at this time.

Educational Background and Professional Experience of Steven R. Staub

Education:

- 1993 Bachelor of Science Degree in Business/Accounting and Political Science – University of Pittsburgh
- 1997 Masters of Business Administration Degree – University of Pittsburgh
- 2007 Master of Taxation – Robert Morris University

Experience:

- 4/94 – 2/98 Finance-related positions in the corporate banking, capital markets, and securities lending divisions – Mellon Bank
- 2/98 – 8/99 Senior Finance Analyst – Ford Motor Company
- 8/99 – 9/02 Senior Financial Consultant – Duquesne Light Company
- 9/02 – 12/03 Manager of Corporate Finance – Duquesne Light Company
- 12/03 – 11/07 Assistant Treasurer – Duquesne Light Company
- 12/07 – 8/12 Assistant Treasurer – Allegheny Energy Inc. (FirstEnergy)
- 8/12 – 12/12 Executive Director and Assistant Treasurer – FirstEnergy
- 12/12 – Present Vice President and Treasurer – FirstEnergy

Prior Rate Case Testimony:

- | | |
|--|--|
| Public Service Commission of West Virginia | Case No. 12-1571-E-PC
Case No. 14-0702-E-42T |
| New Jersey Board of Public Utilities | BPU Docket No. ER12111052
OAL Docket No. PUC16310-2012N |
| Pennsylvania Public Utility Commission | Docket No. R-2014-2428742
Docket No. R-2014-2428743
Docket No. R-2014-2428744
Docket No. R-2014-2428745 |
| Ohio Public Utilities Commission | Case No. 14-1297-EL-SSO |

**AMENDED AND RESTATED
LIMITED LIABILITY COMPANY OPERATING AGREEMENT
OF
MID-ATLANTIC INTERSTATE TRANSMISSION, LLC**

TABLE OF CONTENTS

	<u>Page</u>
Article 1. Organization.....	1
1.1 Formation of the Company; Term.....	1
1.2 Name	2
1.3 Purpose of the Company; Business.....	2
1.4 Registered Office; Registered Agent.....	2
1.5 Principal Place of Business.....	2
Article 2. Definitions.....	2
Article 3. Capitalization; Economics	3
3.1 Authorized Interests	3
3.2 Voting Rights	3
3.3 Capital	4
3.4 Capital Accounts	4
3.5 Allocation of Profits and Losses	4
3.6 Distributions.....	5
3.7 Tax Matters	6
Article 4. Management.....	6
4.1 Board of Managers.....	6
4.2 Authority of the Board	7
4.3 Notice of Board Meetings	7
4.4 Location of Board Meetings	7
4.5 Waiver of Notice of Meeting	7
4.6 Quorum; Required Vote	7
4.7 Voting; Proxies.....	8
4.8 Written Actions of the Board	8
4.9 Officers of the Company.....	8
Article 5. Powers and Duties of and Limitations on the Members	8
5.1 Rights of the Member	8
5.2 Limitations on the Rights of each Member.....	8
5.3 Limited Liability of each Member.....	8
5.4 Assignments and Transfers of Interests	8
5.5 Admission of Additional Members.....	9
5.6 Withdrawal.....	9
Article 6. Exculpation and Indemnification.....	9
6.1 Exculpation	9
6.2 Indemnification	9
Article 7. General.....	10
7.1 Dissolution	10
7.2 Winding Up and Liquidation	10
7.3 Entire Agreement; Amendment.....	11
7.4 Notices	11
7.5 Invalidity	11

Exhibit SRS-1

7.6	Governing Law	11
7.7	Successors and Assigns	11
7.8	No Benefit of Third Parties	11
7.9	Construction	11
7.10	Counterparts	12

AMENDED AND RESTATED
LIMITED LIABILITY COMPANY OPERATING AGREEMENT
OF
MID-ATLANTIC INTERSTATE TRANSMISSION, LLC

THIS AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (this “*Agreement*”) of Mid-Atlantic Interstate Transmission, LLC, a Delaware limited liability company (the “*Company*”), is made and is dated [DATE] by FirstEnergy Transmission, LLC, a Delaware limited liability company (“*FET*”), Jersey Central Power & Light Company, a New Jersey corporation (“*JCP&L*”), Pennsylvania Electric Company, a Pennsylvania corporation (“*PN*”) and Metropolitan Edison Company, a Pennsylvania corporation (“*ME*”, together with FET, JCP&L and PN, the “*Initial Members*” and individually, each a “*Initial Member*”). Unless the context otherwise requires, terms that are capitalized and not otherwise defined in context have the meanings set forth or cross-referenced in Article 2.

WHEREAS, FET has caused to be filed a Certificate of Formation of the Company with the Secretary of State of Delaware (the “*Secretary of State*”) to form the Company under and pursuant to the Law (as herein defined) on June 10, 2015 (the “*Formation Date*”);

WHEREAS, in connection with such formation, FET has entered into a Limited Liability Company Agreement of the Company dated as of June 10, 2015 (the “*Original LLC Agreement*”);

WHEREAS, pursuant to a contribution agreement between the Company and the Initial Members (the “*Contribution Agreement*”) dated as of the date hereof (the “*Contribution Date*”), each of the Initial Members contributed certain assets and/or cash in exchange for Interests in the Company; and

WHEREAS, in accordance with the Law, FET desires to enter into this Agreement with the other Initial Members to amend and restate the Original LLC Agreement in its entirety and to set forth the respective rights, powers and interests of the Initial Members with respect to the Company and their respective Interests therein and to provide for the management of the business and operations of the Company.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, FET and the other Members, intending to be legally bound, hereby agree to amend and restate the Original LLC Agreement in its entirety as follows:

Article 1. Organization

1.1 Formation of the Company; Term. The Company is a limited liability company under the Law and is governed by this Agreement. The Company is an entity separate from the Members and the Managers (as defined below), created by the execution and filing of the certificate of formation of the Company with the Secretary of State of the State of Delaware.

Unless sooner dissolved and liquidated by action of the Members and the Managers, the Company is to continue in perpetuity.

1.2 Name. The name of the Company is: “Mid-Atlantic Interstate Transmission, LLC.”

1.3 Purpose of the Company; Business. The purpose of the Company is to engage in any lawful act or activity for which a limited liability company may be formed within the State of Delaware, including, but not limited, to (a) design, engineer, site, acquire rights-of-way for, procure, permit, construct, commission, finance, own, operate and maintain certain transmission and interconnection facilities in the PJM Region; and (b) engage in any and all lawful activities directly or indirectly relating thereto, including incurring and guaranteeing indebtedness related to such activities.

1.4 Registered Office; Registered Agent. The registered office of the Company shall be the office of the initial registered agent named in the Certificate of Formation or such other office (which need not be a place of business of the Company) as the Board (as defined below) may designate from time to time in the manner provided by the Law. The registered agent for service of process on the Company in the State of Delaware shall be the initial registered agent named in the Certificate of Formation or such other Person or Persons as the Board may designate from time to time in the manner provided by the Law.

1.5 Principal Place of Business. The principal place of business and mailing address of the Company is [ADDRESS]. The Company may also have offices at such other locations as the business of the Company may require. From time to time, the Board may change the principal place of business of the Company without reflecting the change in this Agreement.

Article 2. Definitions

“*Affiliate*” of any Person means any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person.

“*Class*” means a specific group of Members owning an Interest in the Company having certain specific rights, powers, and duties as provided for under this Agreement.

“*Class A Interest*” means an Interest in the Company designated as a Class A Interest.

“*Class B Interest*” means an Interest in the Company designated as a Class B Interest.

“*Code*” means the United States Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations promulgated thereunder.

“*FirstEnergy*” means FirstEnergy Corp., an Ohio corporation, and the parent of the Initial Members.

“Fiscal Year” means the fiscal year of the Company for accounting and tax purposes, which shall begin on January 1 and end December 31 of each year or such other date as the Board shall determine from time to time, except for the short taxable years in the years of the Company’s formation and termination and as otherwise required by the Code.

“Interest” means any interest in the Company held by any Member, including the Class A Interests and the Class B Interests.

“Law” means the Delaware Limited Liability Company Act (6 Del. C. § 18-101, et seq.), as amended from time to time. Any reference to the Law automatically includes a reference to any subsequent or successor limited liability company law in the State of Delaware.

“Member” means (a) each Initial Member; and (b) and each Person who is hereafter admitted as a Member in accordance with the terms of this Agreement and the Law, in each case so long as such Person is shown on the Company's books and records as the owner of any Interest. The Members shall constitute the "members" (as that term is defined in the Law) of the Company.

“Person” or “person” means any natural person and any corporation, firm, partnership, trust, estate, limited liability company or other entity resulting from any form of association.

“PJM” means PJM Interconnection, L.L.C., a regional transmission organization, or any successor entity.

“PJM Region” means the aggregate of the transmission control zones within the PJM geographic footprint.

Article 3. Capitalization; Economics

3.1 Authorized Interests. The Company shall be authorized to issue different classes of Interests, initially consisting of Class A Interests and Class B Interests. Except for the voting rights as set forth in Section 3.2, Class A Interests and Class B Interests shall have the same rights, preferences, privileges and obligations under this Agreement. The Board shall have the right to create additional classes of Interests from time to time; provided, this Agreement shall be amended by the Board to reflect the rights, preferences privileges and obligations of any such new Interests, subject to approval by the Members as set forth in Section 3.2.

3.2 Voting Rights. (a) In General. Except as otherwise required by applicable law, no Member shall have any voting rights except as otherwise expressly set forth in this Agreement.

(b) Management Control. Each Member holding Class A Interests shall have the sole authority to elect and remove the Managers and determine the size of the Board.

(c) Special Matters. Members holding Class A Interests or Class B Interests shall have equal voting rights with respect to the special matters delineated below. Without the prior written consent of the majority of the voting rights of the Members holding Class A Interests and Class B Interests, voting together as a class, the Company shall not: (a) voluntarily initiate any

liquidation, dissolution or winding up of the Company or permit the commencement of a proceeding for bankruptcy, insolvency, receivership or similar action against the Company; (b) sell, dispose of (whether by merger, sale of equity, recapitalization or otherwise) the Company or substantially all of the assets of the Company; and (c) amend, modify or waive any provision of this Agreement.

3.3 Capital. (a) Initial Capital Contributions. Contemporaneously with the execution of this Agreement and as set forth in the Contribution Agreement, each Initial Member has contributed certain assets and/or cash in exchange for Interests in the Company, as set forth opposite such Initial Member's name in Exhibit A hereto.

(b) Additional Capital Contributions. No Member shall be required to make additional capital contributions to the Company. Any additional capital contributions made by any Member shall only be made with the consent of the Board. The Company is to finance its operations independently of the Members and without the Members' financial support. The provisions of this Section 3.3(b) are intended solely to benefit the Members and, to the fullest extent permitted by law, shall not be construed as conferring any benefit upon any creditor of the Company other than the Members (and no such creditor of the Company shall be a third party beneficiary of this Agreement). The Members shall not have a duty or obligation to any creditor of the Company to make any contribution to the Company or to issue any call for capital pursuant to this Section 3.3(b).

3.4 Capital Accounts. The Company shall maintain a capital account for each Member in accordance with this Section 3.4 and, to the extent the Company is treated as a partnership for federal income tax purposes, the capital accounts shall be maintained in accordance with the rules of United States Treasury Regulations Section 1.704-1(b)(2)(iv) promulgated under the Code. Each Member's capital account shall have an initial balance equal to the amount of cash or the net book value of the assets representing such Member's initial contribution to the capital of the Company, in each case, as set forth in Exhibit A hereto. Each Member's capital account shall be increased by the sum of (a) the amount of cash constituting additional contributions, if any, by such Member to the capital of the Company made in accordance with Section 3.3(b), and (b) any profits allocated to such Member's capital account pursuant to Section 3.5(a). Each Member's capital account shall be reduced (i) with respect to Members holding Class A Interests, by the sum of (1) the amount of cash and the higher of net book value and fair market value of any property distributed by the Company to such Member holding Class A Interests, and (2) any losses allocated to the capital account of such Member holding Class A Interests pursuant to Section 3.5(a) and (ii) with respect to Members holding Class B Interests, by the sum of (1) the amount of cash and the net book value of any property distributed by the Company to such Member holding Class B Interests, and (2) any losses allocated to the capital account of such Member holding Class B Interests pursuant to Section 3.5(a).

3.5 Allocation of Profits and Losses. (a) Book Allocations: The Company's profits and losses shall be allocated to the Members from time to time pro rata in accordance with each Member's capital account balance.

(b) Tax Allocations: In the event the Company is treated as a partnership for federal income tax purposes, each Member's distributive share of income, gain,

loss, deduction, or credit (or item thereof) shall be determined and allocated in accordance with Section 3.5(a) to the fullest extent permitted by Sections 704(b) and (c) of the Code. Likewise, as applicable for federal income tax purposes, any special allocations described in Section 3.5(c) will be made in accordance with Section 704 of the Code.

(c) Special Book Allocations.

(i) Qualified Income Offset. If any Member unexpectedly receives any adjustment, allocation or distribution described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) or (6) and such adjustment, allocation or distribution causes or increases a deficit in such Member's capital account (a "**Deficit**"), items of gross income and gain for such Fiscal Year and each subsequent Fiscal Year shall be specifically allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Deficit of such Member as quickly as possible; provided that an allocation pursuant to this Section 3.5(c) shall be made only if (and only to the extent that) such Member would have a Deficit after all other allocations provided for in this Section 3.5 have been tentatively made as if this Section 3.5(c)(i) were not in this Agreement. This Section 3.5(c) is intended to comply with the qualified income offset provision of Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted in a manner consistent therewith.

(ii) Other Special Allocations. Special allocations shall be made in accordance with the requirements set forth in the Treasury Regulations Sections 1.704-2(f), (g) and (j) (minimum gain chargeback), 1.704-2(g)(1) and (i)(5) (gross income allocation), 1.704-2(i)(2) (nonrecourse deductions), and to the extent that a Section 754 election is in effect, 1.704-1(b)(2)(iv)(m) (Section 754 adjustments).

(iii) Restorative Allocations. Any special allocations of items of income, gain, loss or deduction pursuant to this Section 3.5(c) shall be taken into account in computing subsequent allocations pursuant to this Agreement, so that the net amount for any item so allocated and all other items allocated to each Member pursuant to this Agreement shall be equal, to the extent possible, to the net amount that would have been allocated to each Member pursuant to the provisions of this Agreement if such special allocations had not occurred.

3.6 Distributions. (a) The Members shall not be entitled to interest on their capital contributions to the Company or have the right to distributions or the return of any contribution to the capital of the Company, except for distributions in accordance with this Section 3.6 or upon dissolution and liquidation of the Company in accordance with Sections 7.1 and 7.2. To the fullest extent permitted by the Law, the Members shall not be liable for the return of any such amounts. Notwithstanding any provision in this Agreement to the contrary, the Company shall not make a distribution to the Members on account of their respective Interests in the Company if such distribution would violate the Law or other applicable law.

(b) Distributions shall be made in cash to the Members of each Class pro rata in accordance with each Member's capital account balance, at the times and in the aggregate amounts determined by the Board.

3.7 Tax Matters. (a) Tax Classification. On the Formation Date, the Company was formed as a domestic limited liability company with a single Member, FET. On the Formation Date, the Company's default classification for federal income tax purposes was a disregarded entity, meaning that it was not treated as an entity separate from its owner for federal income tax purposes. As of the Contribution Date, the Company will have multiple Members. The default classification of a multiple owner limited liability company for federal income tax purposes is a partnership. However, the Members acknowledge that the Board has sole authority to cause the Company at any time (prior to, on, or after the Contribution Date) to make an election to be treated as a corporation for federal income tax purposes by filing IRS Form 8832. If the Company makes such an election, the Company will be treated as a corporation for federal income tax purposes regardless of the Company's classification under the Law or for accounting purposes. If the Company is treated as a corporation for federal income tax purposes, it will be included in the FirstEnergy consolidated federal income tax group and will compute its federal taxable income accordingly, and will participate as a member of the FirstEnergy tax allocation agreement. The Members acknowledge that the Board has sole authority to determine the Company's federal income tax classification and change such tax classification in accordance with the Code. The Members hereby agree to take any measures necessary (or, if applicable, refrain from any action) to ensure that the Company is treated in accordance with the applicable federal income tax classification deemed appropriate by the Board. The Board also shall cause the Company to make any elections under the Code and other relevant tax laws as to the treatment of items of the Company's income, gain, loss, deduction, and credit, and as to all other relevant matters, as it deems necessary or appropriate.

(b) Books and Records. Proper and complete records and books of account of the business of the Company required to be maintained by applicable law, including, but not limited to, the capital account of each Member, shall be maintained at the Company's principal place of business. Each Member and its duly authorized representatives may, for any reason reasonably related to its Interest as a Member of the Company, examine the Company's books of account and make copies and extracts therefrom at its own expense. The records of the Company shall be maintained for five years following termination of the Company or as otherwise required by applicable law. For any Fiscal Year in which the Company is treated as a partnership for federal income tax purposes, as soon as reasonably practicable after the end of such Fiscal Year, the Board shall cause the Company to prepare and send to each Member a statement of the amount of such Member's share in the Company's taxable income or loss for each year and information relating to the nature thereof, in sufficient detail to enable it to prepare its United States federal, state and other tax returns including, but not limited to, Internal Revenue Service Schedule "K-1," or any successor thereto. For any Fiscal Year in which the Company is treated as a partnership for federal income tax purposes, FET is specifically authorized to act as a "tax matters partner" under the Code and in any similar capacity under any law.

Article 4. Management

4.1 Board of Managers. (a) The Company shall be managed by a board of managers (the "**Board**") initially composed of [NUMBER] managers (each a "**Manager**" and collectively, the "**Managers**"). The initial Managers appointed by the Members holding Class A Interests are [MANAGERS LIST]. From time to time, the Members holding Class A Interests may elect additional Managers to serve on the Board.

(b) Each Manager is to serve until the earlier of his or her death, resignation or removal. Members holding Class A Interests may remove or replace a Manager at any time. Any Manager may resign at any time by delivering his or her written resignation to the Members holding Class A Interests.

4.2 Authority of the Board. (a) Except as specifically reserved to the Members in this Agreement or as provided by applicable law, the Board has all power and authority to manage, and to direct the management of, the business and affairs of the Company in the ordinary course of its business consistent with the Law. Approval by or action taken by the Board in accordance with this Agreement is the approval or action of the Company and is binding on each Member, Manager and the Company.

(b) The Board may delegate to the officers, other employees and agents of the Company the authority to conduct the business of the Company in the ordinary course, in accordance with this Agreement and any policy of delegation which may be adopted and revised from time to time by the Board. Any power not delegated by the Board remains with the Board.

4.3 Notice of Board Meetings. Regular meetings of the Board may be held at such times and places as may be fixed by the Board. Special meetings of the Board may be called by the president (if appointed), by the secretary (if appointed), or by any Manager. Notice of the time and place of a special or regular meeting of the Board is effective if delivered to each member of the Board by hand, mail, telecopy, telephone or electronic mail and received not less than one day prior to the time of such special meeting. Notices of special meetings of the Board are to identify the time, place, and purpose of the special meeting or the business to be transacted at the special meeting. The failure to specifically identify an action to be taken or business to be transacted does not invalidate any action taken or any business transacted at a special meeting.

4.4 Location of Board Meetings. Board meetings may be held at any location in the world. The Managers may participate in a meeting of the Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting is presence in person at the meeting.

4.5 Waiver of Notice of Meeting. Whenever notice of a Board meeting is required to be given, a written waiver of notice, signed by the Manager entitled to notice, whether before or after the time of the meeting, is equivalent to notice. Neither the business to be transacted at, nor the purpose of, any Board meeting need to be specified in any written waiver of notice thereof. A Manager's attendance at a meeting is a waiver of notice of that meeting, except when the Manager attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

4.6 Quorum; Required Vote. A quorum for the transaction of business at any meeting of the Board shall consist of a majority of the Managers then in office. The vote of at least a majority of the Managers on the Board constitutes approval by, or the authorization of, the Board. No Manager on the Board is disqualified from acting on any matter because the Manager is interested in the matter to be acted upon by the Board.

4.7 Voting; Proxies. Each Manager on the Board has one vote. A Manager has no power to authorize another person to vote on behalf of the Manager, whether by proxy or other power of attorney.

4.8 Written Actions of the Board. Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if a majority of the Managers on the Board consents thereto in writing, and the writing or writings are filed by the Company Secretary with the minutes of proceedings of the Board.

4.9 Officers of the Company. (a) The Board may, but shall not be required to, appoint one or more individuals to serve as officers of the Company, assign powers and duties to such officers and set the compensation of such officers, if any.

(b) The officers of the Company may consist of a president, a secretary, a controller, a treasurer, and such other officers and assistant officers and agents as the Board shall deem necessary or advisable.

(c) Each officer shall serve until the earlier of his or her death, resignation or removal. The Board may remove or replace any officer at any time, with or without cause, by a vote of at least a majority of the members of the Board then in office. Any officer may resign at any time by delivering his or her written resignation to the Board.

(d) Unless otherwise specified elsewhere in this Agreement or by the Board from time to time, the officers of the Company will have such authority and perform such duties as are customarily incident to their offices.

(e) The Board shall authorize those individuals who will be responsible for signing documents necessary or advisable for the operation of the business.

Article 5. Powers and Duties of and Limitations on the Members

5.1 Rights of the Member. Each Member is entitled to have such rights and powers as are provided in this Agreement or by mandatory requirements of applicable law.

5.2 Limitations on the Rights of each Member. Subject to any mandatory requirements of applicable law, each Member (in its capacity as a Member) has no right to take any part whatsoever in the management and control of the ordinary business of the Company, sign for or bind the Company, compel a sale or appraisal of Company assets or sell or assign its interest in the Company except as provided in this Agreement.

5.3 Limited Liability of each Member. No Member will be obligated personally for any debt, obligation or liability of the Company or other Members, whether arising in contract, tort or otherwise, solely by reason of being a Member.

5.4 Assignments and Transfers of Interests. A Member may transfer all or any portion of its Interest in the Company and any and all rights and/or obligations associated therewith with the written consent of the Board. The transferee of an Interest shall be admitted to the Company as a Member upon its execution of a counterpart signature page to this Agreement,

or some other written instrument reasonably acceptable to the Board in which the Member agrees to be bound by the terms of this Agreement. If the transferring Member transfers all of its Interest, such admission shall be deemed effective immediately prior to the transfer and immediately following such admission, the transferor Member shall cease to be a member of the Company. Upon the admission of such transferor Member, the Board shall also adjust the capital accounts of all Members as necessary in accordance with Section 3.4.

5.5 Admission of Additional Members. In connection with the issuance of additional Interests by the Company, one or more additional Member(s) may be admitted to the Company as a Member with the written consent of the Board and upon execution of a counterpart signature page to this Agreement or some other document pursuant to which such additional Member agrees to be bound by this Agreement. Upon the admission of such additional Member, the Board shall also adjust the capital accounts of the Members as necessary in accordance with Section 3.4. The Company shall continue as a limited liability company under the Law after the admission of any additional Members pursuant to this Section 5.5.

5.6 Withdrawal. A Member shall not cease to be a Member as a result of the bankruptcy of such Member or as a result of any other events specified in the Law. A Member who continues to hold any Interest may withdraw from the Company only with the prior written consent of the Board. Otherwise, so long as a Member continues to hold any Interest, such Member shall not have the ability to withdraw or resign as a Member prior to the dissolution and winding up of the Company and any such withdrawal or resignation or attempted withdrawal or resignation by a Member prior to the dissolution or winding up of the Company shall be null and void. As soon as any Person who is a Member ceases to hold any Interests, such Person shall no longer be a Member.

Article 6. Exculpation and Indemnification

6.1 Exculpation. To the full extent authorized or permitted by law (as now or hereafter in effect), no Manager of the Company (or any predecessor of the Company) shall be personally liable to the Company or the Members for monetary damages for any breach of fiduciary duty by such a Manager as a Manager. Notwithstanding the foregoing sentence, a Manager shall be liable to the extent provided by applicable law (a) for any breach of the Manager's duty of loyalty to the Company or its Members, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law or (c) for any transaction from which the Manager derived an improper personal benefit. No amendment to or repeal of this Section 6.1 shall apply to or have any effect on the liability or alleged liability of any Manager of the Company for or with respect to any acts or omissions of such Manager occurring prior to such amendment or repeal.

6.2 Indemnification. (a) The Company shall indemnify to the fullest extent authorized or permitted by law (as now or hereafter in effect) any person made, or threatened to be made a party to or otherwise involved in any action or proceeding (whether civil or criminal or otherwise) by reason of the fact that he, his testator or intestate, is or was a Manager or officer of the Company or by reason of the fact that such Manager or officer, at the request of the Company, is or was serving any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, in any capacity, against expenses reasonably incurred by him or her in connection

with the defense or settlement of such action if he or she acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Company, except in relation to matters as to which he or she is adjudged in such action or proceeding to be liable for negligence or misconduct in the performance of a duty owed to the Company. Nothing contained herein shall affect any rights to indemnification to which employees other than Managers and officers may be entitled by law. No amendment or repeal of this Section 6.2 shall apply to or have any effect on any right to indemnification provided hereunder with respect to any acts or omissions occurring prior to such amendment or repeal.

(b) Expenses incurred in defending any action or proceeding, civil or criminal, may be paid by the Company in advance of the final disposition of such action or proceeding notwithstanding any provisions of this Article to the contrary. But the Manager, officer, employee, or agent so defended shall repay such expenses to the Company if it is judicially determined that such Manager, officer, employee, or agent is not entitled to indemnification as provided in this Article.

(c) The Company may purchase and maintain insurance on behalf of any person who is or was a Manager, officer, employee or agent of the Company or was serving at the request of the Company as a Manager, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his status as such, whether or not the Company would have the power to indemnify him or her against such liability under the provisions of the law. The Company may create a trust fund, grant a security interest and use any other means (including, without limitation, letters of credit, surety bonds and other similar arrangements), as well as enter into contracts providing for indemnification to the fullest extent authorized or permitted by law and including as part thereof any or all of the foregoing, to ensure the payment of such sums as may become necessary to effect full indemnification.

(d) The rights to indemnification conferred in this Section 6.2 shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, this Agreement or any agreement, any vote of Members or Managers or otherwise.

Article 7. General

7.1 Dissolution. The Company shall be dissolved only upon the first to occur of the following: (a) by action of the Members approving such dissolution; (b) at any time there is no Member of the Company unless the Company is continued in accordance with the Law; (c) the entry of a decree of judicial dissolution under Section 18-802 of the Law; or (d) as otherwise required by applicable law.

7.2 Winding Up and Liquidation. If the Company is required to wind up its affairs and liquidate its assets, it will first pay or make provision to pay all of its obligations as required by law and any assets remaining will be distributed to the Members pro rata in accordance with each Member's capital account balance.

7.3 Entire Agreement; Amendment. This Agreement is the entire declaration of the Members with respect to the subject matter hereof and will only be amended, subject to Section 3.2, by a writing duly signed by the Members that refers to this Agreement.

7.4 Notices. All notices, requests, consents and other communications hereunder to any party shall be deemed to be sufficient if delivered in writing in person or by telecopy, facsimile, electronic mail or similar electronic means or sent by nationally-recognized overnight courier or first class registered or certified mail, return receipt requested, postage prepaid, addressed to such party at the address set forth in Exhibit A hereto, in the case of any Member, in Section 1.5, in the case of the Company, or at such other address as may hereafter be designated in writing by such party to the other parties. All such notices, requests, consents and other communications shall be deemed to have been received (a) in the case of personal delivery or delivery by telecopy, facsimile, electronic mail or similar electronic means, on the date of such delivery, (b) in the case of dispatch by nationally recognized overnight courier, on the next Business Day following such dispatch, and (c) in the case of mailing, on the fifth Business Day after the posting thereof.

7.5 Invalidity. In the event that any provision of this Agreement is invalid, the validity of the remaining provisions of the Agreement are not in any way to be affected thereby.

7.6 Governing Law. This agreement is governed by and is to be construed under the laws of the State of Delaware, without giving effect to its conflicts of laws rules.

7.7 Successors and Assigns. This Agreement shall be binding upon the parties and their respective successors, executors, administrators, legal representatives, heirs and legal assigns and shall inure to the benefit of the parties and, except as otherwise provided herein, their respective successors, executors, administrators, legal representatives, heirs and legal assigns.

7.8 No Benefit of Third Parties. The provisions of this Agreement are intended only for the regulation of relations among the Members, the Managers and former or prospective members or managers of the Company. This Agreement is not intended for the benefit of any other Person.

7.9 Construction. The headings contained in this Agreement are for reference purposes only and do not affect the meaning or interpretation of this Agreement. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neutral gender, include all other genders. The words “include,” “includes,” and “including” will be deemed to be followed by “without limitation.” Except when the context requires otherwise, any reference in this Agreement to a singular number shall include the plural. The words “this Agreement,” “herein,” “hereof,” “hereby,” “hereunder” and words of similar import refer to this Agreement as a whole, including the Annexes, Exhibits and Schedules, as the same may be amended, supplemented or otherwise modified from time to time, and not to any particular subdivision unless expressly so limited. Captions contained in this Agreement are inserted only as a matter of convenience and in no way define, limit, extend or describe the scope or intent of this Agreement or of any of its provisions. All references in this Agreement to any numbered Articles or Sections are, unless otherwise indicated, references to the Articles or Sections of this Agreement which are so numbered. All references to the numbered or lettered Annexes, Exhibits and Schedules are

references to the Annexes, Exhibits and Schedules so numbered or lettered which are appended to this Agreement, as such Annexes, Exhibits and Schedules may be amended, supplemented or otherwise modified from time to time. Such references to Annexes, Exhibits and Schedules are to be construed as incorporating by reference the contents of each Annex, Exhibit or Schedule, as applicable, to which such reference is made as though such contents were set out in full at the place in this Agreement where such reference is made.

7.10 Counterparts. This Agreement may be executed in any number of counterparts, including by facsimile or other electronic signature. All counterparts shall be construed together and shall constitute one instrument.

[Signature on the Following Page]

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first above written.

FIRSTENERGY TRANSMISSION, LLC

By: _____
Name:
Its:

**JERSEY CENTRAL POWER & LIGHT
COMPANY**

By: _____
Name:
Its:

PENNSYLVANIA ELECTRIC COMPANY

By: _____
Name:
Its:

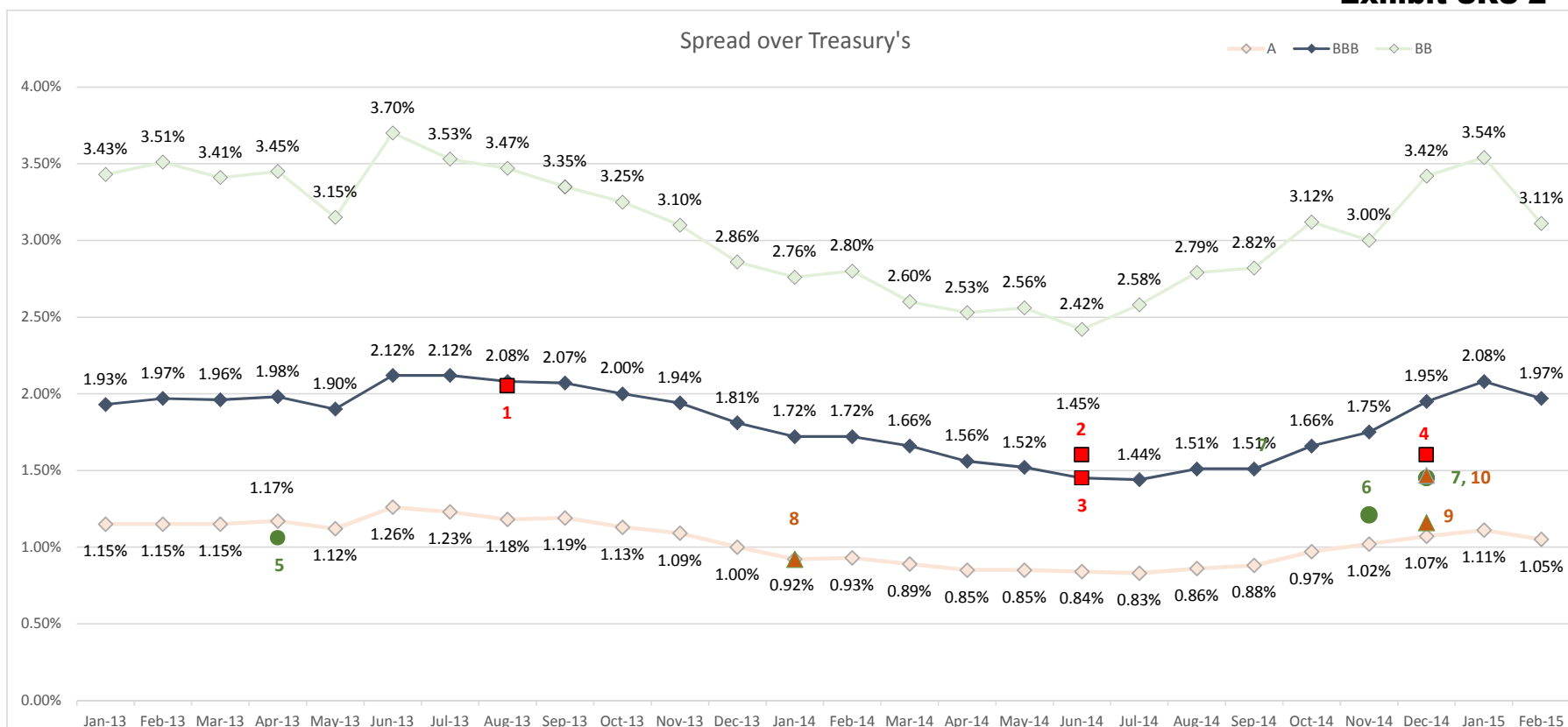
METROPOLITAN EDISON COMPANY

By: _____
Name:
Its:

EXHIBIT A**Asset/Cash Contribution and Initial Member Interest**

Initial Member	Asset/Capital Contribution and Value	Class of Interest	Capital Account Balance (percentage)
FirstEnergy Transmission, LLC [Address]		Class A	
Jersey Central Power & Light Company [Address]		Class B	
Pennsylvania Electric Company [Address]		Class B	
Metropolitan Edison Company [Address]		Class B	

Exhibit SRS-2



Source Data:

<https://research.stlouisfed.org/fred2/series/BAMLC0A3CA>
<https://research.stlouisfed.org/fred2/series/BAMLC0A4CBBB>
<https://research.stlouisfed.org/fred2/series/BAMLC0A1HYBB>

- 1) JCPL - BBB-/Baa2; \$500M; Spread: 205 bps; 10- yr note
- 2) Penelec - BBB- / Baa2; \$200M; Spread 160 bps; 10- yr note
- 3) Meted - BBB- / Baa2; \$250M; Spread: 145 bps; 10- yr note
- 4) TRAIL - BBB- / A3; \$550M Spread 160 bps; 10- yr note

- 5) ITC Midwest - A/A1; \$100M; Spread: 110 bps; 30- yr note
- 6) ITC Great Plains - A/A1; \$150M; Spread: 121 bps; 30- yr note
- 7) Mich. Elect Corp. - A/A1; \$150M; Spread: 145 bps; 30- yr note
- 8) ATC - A+/A1; \$50M; Spread 92 bps; 30-yr note
- 9) ATC - A+/A1; \$75M; Spread 116 bps; 10-yr note
- 10) ATC - A+/A1; \$47M; Spread 147 bps; 30-yr note

SECOND REVISED AND RESTATED

UTILITY MONEY POOL AGREEMENT

This Second Revised and Restated Utility Money Pool Agreement (the “Agreement”), dated as of []September 21, 2011 is made and entered into by and among FirstEnergy Corp. (“FirstEnergy”), an Ohio corporation and a registered holding company under the Public Utility Holding Company Act of 2005 (the “Act”), FirstEnergy Service Company (“FirstEnergy Service,” an Ohio corporation and a non-utility subsidiary of FirstEnergy, participating solely in its role as administrator of the money pool and not as a lender or borrower), ~~Allegheny Energy Service Corporation (“AYE Service,” a non-utility subsidiary of FirstEnergy, participating solely in its role as administrator of Monongahela Power Company, The Potomac Edison Company, Trans Allegheny Interstate Line Company, and West Penn Power Company (collectively the AYE Utilities) and not as a lender or borrower),~~ and the FirstEnergy Utility Subsidiaries identified on the signature page hereto (each a “Party” and collectively, the “Parties”).

WITNESSETH:

WHEREAS, the Parties desire to establish a Money Pool (the “Utility Money Pool”) to coordinate and provide for certain of their short-term cash and working capital requirements; and

WHEREAS, the utility subsidiaries that will participate in the Utility Money Pool (each a “Subsidiary” and collectively, the “Subsidiaries”) will from time to time have need to borrow funds on a short-term basis, and certain of the Parties will from time to time have funds available to loan on a short-term basis;

NOW, THEREFORE, in consideration of the premises and the mutual agreements, covenants and provisions contained herein, and intending to be legally bound hereby, the Parties hereto agree as follows:

ARTICLE I

CONTRIBUTIONS AND BORROWINGS

Section 1.01 Contributions to Utility Money Pool. Each Party will determine each day, on the basis of cash flow projections and other relevant factors, in such Party’s sole discretion, the amount of funds it has available for contribution to the Utility Money Pool, and will contribute such funds to the Utility Money Pool. The determination of whether a Party at any time has surplus funds to lend to the Utility Money Pool or shall lend funds to the Utility Money Pool will be made by such Party’s chief financial officer or treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in such Party’s sole discretion. Each Party may withdraw any of its funds at any time upon notice to FirstEnergy Service as administrative agent of the Utility Money Pool.

Section 1.02 Rights to Borrow. Subject to the provisions of Section 1.04(c) of this Agreement, short-term borrowing needs of the Parties, with the exception of FirstEnergy, and FirstEnergy Service, ~~and AYE Service,~~ will be met by funds in the Utility Money Pool to the extent such funds are available. Each Party (other than FirstEnergy, and FirstEnergy Service,

~~and AYE Service~~) shall have the right to make short-term borrowings from the Utility Money Pool from time to time, subject to the availability of funds and the limitations and conditions set forth herein and in the applicable orders of the Securities and Exchange Commission ("SEC"). Each Party (other than FirstEnergy, ~~and FirstEnergy Service, and AYE Service~~) may request loans from the Utility Money Pool from time to time during the period from the date hereof until this Agreement is terminated by written agreement of the Parties; provided, however, that the aggregate amount of all loans requested by any Party hereunder shall not exceed the applicable borrowing limits set forth in applicable orders of the SEC and other regulatory authorities, resolutions of such Party's Board of Directors, such Party's governing corporate documents, and agreements binding upon such Party. No loans through the Utility Money Pool will be made to, and no borrowings through the Utility Money Pool will be made by, FirstEnergy, ~~and FirstEnergy Service, or AYE Service.~~

Section 1.03 Source of Funds. (a) Funds will be available through the Utility Money Pool from the following sources for use by the Parties from time to time: (1) surplus funds in the treasuries of Parties other than FirstEnergy, (2) surplus funds in the treasury of FirstEnergy (such funds in clauses (1) and (2) being referred to as "Internal Funds"), and (3) proceeds from bank borrowings by Parties and the sale of commercial paper by FirstEnergy and each other Party ("External Funds"), in each case to the extent permitted by applicable laws and regulatory orders. Funds will be made available from such sources in such other order as FirstEnergy Service, as administrator of the Utility Money Pool, may determine will result in a lower cost of borrowing to companies borrowing from the Utility Money Pool, consistent with the individual borrowing needs and financial standing of the Parties providing funds to the Utility Money Pool.

(b) Borrowing Parties will borrow pro rata from each lending Party in the proportion that the total amount loaned by such lending Party bears to the total amount then loaned through the Utility Money Pool. On any day when more than one fund source (e.g., Internal Funds and External Funds), with different rates of interest, is used to fund loans through the Utility Money Pool, each borrowing Party will borrow pro rata from each fund source in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Utility Money Pool.

Section 1.04 Authorization. (a) Each loan shall be authorized by the lending Party's chief financial officer or treasurer, or by a designee thereof.

(b) FirstEnergy Service, as administrator of the Utility Money Pool, will provide each Party with periodic activity and cash accounting reports that include, among other things, reports of cash activity, the daily balance of loans outstanding and the calculation of interest charged.

(c) All borrowings from the Utility Money Pool shall be authorized by the borrowing Party's chief financial officer or treasurer, or by a designee thereof. No Party shall be required to effect a borrowing through the Utility Money Pool if such Party determines that it can (and is authorized to) effect such borrowing at lower cost directly from banks or through the sale of its own commercial paper.

Section 1.05 Interest. The daily outstanding balance of all loans to any Subsidiary shall accrue interest as follows:

(a) If only Internal Funds comprise the daily outstanding balance of all loans outstanding during a calendar month, the interest rate applicable to such daily balances shall be the greater of the 30 day LIBOR rate as quoted in The Wall Street Journal or the money market rate that a lending Subsidiary could have obtained if it placed its excess cash in such an investment (as calculated monthly, the “Average Composite”).

(b) If only External Funds comprise the daily outstanding balance of all loans outstanding during a calendar month, the interest rate applicable to such daily outstanding balance shall be the lender’s cost for such External Funds calculated monthly or, if more than one Party had made available External Funds at any time during the month, the applicable interest rate shall be a composite rate, equal to the weighted average of the costs incurred by the respective Parties for such External Funds calculated monthly.

(c) In cases where the daily outstanding balances of all loans outstanding at any time during the month include both Internal Funds and External Funds, the interest rate applicable to the daily outstanding balances for the month shall be equal to the weighted average of the (i) cost of all Internal Funds contributed by Parties, as determined pursuant to Section 1.05(a) of this Agreement, and (ii) the cost of all such External Funds, as determined pursuant to Section 1.05(b) of this Agreement.

(d) The interest rate applicable to Loans made by a Subsidiary to the Utility Money Pool under Section 1.01 of this Agreement shall be the Average Composite as determined pursuant to Section 1.05(a) of this Agreement.

(e) Loans may be made solely from Internal Funds or solely from External Funds, rather than pursuant to Section 1.05(c), if such practice would result in a lower cost of borrowing.

Section 1.06 Certain Costs. The cost of compensating balances and fees paid to banks to maintain credit lines by Parties lending External Funds to the Utility Money Pool shall initially be paid by the Party maintaining such line. A portion of such costs, or all of such costs if a Party establishes a line of credit solely to lend funds to the Utility Money Pool, shall be retroactively allocated every quarter to the Subsidiaries borrowing such External Funds through the Utility Money Pool in proportion to their respective daily outstanding borrowings of such External Funds.

Section 1.07 Repayment. Each Subsidiary receiving a loan from the Utility Money Pool hereunder shall repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event within 364 days of the date on which such loan was made. All loans made through the Utility Money Pool may be prepaid by the borrower without premium or penalty.

Section 1.08 Form of Loans to Subsidiaries. Loans to the Subsidiaries from the Utility Money Pool shall be made as open-account advances, pursuant to the terms of this agreement. A separate promissory note will not be required for each individual transaction. If

the Parties deem it necessary or appropriate, a master promissory note evidencing the terms of the transactions may be signed by each borrowing Party. Any such note shall: (a) be dated as of the date of the initial borrowing; (b) mature on demand or on a date agreed by the Parties to the transaction, but in any event not later than one year after the date of the applicable borrowing; and (d) be repayable in whole at any time or in part from time to time, without premium or penalty.

ARTICLE II

OPERATION OF UTILITY MONEY POOL

Section 2.01 Operation. Operation of the Utility Money Pool, including record keeping and coordination of loans, will be handled by FirstEnergy Service under the authority of the appropriate officers of the Parties. FirstEnergy Service shall be responsible for the determination of all applicable interest rates and charges to be applied to advances outstanding at any time hereunder, shall maintain records of all advances, interest charges and accruals and interest and principal payments for purposes hereof, and shall prepare periodic reports thereof for the Parties. FirstEnergy Service will administer the Utility Money Pool on an “at cost” basis. Separate records shall be kept by FirstEnergy Service for the Utility Money Pool established by this Agreement and any other money pool administered by FirstEnergy Service. ~~For so long as is necessary to accommodate existing computer system and bank account arrangements applicable to AYE Utilities, AYE Service, participating solely as administrator (and not as lender or borrower) for the AYE Utilities, will provide such assistance and services in respect of the operation of the Utility Money Pool as FirstEnergy Service shall direct.~~

Section 2.02 Investment of Surplus Funds in the Utility Money Pool. Funds not required for the Utility Money Pool loans (with the exception of funds required to satisfy the Utility Money Pool’s liquidity requirements) will ordinarily be invested in one or more short-term investments, including (i) interest-bearing accounts with banks; (ii) obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (iii) obligations issued or guaranteed by any state or political subdivision thereof, provided that such obligations are rated not less than A by a nationally recognized rating agency; (iv) commercial paper rated not less than A-1 by S&P or P-1 by Moody’s, or their equivalent by a nationally recognized rating agency; (v) money market funds; (vi) bank certificates of deposit; (vii) Eurodollar funds; and (viii) such other investments as are permitted by Section 9(c) of the Act and Rule 40 thereunder.

Section 2.03 Allocation of Interest Income and Investment Earnings. The interest income and other investment income earned by the Utility Money Pool on loans and investment of surplus funds will be allocated among the Parties in accordance with the proportion each Party’s contribution of funds in the Utility Money Pool bears to the total amount of funds in the Utility Money Pool and the cost of any External Funds provided to the Utility Money Pool by such Party. Interest and other investment earnings will be computed on a daily basis and settled once per month.

Section 2.04 Event of Default. If any Subsidiary shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall

make a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against any Party seeking to adjudicate it bankrupt or insolvent, then FirstEnergy Service, on behalf of the Utility Money Pool, may, by notice to the Subsidiary, terminate the Utility Money Pool's commitment to the Subsidiary and/or declare the principal amount then outstanding of, and the accrued interest on, the loans and all other amounts payable to the Utility Money Pool by the Subsidiary hereunder to be forthwith due and payable, whereupon such amounts shall be immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by each Subsidiary.

ARTICLE III

MISCELLANEOUS

Section 3.01 Amendment and Restatement. This Agreement amends, restates and replaces the Revised and Restated Utility Money Pool Agreement dated as of September 21, 2011 to reflect the addition of a new Party and certain other changes.

Section 3.02 Amendments. Any such amendment to this Agreement shall be adopted except in a writing executed by Parties and subject to all applicable approvals by the SEC and the applicable state utility regulatory commission.

Section 3.~~02~~03 Legal Responsibility. Nothing herein contained shall render any Party liable for the obligations of any other Party hereunder and the rights, obligations and liabilities of the Parties are several in accordance with their respective obligations, and not joint.

Section 3.~~03~~04 Rules for Implementation. The Parties may develop a set of guidelines for implementing the provisions of this Agreement, provided that the guidelines are consistent with all of the provisions of this Agreement.

Section 3.~~04~~05 Governing Law. This Agreement shall be governed by and construed in accordance with, the laws of the State of Ohio.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each Party hereto as of the date first above written.

FirstEnergy Corp.

By: _____
~~Steven R. Staub, Assistant Treasurer~~

FirstEnergy Service Company

By: _____
~~Steven R. Staub, Assistant Treasurer~~

~~Allegheny Energy Service Corporation~~

By: _____
~~Steven R. Staub, Assistant Treasurer~~

American Transmission Systems, Incorporated
Metropolitan Edison Company
~~Mid-Atlantic Interstate Transmission, LLC~~
Monongahela Power Company
Ohio Edison Company
Pennsylvania Electric Company
Pennsylvania Power Company
The Cleveland Electric Illuminating Company
The Potomac Edison Company
~~The~~ Toledo Edison Company
Trans-Allegheny Interstate Line Company
Waverly Electric Power & Light Company
West Penn Power Company

By: _____
~~Steven R. Staub, Assistant Treasurer~~

Jersey Central Power & Light Company

By: _____
~~Edward J. Udovich, Corporate Secretary~~

SECOND REVISED AND RESTATED
UTILITY MONEY POOL AGREEMENT

This Second Revised and Restated Utility Money Pool Agreement (the “Agreement”), dated as of [] is made and entered into by and among FirstEnergy Corp. (“FirstEnergy”), an Ohio corporation and a registered holding company under the Public Utility Holding Company Act of 2005 (the “Act”), FirstEnergy Service Company (“FirstEnergy Service,” an Ohio corporation and a non-utility subsidiary of FirstEnergy, participating solely in its role as administrator of the money pool and not as a lender or borrower), and the FirstEnergy Utility Subsidiaries identified on the signature page hereto (each a “Party” and collectively, the “Parties”).

WITNESSETH:

WHEREAS, the Parties desire to establish a Money Pool (the “Utility Money Pool”) to coordinate and provide for certain of their short-term cash and working capital requirements; and

WHEREAS, the utility subsidiaries that will participate in the Utility Money Pool (each a “Subsidiary” and collectively, the “Subsidiaries”) will from time to time have need to borrow funds on a short-term basis, and certain of the Parties will from time to time have funds available to loan on a short-term basis.

NOW, THEREFORE, in consideration of the premises and the mutual agreements, covenants and provisions contained herein, and intending to be legally bound hereby, the Parties hereto agree as follows:

ARTICLE I

CONTRIBUTIONS AND BORROWINGS

Section 1.01 Contributions to Utility Money Pool. Each Party will determine each day, on the basis of cash flow projections and other relevant factors, in such Party’s sole discretion, the amount of funds it has available for contribution to the Utility Money Pool, and will contribute such funds to the Utility Money Pool. The determination of whether a Party at any time has surplus funds to lend to the Utility Money Pool or shall lend funds to the Utility Money Pool will be made by such Party’s chief financial officer or treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in such Party’s sole discretion. Each Party may withdraw any of its funds at any time upon notice to FirstEnergy Service as administrative agent of the Utility Money Pool.

Section 1.02 Rights to Borrow. Subject to the provisions of Section 1.04(c) of this Agreement, short-term borrowing needs of the Parties, with the exception of FirstEnergy, and FirstEnergy Service, will be met by funds in the Utility Money Pool to the extent such funds are available. Each Party (other than FirstEnergy and FirstEnergy Service) shall have the right to make short-term borrowings from the Utility Money Pool from time to time, subject to the availability of funds and the limitations and conditions set forth herein and in the applicable orders of the Securities and Exchange Commission (“SEC”). Each Party (other than FirstEnergy

and FirstEnergy Service) may request loans from the Utility Money Pool from time to time during the period from the date hereof until this Agreement is terminated by written agreement of the Parties; provided, however, that the aggregate amount of all loans requested by any Party hereunder shall not exceed the applicable borrowing limits set forth in applicable orders of the SEC and other regulatory authorities, resolutions of such Party's Board of Directors, such Party's governing corporate documents, and agreements binding upon such Party. No loans through the Utility Money Pool will be made to, and no borrowings through the Utility Money Pool will be made by, FirstEnergy and FirstEnergy Service.

Section 1.03 Source of Funds. (a) Funds will be available through the Utility Money Pool from the following sources for use by the Parties from time to time: (1) surplus funds in the treasuries of Parties other than FirstEnergy, (2) surplus funds in the treasury of FirstEnergy (such funds in clauses (1) and (2) being referred to as "Internal Funds"), and (3) proceeds from bank borrowings by Parties and the sale of commercial paper by FirstEnergy and each other Party ("External Funds"), in each case to the extent permitted by applicable laws and regulatory orders. Funds will be made available from such sources in such other order as FirstEnergy Service, as administrator of the Utility Money Pool, may determine will result in a lower cost of borrowing to companies borrowing from the Utility Money Pool, consistent with the individual borrowing needs and financial standing of the Parties providing funds to the Utility Money Pool.

(b) Borrowing Parties will borrow pro rata from each lending Party in the proportion that the total amount loaned by such lending Party bears to the total amount then loaned through the Utility Money Pool. On any day when more than one fund source (e.g., Internal Funds and External Funds), with different rates of interest, is used to fund loans through the Utility Money Pool, each borrowing Party will borrow pro rata from each fund source in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Utility Money Pool.

Section 1.04 Authorization. (a) Each loan shall be authorized by the lending Party's chief financial officer or treasurer, or by a designee thereof.

(b) FirstEnergy Service, as administrator of the Utility Money Pool, will provide each Party with periodic activity and cash accounting reports that include, among other things, reports of cash activity, the daily balance of loans outstanding and the calculation of interest charged.

(c) All borrowings from the Utility Money Pool shall be authorized by the borrowing Party's chief financial officer or treasurer, or by a designee thereof. No Party shall be required to effect a borrowing through the Utility Money Pool if such Party determines that it can (and is authorized to) effect such borrowing at lower cost directly from banks or through the sale of its own commercial paper.

Section 1.05 Interest. The daily outstanding balance of all loans to any Subsidiary shall accrue interest as follows:

(a) If only Internal Funds comprise the daily outstanding balance of all loans outstanding during a calendar month, the interest rate applicable to such daily balances shall be

the greater of the 30 day LIBOR rate as quoted in The Wall Street Journal or the money market rate that a lending Subsidiary could have obtained if it placed its excess cash in such an investment (as calculated monthly, the “Average Composite”).

(b) If only External Funds comprise the daily outstanding balance of all loans outstanding during a calendar month, the interest rate applicable to such daily outstanding balance shall be the lender’s cost for such External Funds calculated monthly or, if more than one Party had made available External Funds at any time during the month, the applicable interest rate shall be a composite rate, equal to the weighted average of the costs incurred by the respective Parties for such External Funds calculated monthly.

(c) In cases where the daily outstanding balances of all loans outstanding at any time during the month include both Internal Funds and External Funds, the interest rate applicable to the daily outstanding balances for the month shall be equal to the weighted average of the (i) cost of all Internal Funds contributed by Parties, as determined pursuant to Section 1.05(a) of this Agreement, and (ii) the cost of all such External Funds, as determined pursuant to Section 1.05(b) of this Agreement.

(d) The interest rate applicable to Loans made by a Subsidiary to the Utility Money Pool under Section 1.01 of this Agreement shall be the Average Composite as determined pursuant to Section 1.05(a) of this Agreement.

(e) Loans may be made solely from Internal Funds or solely from External Funds, rather than pursuant to Section 1.05(c), if such practice would result in a lower cost of borrowing.

Section 1.06 Certain Costs. The cost of compensating balances and fees paid to banks to maintain credit lines by Parties lending External Funds to the Utility Money Pool shall initially be paid by the Party maintaining such line. A portion of such costs, or all of such costs if a Party establishes a line of credit solely to lend funds to the Utility Money Pool, shall be retroactively allocated every quarter to the Subsidiaries borrowing such External Funds through the Utility Money Pool in proportion to their respective daily outstanding borrowings of such External Funds.

Section 1.07 Repayment. Each Subsidiary receiving a loan from the Utility Money Pool hereunder shall repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event within 364 days of the date on which such loan was made. All loans made through the Utility Money Pool may be prepaid by the borrower without premium or penalty.

Section 1.08 Form of Loans to Subsidiaries. Loans to the Subsidiaries from the Utility Money Pool shall be made as open-account advances, pursuant to the terms of this agreement. A separate promissory note will not be required for each individual transaction. If the Parties deem it necessary or appropriate, a master promissory note evidencing the terms of the transactions may be signed by each borrowing Party. Any such note shall: (a) be dated as of the date of the initial borrowing; (b) mature on demand or on a date agreed by the Parties to the transaction, but in any event not later than one year after the date of the applicable borrowing;

and (d) be repayable in whole at any time or in part from time to time, without premium or penalty.

ARTICLE II

OPERATION OF UTILITY MONEY POOL

Section 2.01 Operation. Operation of the Utility Money Pool, including record keeping and coordination of loans, will be handled by FirstEnergy Service under the authority of the appropriate officers of the Parties. FirstEnergy Service shall be responsible for the determination of all applicable interest rates and charges to be applied to advances outstanding at any time hereunder, shall maintain records of all advances, interest charges and accruals and interest and principal payments for purposes hereof, and shall prepare periodic reports thereof for the Parties. FirstEnergy Service will administer the Utility Money Pool on an “at cost” basis. Separate records shall be kept by FirstEnergy Service for the Utility Money Pool established by this Agreement and any other money pool administered by FirstEnergy Service.

Section 2.02 Investment of Surplus Funds in the Utility Money Pool. Funds not required for the Utility Money Pool loans (with the exception of funds required to satisfy the Utility Money Pool’s liquidity requirements) will ordinarily be invested in one or more short-term investments, including (i) interest-bearing accounts with banks; (ii) obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (iii) obligations issued or guaranteed by any state or political subdivision thereof, provided that such obligations are rated not less than A by a nationally recognized rating agency; (iv) commercial paper rated not less than A-1 by S&P or P-1 by Moody’s, or their equivalent by a nationally recognized rating agency; (v) money market funds; (vi) bank certificates of deposit; (vii) Eurodollar funds; and (viii) such other investments as are permitted by Section 9(c) of the Act and Rule 40 thereunder.

Section 2.03 Allocation of Interest Income and Investment Earnings. The interest income and other investment income earned by the Utility Money Pool on loans and investment of surplus funds will be allocated among the Parties in accordance with the proportion each Party’s contribution of funds in the Utility Money Pool bears to the total amount of funds in the Utility Money Pool and the cost of any External Funds provided to the Utility Money Pool by such Party. Interest and other investment earnings will be computed on a daily basis and settled once per month.

Section 2.04 Event of Default. If any Subsidiary shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against any Party seeking to adjudicate it bankrupt or insolvent, then FirstEnergy Service, on behalf of the Utility Money Pool, may, by notice to the Subsidiary, terminate the Utility Money Pool’s commitment to the Subsidiary and/or declare the principal amount then outstanding of, and the accrued interest on, the loans and all other amounts payable to the Utility Money Pool by the Subsidiary hereunder to be forthwith due and payable, whereupon such amounts shall be immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by each Subsidiary.

ARTICLE III

MISCELLANEOUS

Section 3.01 Amendment and Restatement. This Agreement amends, restates and replaces the Revised and Restated Utility Money Pool Agreement dated as of September 21, 2011 to reflect the addition of a new Party and certain other changes.

Section 3.02 Amendments. Any such amendment to this Agreement shall be adopted except in a writing executed by Parties and subject to all applicable approvals by the SEC and the applicable state utility regulatory commission.

Section 3.03 Legal Responsibility. Nothing herein contained shall render any Party liable for the obligations of any other Party hereunder and the rights, obligations and liabilities of the Parties are several in accordance with their respective obligations, and not joint.

Section 3.04 Rules for Implementation. The Parties may develop a set of guidelines for implementing the provisions of this Agreement, provided that the guidelines are consistent with all of the provisions of this Agreement.

Section 3.05 Governing Law. This Agreement shall be governed by and construed in accordance with, the laws of the State of Ohio.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each Party hereto as of the date first above written.

FirstEnergy Corp.

By:_____

FirstEnergy Service Company

By:_____

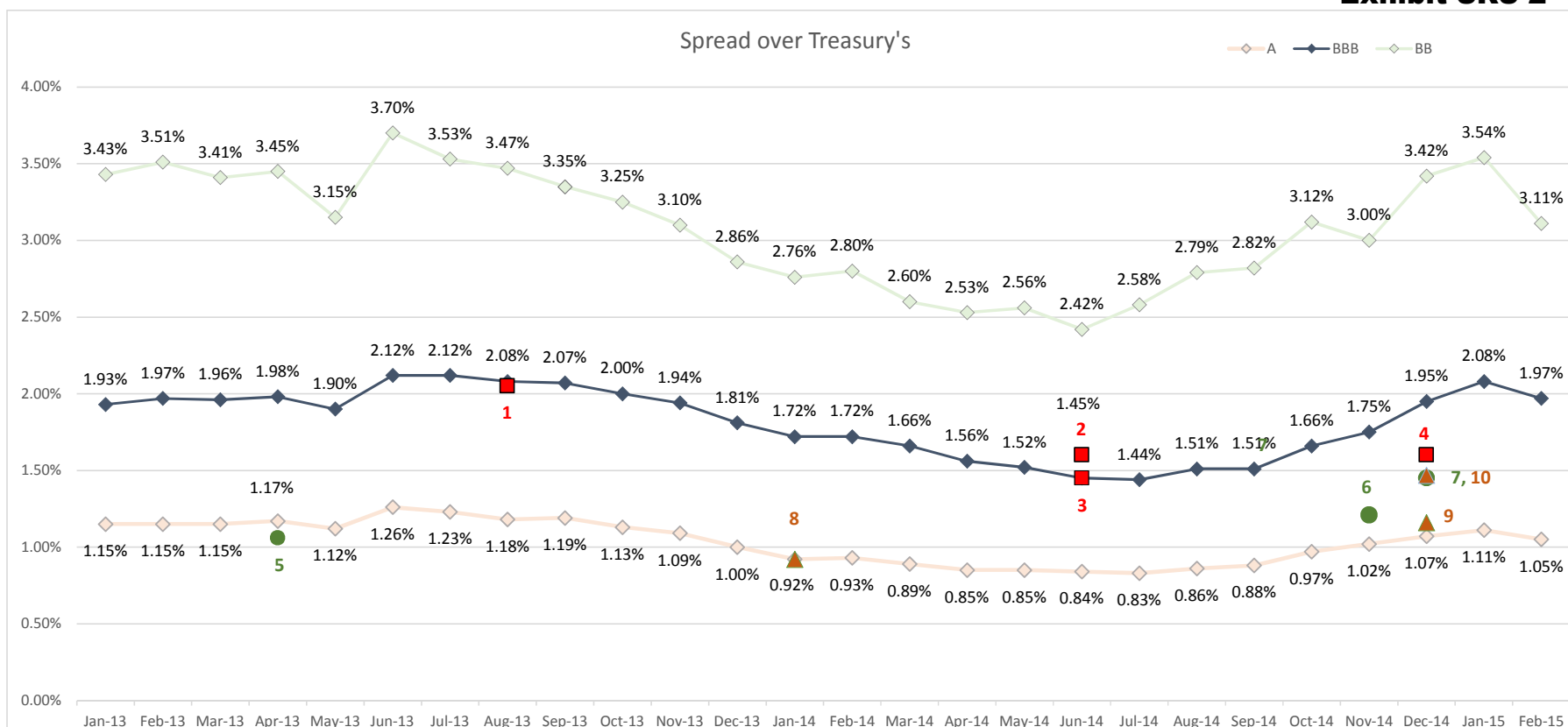
American Transmission Systems, Incorporated
Metropolitan Edison Company
Mid-Atlantic Interstate Transmission, LLC
Monongahela Power Company
Ohio Edison Company
Pennsylvania Electric Company
Pennsylvania Power Company
The Cleveland Electric Illuminating Company
The Potomac Edison Company
The Toledo Edison Company
Trans-Allegheny Interstate Line Company
Waverly Electric Power & Light Company
West Penn Power Company

By:_____

Jersey Central Power & Light Company

By:_____

Exhibit SRS-2



Source Data:

<https://research.stlouisfed.org/fred2/series/BAMLC0A3CA>

<https://research.stlouisfed.org/fred2/series/BAMLC0A4CBBB>

<https://research.stlouisfed.org/fred2/series/BAMLH0A1HYBB>

- 1) JCPL - BBB-/Baa2; \$500M; Spread: 205 bps; 10- yr note
- 2) Penelec - BBB- / Baa2; \$200M; Spread 160 bps; 10- yr note
- 3) Meted - BBB- / Baa2; \$250M; Spread: 145 bps; 10- yr note
- 4) TRAIL - BBB- / A3; \$550M Spread 160 bps; 10- yr note

- 5) ITC Midwest - A/A1; \$100M; Spread: 110 bps; 30- yr note
- 6) ITC Great Plains - A/A1; \$150M; Spread: 121 bps; 30- yr note
- 7) Mich. Elect Corp. - A/A1; \$150M; Spread: 145 bps; 30- yr note
- 8) ATC - A+/A1; \$50M; Spread 92 bps; 30-yr note
- 9) ATC - A+/A1; \$75M; Spread 116 bps; 10-yr note
- 10) ATC - A+/A1; \$47M; Spread 147 bps; 30-yr note

SECOND REVISED AND RESTATED

UTILITY MONEY POOL AGREEMENT

This Second Revised and Restated Utility Money Pool Agreement (the “Agreement”), dated as of []September 21, 2011 is made and entered into by and among FirstEnergy Corp. (“FirstEnergy”), an Ohio corporation and a registered holding company under the Public Utility Holding Company Act of 2005 (the “Act”), FirstEnergy Service Company (“FirstEnergy Service,” an Ohio corporation and a non-utility subsidiary of FirstEnergy, participating solely in its role as administrator of the money pool and not as a lender or borrower), ~~Allegheny Energy Service Corporation (“AYE Service,” a non-utility subsidiary of FirstEnergy, participating solely in its role as administrator of Monongahela Power Company, The Potomac Edison Company, Trans Allegheny Interstate Line Company, and West Penn Power Company (collectively the AYE Utilities) and not as a lender or borrower),~~ and the FirstEnergy Utility Subsidiaries identified on the signature page hereto (each a “Party” and collectively, the “Parties”).

WITNESSETH:

WHEREAS, the Parties desire to establish a Money Pool (the “Utility Money Pool”) to coordinate and provide for certain of their short-term cash and working capital requirements; and

WHEREAS, the utility subsidiaries that will participate in the Utility Money Pool (each a “Subsidiary” and collectively, the “Subsidiaries”) will from time to time have need to borrow funds on a short-term basis, and certain of the Parties will from time to time have funds available to loan on a short-term basis;

NOW, THEREFORE, in consideration of the premises and the mutual agreements, covenants and provisions contained herein, and intending to be legally bound hereby, the Parties hereto agree as follows:

ARTICLE I

CONTRIBUTIONS AND BORROWINGS

Section 1.01 Contributions to Utility Money Pool. Each Party will determine each day, on the basis of cash flow projections and other relevant factors, in such Party’s sole discretion, the amount of funds it has available for contribution to the Utility Money Pool, and will contribute such funds to the Utility Money Pool. The determination of whether a Party at any time has surplus funds to lend to the Utility Money Pool or shall lend funds to the Utility Money Pool will be made by such Party’s chief financial officer or treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in such Party’s sole discretion. Each Party may withdraw any of its funds at any time upon notice to FirstEnergy Service as administrative agent of the Utility Money Pool.

Section 1.02 Rights to Borrow. Subject to the provisions of Section 1.04(c) of this Agreement, short-term borrowing needs of the Parties, with the exception of FirstEnergy, and FirstEnergy Service, ~~and AYE Service,~~ will be met by funds in the Utility Money Pool to the extent such funds are available. Each Party (other than FirstEnergy, and FirstEnergy Service,

~~and AYE Service~~) shall have the right to make short-term borrowings from the Utility Money Pool from time to time, subject to the availability of funds and the limitations and conditions set forth herein and in the applicable orders of the Securities and Exchange Commission ("SEC"). Each Party (other than FirstEnergy, ~~and FirstEnergy Service, and AYE Service~~) may request loans from the Utility Money Pool from time to time during the period from the date hereof until this Agreement is terminated by written agreement of the Parties; provided, however, that the aggregate amount of all loans requested by any Party hereunder shall not exceed the applicable borrowing limits set forth in applicable orders of the SEC and other regulatory authorities, resolutions of such Party's Board of Directors, such Party's governing corporate documents, and agreements binding upon such Party. No loans through the Utility Money Pool will be made to, and no borrowings through the Utility Money Pool will be made by, FirstEnergy, ~~and FirstEnergy Service, or AYE Service.~~

Section 1.03 Source of Funds. (a) Funds will be available through the Utility Money Pool from the following sources for use by the Parties from time to time: (1) surplus funds in the treasuries of Parties other than FirstEnergy, (2) surplus funds in the treasury of FirstEnergy (such funds in clauses (1) and (2) being referred to as "Internal Funds"), and (3) proceeds from bank borrowings by Parties and the sale of commercial paper by FirstEnergy and each other Party ("External Funds"), in each case to the extent permitted by applicable laws and regulatory orders. Funds will be made available from such sources in such other order as FirstEnergy Service, as administrator of the Utility Money Pool, may determine will result in a lower cost of borrowing to companies borrowing from the Utility Money Pool, consistent with the individual borrowing needs and financial standing of the Parties providing funds to the Utility Money Pool.

(b) Borrowing Parties will borrow pro rata from each lending Party in the proportion that the total amount loaned by such lending Party bears to the total amount then loaned through the Utility Money Pool. On any day when more than one fund source (e.g., Internal Funds and External Funds), with different rates of interest, is used to fund loans through the Utility Money Pool, each borrowing Party will borrow pro rata from each fund source in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Utility Money Pool.

Section 1.04 Authorization. (a) Each loan shall be authorized by the lending Party's chief financial officer or treasurer, or by a designee thereof.

(b) FirstEnergy Service, as administrator of the Utility Money Pool, will provide each Party with periodic activity and cash accounting reports that include, among other things, reports of cash activity, the daily balance of loans outstanding and the calculation of interest charged.

(c) All borrowings from the Utility Money Pool shall be authorized by the borrowing Party's chief financial officer or treasurer, or by a designee thereof. No Party shall be required to effect a borrowing through the Utility Money Pool if such Party determines that it can (and is authorized to) effect such borrowing at lower cost directly from banks or through the sale of its own commercial paper.

Section 1.05 Interest. The daily outstanding balance of all loans to any Subsidiary shall accrue interest as follows:

(a) If only Internal Funds comprise the daily outstanding balance of all loans outstanding during a calendar month, the interest rate applicable to such daily balances shall be the greater of the 30 day LIBOR rate as quoted in The Wall Street Journal or the money market rate that a lending Subsidiary could have obtained if it placed its excess cash in such an investment (as calculated monthly, the “Average Composite”).

(b) If only External Funds comprise the daily outstanding balance of all loans outstanding during a calendar month, the interest rate applicable to such daily outstanding balance shall be the lender’s cost for such External Funds calculated monthly or, if more than one Party had made available External Funds at any time during the month, the applicable interest rate shall be a composite rate, equal to the weighted average of the costs incurred by the respective Parties for such External Funds calculated monthly.

(c) In cases where the daily outstanding balances of all loans outstanding at any time during the month include both Internal Funds and External Funds, the interest rate applicable to the daily outstanding balances for the month shall be equal to the weighted average of the (i) cost of all Internal Funds contributed by Parties, as determined pursuant to Section 1.05(a) of this Agreement, and (ii) the cost of all such External Funds, as determined pursuant to Section 1.05(b) of this Agreement.

(d) The interest rate applicable to Loans made by a Subsidiary to the Utility Money Pool under Section 1.01 of this Agreement shall be the Average Composite as determined pursuant to Section 1.05(a) of this Agreement.

(e) Loans may be made solely from Internal Funds or solely from External Funds, rather than pursuant to Section 1.05(c), if such practice would result in a lower cost of borrowing.

Section 1.06 Certain Costs. The cost of compensating balances and fees paid to banks to maintain credit lines by Parties lending External Funds to the Utility Money Pool shall initially be paid by the Party maintaining such line. A portion of such costs, or all of such costs if a Party establishes a line of credit solely to lend funds to the Utility Money Pool, shall be retroactively allocated every quarter to the Subsidiaries borrowing such External Funds through the Utility Money Pool in proportion to their respective daily outstanding borrowings of such External Funds.

Section 1.07 Repayment. Each Subsidiary receiving a loan from the Utility Money Pool hereunder shall repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event within 364 days of the date on which such loan was made. All loans made through the Utility Money Pool may be prepaid by the borrower without premium or penalty.

Section 1.08 Form of Loans to Subsidiaries. Loans to the Subsidiaries from the Utility Money Pool shall be made as open-account advances, pursuant to the terms of this agreement. A separate promissory note will not be required for each individual transaction. If

the Parties deem it necessary or appropriate, a master promissory note evidencing the terms of the transactions may be signed by each borrowing Party. Any such note shall: (a) be dated as of the date of the initial borrowing; (b) mature on demand or on a date agreed by the Parties to the transaction, but in any event not later than one year after the date of the applicable borrowing; and (d) be repayable in whole at any time or in part from time to time, without premium or penalty.

ARTICLE II

OPERATION OF UTILITY MONEY POOL

Section 2.01 Operation. Operation of the Utility Money Pool, including record keeping and coordination of loans, will be handled by FirstEnergy Service under the authority of the appropriate officers of the Parties. FirstEnergy Service shall be responsible for the determination of all applicable interest rates and charges to be applied to advances outstanding at any time hereunder, shall maintain records of all advances, interest charges and accruals and interest and principal payments for purposes hereof, and shall prepare periodic reports thereof for the Parties. FirstEnergy Service will administer the Utility Money Pool on an “at cost” basis. Separate records shall be kept by FirstEnergy Service for the Utility Money Pool established by this Agreement and any other money pool administered by FirstEnergy Service. ~~For so long as is necessary to accommodate existing computer system and bank account arrangements applicable to AYE Utilities, AYE Service, participating solely as administrator (and not as lender or borrower) for the AYE Utilities, will provide such assistance and services in respect of the operation of the Utility Money Pool as FirstEnergy Service shall direct.~~

Section 2.02 Investment of Surplus Funds in the Utility Money Pool. Funds not required for the Utility Money Pool loans (with the exception of funds required to satisfy the Utility Money Pool’s liquidity requirements) will ordinarily be invested in one or more short-term investments, including (i) interest-bearing accounts with banks; (ii) obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (iii) obligations issued or guaranteed by any state or political subdivision thereof, provided that such obligations are rated not less than A by a nationally recognized rating agency; (iv) commercial paper rated not less than A-1 by S&P or P-1 by Moody’s, or their equivalent by a nationally recognized rating agency; (v) money market funds; (vi) bank certificates of deposit; (vii) Eurodollar funds; and (viii) such other investments as are permitted by Section 9(c) of the Act and Rule 40 thereunder.

Section 2.03 Allocation of Interest Income and Investment Earnings. The interest income and other investment income earned by the Utility Money Pool on loans and investment of surplus funds will be allocated among the Parties in accordance with the proportion each Party’s contribution of funds in the Utility Money Pool bears to the total amount of funds in the Utility Money Pool and the cost of any External Funds provided to the Utility Money Pool by such Party. Interest and other investment earnings will be computed on a daily basis and settled once per month.

Section 2.04 Event of Default. If any Subsidiary shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall

make a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against any Party seeking to adjudicate it bankrupt or insolvent, then FirstEnergy Service, on behalf of the Utility Money Pool, may, by notice to the Subsidiary, terminate the Utility Money Pool's commitment to the Subsidiary and/or declare the principal amount then outstanding of, and the accrued interest on, the loans and all other amounts payable to the Utility Money Pool by the Subsidiary hereunder to be forthwith due and payable, whereupon such amounts shall be immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by each Subsidiary.

ARTICLE III

MISCELLANEOUS

Section 3.01 Amendment and Restatement. This Agreement amends, restates and replaces the Revised and Restated Utility Money Pool Agreement dated as of September 21, 2011 to reflect the addition of a new Party and certain other changes.

Section 3.02 Amendments. Any such amendment to this Agreement shall be adopted except in a writing executed by Parties and subject to all applicable approvals by the SEC and the applicable state utility regulatory commission.

Section 3.~~02~~03 Legal Responsibility. Nothing herein contained shall render any Party liable for the obligations of any other Party hereunder and the rights, obligations and liabilities of the Parties are several in accordance with their respective obligations, and not joint.

Section 3.~~03~~04 Rules for Implementation. The Parties may develop a set of guidelines for implementing the provisions of this Agreement, provided that the guidelines are consistent with all of the provisions of this Agreement.

Section 3.~~04~~05 Governing Law. This Agreement shall be governed by and construed in accordance with, the laws of the State of Ohio.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each Party hereto as of the date first above written.

FirstEnergy Corp.

By: _____
~~Steven R. Staub, Assistant Treasurer~~

FirstEnergy Service Company

By: _____
~~Steven R. Staub, Assistant Treasurer~~

~~Allegheny Energy Service Corporation~~

By: _____
~~Steven R. Staub, Assistant Treasurer~~

American Transmission Systems, Incorporated
Metropolitan Edison Company
~~Mid-Atlantic Interstate Transmission, LLC~~
Monongahela Power Company
Ohio Edison Company
Pennsylvania Electric Company
Pennsylvania Power Company
The Cleveland Electric Illuminating Company
The Potomac Edison Company
~~The~~ Toledo Edison Company
Trans-Allegheny Interstate Line Company
Waverly Electric Power & Light Company
West Penn Power Company

By: _____
~~Steven R. Staub, Assistant Treasurer~~

Jersey Central Power & Light Company

By: _____
~~Edward J. Udovich, Corporate Secretary~~

SECOND REVISED AND RESTATED
UTILITY MONEY POOL AGREEMENT

This Second Revised and Restated Utility Money Pool Agreement (the “Agreement”), dated as of [] is made and entered into by and among FirstEnergy Corp. (“FirstEnergy”), an Ohio corporation and a registered holding company under the Public Utility Holding Company Act of 2005 (the “Act”), FirstEnergy Service Company (“FirstEnergy Service,” an Ohio corporation and a non-utility subsidiary of FirstEnergy, participating solely in its role as administrator of the money pool and not as a lender or borrower), and the FirstEnergy Utility Subsidiaries identified on the signature page hereto (each a “Party” and collectively, the “Parties”).

WITNESSETH:

WHEREAS, the Parties desire to establish a Money Pool (the “Utility Money Pool”) to coordinate and provide for certain of their short-term cash and working capital requirements; and

WHEREAS, the utility subsidiaries that will participate in the Utility Money Pool (each a “Subsidiary” and collectively, the “Subsidiaries”) will from time to time have need to borrow funds on a short-term basis, and certain of the Parties will from time to time have funds available to loan on a short-term basis.

NOW, THEREFORE, in consideration of the premises and the mutual agreements, covenants and provisions contained herein, and intending to be legally bound hereby, the Parties hereto agree as follows:

ARTICLE I

CONTRIBUTIONS AND BORROWINGS

Section 1.01 Contributions to Utility Money Pool. Each Party will determine each day, on the basis of cash flow projections and other relevant factors, in such Party’s sole discretion, the amount of funds it has available for contribution to the Utility Money Pool, and will contribute such funds to the Utility Money Pool. The determination of whether a Party at any time has surplus funds to lend to the Utility Money Pool or shall lend funds to the Utility Money Pool will be made by such Party’s chief financial officer or treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in such Party’s sole discretion. Each Party may withdraw any of its funds at any time upon notice to FirstEnergy Service as administrative agent of the Utility Money Pool.

Section 1.02 Rights to Borrow. Subject to the provisions of Section 1.04(c) of this Agreement, short-term borrowing needs of the Parties, with the exception of FirstEnergy, and FirstEnergy Service, will be met by funds in the Utility Money Pool to the extent such funds are available. Each Party (other than FirstEnergy and FirstEnergy Service) shall have the right to make short-term borrowings from the Utility Money Pool from time to time, subject to the availability of funds and the limitations and conditions set forth herein and in the applicable orders of the Securities and Exchange Commission (“SEC”). Each Party (other than FirstEnergy

and FirstEnergy Service) may request loans from the Utility Money Pool from time to time during the period from the date hereof until this Agreement is terminated by written agreement of the Parties; provided, however, that the aggregate amount of all loans requested by any Party hereunder shall not exceed the applicable borrowing limits set forth in applicable orders of the SEC and other regulatory authorities, resolutions of such Party's Board of Directors, such Party's governing corporate documents, and agreements binding upon such Party. No loans through the Utility Money Pool will be made to, and no borrowings through the Utility Money Pool will be made by, FirstEnergy and FirstEnergy Service.

Section 1.03 Source of Funds. (a) Funds will be available through the Utility Money Pool from the following sources for use by the Parties from time to time: (1) surplus funds in the treasuries of Parties other than FirstEnergy, (2) surplus funds in the treasury of FirstEnergy (such funds in clauses (1) and (2) being referred to as "Internal Funds"), and (3) proceeds from bank borrowings by Parties and the sale of commercial paper by FirstEnergy and each other Party ("External Funds"), in each case to the extent permitted by applicable laws and regulatory orders. Funds will be made available from such sources in such other order as FirstEnergy Service, as administrator of the Utility Money Pool, may determine will result in a lower cost of borrowing to companies borrowing from the Utility Money Pool, consistent with the individual borrowing needs and financial standing of the Parties providing funds to the Utility Money Pool.

(b) Borrowing Parties will borrow pro rata from each lending Party in the proportion that the total amount loaned by such lending Party bears to the total amount then loaned through the Utility Money Pool. On any day when more than one fund source (e.g., Internal Funds and External Funds), with different rates of interest, is used to fund loans through the Utility Money Pool, each borrowing Party will borrow pro rata from each fund source in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Utility Money Pool.

Section 1.04 Authorization. (a) Each loan shall be authorized by the lending Party's chief financial officer or treasurer, or by a designee thereof.

(b) FirstEnergy Service, as administrator of the Utility Money Pool, will provide each Party with periodic activity and cash accounting reports that include, among other things, reports of cash activity, the daily balance of loans outstanding and the calculation of interest charged.

(c) All borrowings from the Utility Money Pool shall be authorized by the borrowing Party's chief financial officer or treasurer, or by a designee thereof. No Party shall be required to effect a borrowing through the Utility Money Pool if such Party determines that it can (and is authorized to) effect such borrowing at lower cost directly from banks or through the sale of its own commercial paper.

Section 1.05 Interest. The daily outstanding balance of all loans to any Subsidiary shall accrue interest as follows:

(a) If only Internal Funds comprise the daily outstanding balance of all loans outstanding during a calendar month, the interest rate applicable to such daily balances shall be

the greater of the 30 day LIBOR rate as quoted in The Wall Street Journal or the money market rate that a lending Subsidiary could have obtained if it placed its excess cash in such an investment (as calculated monthly, the "Average Composite").

(b) If only External Funds comprise the daily outstanding balance of all loans outstanding during a calendar month, the interest rate applicable to such daily outstanding balance shall be the lender's cost for such External Funds calculated monthly or, if more than one Party had made available External Funds at any time during the month, the applicable interest rate shall be a composite rate, equal to the weighted average of the costs incurred by the respective Parties for such External Funds calculated monthly.

(c) In cases where the daily outstanding balances of all loans outstanding at any time during the month include both Internal Funds and External Funds, the interest rate applicable to the daily outstanding balances for the month shall be equal to the weighted average of the (i) cost of all Internal Funds contributed by Parties, as determined pursuant to Section 1.05(a) of this Agreement, and (ii) the cost of all such External Funds, as determined pursuant to Section 1.05(b) of this Agreement.

(d) The interest rate applicable to Loans made by a Subsidiary to the Utility Money Pool under Section 1.01 of this Agreement shall be the Average Composite as determined pursuant to Section 1.05(a) of this Agreement.

(e) Loans may be made solely from Internal Funds or solely from External Funds, rather than pursuant to Section 1.05(c), if such practice would result in a lower cost of borrowing.

Section 1.06 Certain Costs. The cost of compensating balances and fees paid to banks to maintain credit lines by Parties lending External Funds to the Utility Money Pool shall initially be paid by the Party maintaining such line. A portion of such costs, or all of such costs if a Party establishes a line of credit solely to lend funds to the Utility Money Pool, shall be retroactively allocated every quarter to the Subsidiaries borrowing such External Funds through the Utility Money Pool in proportion to their respective daily outstanding borrowings of such External Funds.

Section 1.07 Repayment. Each Subsidiary receiving a loan from the Utility Money Pool hereunder shall repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event within 364 days of the date on which such loan was made. All loans made through the Utility Money Pool may be prepaid by the borrower without premium or penalty.

Section 1.08 Form of Loans to Subsidiaries. Loans to the Subsidiaries from the Utility Money Pool shall be made as open-account advances, pursuant to the terms of this agreement. A separate promissory note will not be required for each individual transaction. If the Parties deem it necessary or appropriate, a master promissory note evidencing the terms of the transactions may be signed by each borrowing Party. Any such note shall: (a) be dated as of the date of the initial borrowing; (b) mature on demand or on a date agreed by the Parties to the transaction, but in any event not later than one year after the date of the applicable borrowing;

and (d) be repayable in whole at any time or in part from time to time, without premium or penalty.

ARTICLE II

OPERATION OF UTILITY MONEY POOL

Section 2.01 Operation. Operation of the Utility Money Pool, including record keeping and coordination of loans, will be handled by FirstEnergy Service under the authority of the appropriate officers of the Parties. FirstEnergy Service shall be responsible for the determination of all applicable interest rates and charges to be applied to advances outstanding at any time hereunder, shall maintain records of all advances, interest charges and accruals and interest and principal payments for purposes hereof, and shall prepare periodic reports thereof for the Parties. FirstEnergy Service will administer the Utility Money Pool on an “at cost” basis. Separate records shall be kept by FirstEnergy Service for the Utility Money Pool established by this Agreement and any other money pool administered by FirstEnergy Service.

Section 2.02 Investment of Surplus Funds in the Utility Money Pool. Funds not required for the Utility Money Pool loans (with the exception of funds required to satisfy the Utility Money Pool’s liquidity requirements) will ordinarily be invested in one or more short-term investments, including (i) interest-bearing accounts with banks; (ii) obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (iii) obligations issued or guaranteed by any state or political subdivision thereof, provided that such obligations are rated not less than A by a nationally recognized rating agency; (iv) commercial paper rated not less than A-1 by S&P or P-1 by Moody’s, or their equivalent by a nationally recognized rating agency; (v) money market funds; (vi) bank certificates of deposit; (vii) Eurodollar funds; and (viii) such other investments as are permitted by Section 9(c) of the Act and Rule 40 thereunder.

Section 2.03 Allocation of Interest Income and Investment Earnings. The interest income and other investment income earned by the Utility Money Pool on loans and investment of surplus funds will be allocated among the Parties in accordance with the proportion each Party’s contribution of funds in the Utility Money Pool bears to the total amount of funds in the Utility Money Pool and the cost of any External Funds provided to the Utility Money Pool by such Party. Interest and other investment earnings will be computed on a daily basis and settled once per month.

Section 2.04 Event of Default. If any Subsidiary shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against any Party seeking to adjudicate it bankrupt or insolvent, then FirstEnergy Service, on behalf of the Utility Money Pool, may, by notice to the Subsidiary, terminate the Utility Money Pool’s commitment to the Subsidiary and/or declare the principal amount then outstanding of, and the accrued interest on, the loans and all other amounts payable to the Utility Money Pool by the Subsidiary hereunder to be forthwith due and payable, whereupon such amounts shall be immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by each Subsidiary.

ARTICLE III

MISCELLANEOUS

Section 3.01 Amendment and Restatement. This Agreement amends, restates and replaces the Revised and Restated Utility Money Pool Agreement dated as of September 21, 2011 to reflect the addition of a new Party and certain other changes.

Section 3.02 Amendments. Any such amendment to this Agreement shall be adopted except in a writing executed by Parties and subject to all applicable approvals by the SEC and the applicable state utility regulatory commission.

Section 3.03 Legal Responsibility. Nothing herein contained shall render any Party liable for the obligations of any other Party hereunder and the rights, obligations and liabilities of the Parties are several in accordance with their respective obligations, and not joint.

Section 3.04 Rules for Implementation. The Parties may develop a set of guidelines for implementing the provisions of this Agreement, provided that the guidelines are consistent with all of the provisions of this Agreement.

Section 3.05 Governing Law. This Agreement shall be governed by and construed in accordance with, the laws of the State of Ohio.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each Party hereto as of the date first above written.

FirstEnergy Corp.

By:_____

FirstEnergy Service Company

By:_____

American Transmission Systems, Incorporated
Metropolitan Edison Company
Mid-Atlantic Interstate Transmission, LLC
Monongahela Power Company
Ohio Edison Company
Pennsylvania Electric Company
Pennsylvania Power Company
The Cleveland Electric Illuminating Company
The Potomac Edison Company
The Toledo Edison Company
Trans-Allegheny Interstate Line Company
Waverly Electric Power & Light Company
West Penn Power Company

By:_____

Jersey Central Power & Light Company

By:_____

**BEFORE THE
NEW JERSEY BOARD OF PUBLIC UTILITIES**

In the Matter of the Verified Petition of Jersey Central Power & Light Company and Mid-Atlantic Interstate Transmission, LLC (“MAIT”) for: (1) Approval of the Transfer of its Transmission Assets to Mid-Atlantic Interstate Transmission, LLC Pursuant to N.J.S.A. 48:3-7; (2) Approval of a Lease of the Real Property and Associated Rights to Mid-Atlantic Interstate Transmission, LLC Pursuant to N.J.S.A. 48:3-7; (3) Approval of a Mutual Assistance Agreement Pursuant to N.J.S.A. 48:3-7.1; and (4) a Declaration that Mid-Atlantic Interstate Transmission, LLC Will be Deemed a Public Utility for the Purposes of Siting Authority under N.J.S.A. 40:55D-19 and Eminent Domain Authority Pursuant to N.J.S.A. 48:3-17.6 *et seq.*

-and-

In the Matter of the Verified Petition of Jersey Central Power & Light Company for Authorization Pursuant to N.J.S.A. 48:3-7.2 for Approval to Participate in the FirstEnergy Corp. Intrasystem Money Pool

Direct Testimony

of

Jeffrey J. Mackauer

Re: Overview of the Transmission Planning and Reliability Enhancement Process, the Energizing the Future Program, the Need for MAIT Proposed Projects, Operational Benefits, and Other Benefits

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTION AND BACKGROUND	1
II. OVERVIEW OF THE TRANSMISSION PLANNING AND RELIABILITY ENHANCEMENT PROCESS	3
III. ENERGIZING THE FUTURE PROGRAM (“EtF”)	5
IV. PROPOSED PROJECTS AND OPERATIONAL BENEFITS.....	9
V. OTHER BENEFITS.....	23

1 **I. INTRODUCTION AND BACKGROUND**

2 **Q. Please state your name and business address.**

3 A. My name is Jeffrey J. Mackauer. My business address is 76 South Main Street, Akron,
4 OH 44308.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by FirstEnergy Service Company (“FESC”) as Director of Transmission
7 Planning & Protection.

8 **Q. What are your current responsibilities?**

9 A. I oversee all activities related to the development of projects for the ongoing planning and
10 protection of the transmission systems of the FirstEnergy Corp. (“FirstEnergy”)
11 transmission-owning entities, including, among others, certain utility operating
12 subsidiaries, namely Pennsylvania Electric Company (“Penelec”), Metropolitan Edison
13 Company (“Met-Ed”), and Jersey Central Power & Light Company (“JCP&L”)
14 (collectively, the “Operating Companies”). My department also develops and maintains
15 load flow, short circuit, and dynamic stability models and works with the staff of PJM
16 Interconnection, L.L.C. (“PJM”), the Regional Transmission Operator (“RTO”) to assess
17 transmission system reliability needs.

18 **Q. Please describe your educational and professional background?**

19 A. I received a Bachelor of Science degree in Electronics Engineering Technology from
20 Missouri Institute of Technology in 1979 and have been a registered Professional
21 Engineer in the Commonwealth of Pennsylvania since 1987. I have almost 30 years of
22 experience with FirstEnergy and its predecessor companies. My work experience is more
23 fully described in my professional biography, which is attached as Appendix A.

1 **Q. Have you previously testified in regulatory proceedings?**

2 A. Yes. I testified on behalf of Penelec before the Pennsylvania Public Utility Commission
3 (“Commission”) in Docket No. P-2008-2020257. I have also testified at FERC on behalf
4 of American Transmission Systems, Incorporated (“ATSI”) in Docket No. ER15-303-000.

5 **Q. On whose behalf are you testifying in this proceeding?**

6 A. I am testifying on behalf of JCP&L.

7 **Q. Please describe the purpose of your testimony.**

8 A. As explained in the direct testimony of Steven R. Staub (Exhibit P-3), JCP&L requests
9 the approval of the New Jersey Board of Public Utilities (the “Board” or the “BPU”) to
10 contribute its transmission assets to Mid-Atlantic Interstate Transmission, LLC
11 (“MAIT”), a newly-formed subsidiary of FirstEnergy Transmission, LLC (“FET”), in
12 which the Operating Companies will own membership interests (the “Transaction”).
13 MAIT will own and operate the transmission assets and construct, own and operate new
14 transmission facilities in the service areas of the Operating Companies, which will be
15 subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”), and
16 also, as discussed in the direct testimony of Mark Mader (Exhibit P-2), for certain
17 purposes a New Jersey public utility subject to the jurisdiction of the Board. MAIT will
18 be a member of PJM and will furnish transmission service pursuant to PJM’s Open
19 Access Transmission Tariff (“OATT”). The purpose of my testimony is to describe the
20 operational benefits from a transmission system planning, operations and reliability
21 perspective that will be realized from the Transaction and the future operation of MAIT.
22 I also touch on the benefits to the economy of the areas served by the Operating
23 Companies.

1 **Q. Please summarize the principal benefits of the proposed Transaction that you will**
2 **discuss in more detail later in your testimony.**

3 A. As explained by Mr. Staub in Exhibit P-3, the formation of MAIT and the consummation
4 of the Transaction will provide greater access to capital and lower borrowing costs, which
5 will enable increased and accelerated investment in projects designed to enhance system
6 reliability, customer service, capacity and resiliency for existing and new customers of
7 the Operating Companies' transmission systems. The projects that will be undertaken
8 include constructing new and upgrading existing transmission lines; constructing new and
9 upgrading existing substations enhancing the communications infrastructure; and
10 modernizing the transmission system including physical and cyber security
11 enhancements. As also explained later in my testimony, these projects will have a direct
12 beneficial impact on customer service. Additionally, the increased and accelerated levels
13 of investment made possible by the formation of MAIT and the consummation of the
14 Transaction will benefit the economy of New Jersey by spurring job creation and
15 supporting vendors, suppliers and service providers in the state.

16
17 **II. OVERVIEW OF THE TRANSMISSION PLANNING AND RELIABILITY**
18 **ENHANCEMENT PROCESS**

19
20 **Q. Please explain how transmission investment decisions are made for the Operating**
21 **Companies' Zones.**

22 A. Transmission investment decisions for the Operating Companies' respective service
23 territories within PJM, referred to as their "Zones," are made through FirstEnergy's
24 Transmission Planning process and Reliability Enhancement process.

1 **Q. Please describe the Transmission Planning process.**

2 A. PJM, in its capacity as the regional Transmission Planning Coordinator, Transmission
3 Planner and Transmission Operator, identifies the need and timing for transmission
4 system upgrades to preserve the reliability of the electricity grid that is under its
5 operational control as the RTO. PJM selects transmission system upgrades using its
6 Regional Transmission Expansion Plan (“RTEP”) process, which consists of a
7 comprehensive series of detailed analyses to ensure that PJM’s own reliability planning
8 criteria and those of the applicable transmission owners (in this instance, the Operating
9 Companies) are satisfied, which, in turn, satisfies the North American Electric Reliability
10 Corporation (“NERC”) and the ReliabilityFirst Corporation (“RF”)¹ reliability standards
11 with which the PJM and transmission owner criteria are designed to comply. The
12 activities conducted under the transmission planning process are designed to adhere to
13 good utility practice and ensure compliance with the aforementioned applicable reliability
14 standards. Because its utility subsidiaries are members of PJM, much of FirstEnergy’s
15 transmission planning is conducted in coordination with PJM. FirstEnergy’s
16 Transmission Planning process supports PJM’s planning process while also providing
17 additional analyses to confirm the validity of PJM’s studies. In this regard, the
18 Transmission Planning process and the RTEP projects selected for construction under that
19 process are required by the applicable reliability and planning criteria and, once approved
20 by PJM, are mandatory. In addition, FirstEnergy identifies transmission needs on the
21 transmission systems of its subsidiaries and plans for future transmission investment
22 through its own Reliability Enhancement process.

¹ RF is the organization responsible for enforcing the reliability criteria of the NERC.

1 **Q. Please describe the Reliability Enhancement process.**

2 A. Unlike the Transmission Planning process, the Reliability Enhancement process is not
3 mandated or directed by PJM. Instead, the Reliability Enhancement process is an internal
4 process by which FirstEnergy strategically and proactively identifies transmission
5 projects that are needed throughout the service territories of its utility subsidiaries that
6 furnish transmission service, including the service territories of the Operating Companies,
7 in order to maintain the reliability of the transmission system as a whole. The Reliability
8 Enhancement process complements the preventative maintenance activities that
9 FirstEnergy conducts on its transmission system. The projects that are identified through
10 the Reliability Enhancement process are in addition to those identified in its Transmission
11 Planning process.

12
13 **III. ENERGIZING THE FUTURE PROGRAM (“EtF”)**

14 **Q. What is the “EtF” program?**

15 A. Energizing the Future or “EtF” is a FirstEnergy program that has as its goal improving
16 transmission system reliability by building the transmission projects identified by the
17 Transmission Planning and Reliability Enhancement processes. The current EtF program
18 encompassing the Operating Companies’ Zones is primarily focused on projects
19 identified through FirstEnergy’s Transmission Planning process. FirstEnergy proposes to
20 expand the EtF program to provide more targeted focus on projects identified for the
21 Operating Companies’ Zones through the Reliability Enhancement process. The
22 formation of MAIT and the consummation of the Transaction will enable the expansion
23 of the EtF program to complete the FirstEnergy Reliability Enhancement process

1 investments in an accelerated manner, which will, in turn, improve the reliability,
2 capacity, operating flexibility and security of the transmission system for existing and
3 new customers in the Operating Companies' Zones. Moreover, the financial benefits that
4 Mr. Staub described in his direct testimony will allow MAIT to complete the transmission
5 projects described later in my testimony sooner and in a more economically efficient
6 manner.

7 **Q. Please explain why the proposed expansion of the EtF program is needed.**

8 A. Through the Reliability Enhancement process, it was determined that significant
9 investment in the transmission facilities within the Operating Companies' Zones is
10 needed to: (i) proactively upgrade or replace transmission lines and substation
11 components that present an increasing risk to reliability; (ii) modernize the Operating
12 Companies' infrastructure by taking advantage of technological advances that will help
13 enhance reliability and promote increased efficiencies; (iii) increase or restore load
14 serving capability; (iv) improve the resiliency of the existing transmission system to
15 better withstand and recover from storms and unusual weather events such as extreme
16 heat and cold; (v) address heightened concerns with cyber and physical security; (vi)
17 reduce increasing maintenance expenses by installing new equipment with real-time
18 monitoring capabilities that will optimize maintenance intervals and reduce maintenance
19 expenditures; (vii) address the imposition of increasingly more rigorous reliability
20 standards by NERC and RF; and (viii) better address the Operating Companies'
21 customers' needs by reducing the duration and frequency of unscheduled outages.

22 These investment needs are largely driven by increased customer reliability
23 demands. In addition, various changes on the transmission systems, including, among

1 other factors, generation changes (*i.e.*, the retirement of existing generation facilities and
2 the addition of new fossil fuel and renewable generating facilities); changes in load;
3 increased reliance on demand-side resources; and the need for additional operational
4 flexibility, enhanced system performance and/or safer operation of the transmission
5 system have all contributed to the need for advancing these replacements and upgrades.
6 Although some of these factors, such as generation changes, are addressed in the
7 Transmission Planning process, the Reliability Enhancement process will further improve
8 the operational flexibility of the transmission system to accommodate these changes.
9 With regard to improving the resiliency of the existing transmission system, the
10 Operating Companies' Zones are located in a region that has experienced both the severe
11 impacts of significant storm events (such as Hurricane Irene and Superstorm Sandy) and
12 unusual weather events.

13 Finally, there has been increasing concern at both the federal and state levels for
14 the cyber and physical security of the transmission system. These concerns were initially
15 triggered by the September 11, 2001 terrorist attacks and subsequently heightened by a
16 physical attack on Pacific Gas and Electric Company's Metcalf substation on April 16,
17 2013. Due to these concerns, NERC has recently significantly raised its reliability
18 standards with regard to both cyber and physical security. Completing physical and cyber
19 security projects are necessary to provide and maintain a reliable and secure transmission
20 system.

1 **Q. What is the general nature of the projects encompassed by the proposed expansion**
2 **of the EtF program?**

3 A. The proposed expansion of the EtF program will increase spending on projects designed
4 to enhance reliability. They will include new, re-conducted, re-insulated, and
5 refurbished transmission lines; new and upgraded substations (*i.e.*, new breakers, power
6 transformers, instrument transformers and capacitors); and the installation of dynamic
7 reactive resources (*i.e.*, new capacitors or static var compensators, which quickly regulate
8 system voltage). An enhanced fiber optic communications infrastructure to provide
9 secure remote access to transmission substations will also be constructed. The projects
10 generally fall into one or more of five categories, consisting of: (1) System Condition
11 Projects; (2) System Performance Projects; (3) Operational Flexibility Projects; (4)
12 Transmission Communications Infrastructure, Physical Security Enabling and Cyber
13 Security Projects; and (5) Physical Security Projects. These projects and the benefits they
14 will provide to customers in the Operating Companies' Zones will be discussed in more
15 detail below.

16 **Q. How will MAIT facilitate the expansion of the EtF program?**

17 A. The deregulation of the electric utility industry has precipitated many changes in the way
18 the electric grid is planned and operated. Factors such as PJM's RTEP process, the
19 continuously changing generation mix, advancements in "green" generation technology
20 and other non-traditional generation sources and the increasing regulatory requirements
21 are some examples of forces creating the need for greater levels of grid reliability,
22 security, coordination and flexibility to assure safe and reliable transmission of electricity
23 on a non-discriminatory basis. The creation and expansion of independent RTOs, such as

1 PJM, helps to address some of those challenges, by augmenting what previously had been
2 largely a localized planning function performed by individual transmission owners with a
3 more centralized approach aimed at optimizing the performance of the transmission
4 system for greater access, capacity, reliability and market efficiency.

5 The proposed Transaction is also designed to address the kinds of challenges to
6 the transmission system that I summarized above. Specifically, the formation of MAIT
7 and the consummation of the Transaction will consolidate the transmission assets of the
8 three Operating Companies in one entity that has a singular focus on efficiently and
9 effectively operating, maintaining and, where necessary, expanding, its transmission
10 system. Additionally, as Mr. Staub explains, consolidating the Operating Companies'
11 transmission assets in MAIT is expected to improve MAIT's credit metrics as compared
12 to those of the Operating Companies and, in that way, permit MAIT to increase and
13 accelerate its investment in the kinds of transmission projects described later in my
14 testimony.

15 16 **IV. PROPOSED PROJECTS AND OPERATIONAL BENEFITS**

17 **Q. Please describe the types of System Conditions Projects that MAIT plans to**
18 **undertake.**

19 A. MAIT will undertake substation and transmission line projects designed to upgrade and
20 modernize the existing transmission system equipment to better respond to current
21 demands and changing transmission system conditions.

22 Identifying needed projects begins with a condition-based assessment of
23 FirstEnergy's transmission assets that examines the criticality, health, and risk of failure

1 to determine which in-service and spare equipment assets should be replaced or
2 enhanced. The assessment considers factors such as equipment reliability, maintenance
3 program findings, age, the availability of technical support from the equipment
4 manufacturer, spare parts availability, and high maintenance costs. While age alone is
5 not a determinative factor in the assessment process, it is considered in conjunction with
6 these other listed factors listed above. FirstEnergy evaluates the condition of
7 transmission assets to determine whether replacement would improve reliability, decrease
8 customer outage time, reduce maintenance costs, or provide some combination of these
9 benefits. Assets are considered for replacement based on safety, reliability and whether
10 the equipment can be maintained.

11 Assets that are at or near the end of their expected service lives are targeted for
12 potential replacement, especially if they are currently experiencing higher than expected
13 maintenance costs. Additionally, equipment that is no longer manufactured or supported
14 by vendors will also be targeted for potential replacement, since it may not be possible to
15 replace the equipment quickly if it fails. Replacing these types of assets improves
16 operating performance and streamlines maintenance procedures.

17 Additionally, projects designed to modernize the existing grid can include
18 replacing analog, digital, or electromechanical equipment with microprocessor equipment
19 when doing so will provide maintenance or operational benefits.

20 Typical System Condition Projects include:

21 (a) Replacing older vintage oil- and gas-insulated breakers. These types of
22 breakers are having condition problems such as leaks and issues with
23 mechanism malfunctions. The lack of available spare parts requires

1 FirstEnergy to make substantial expenditures on costly remanufactured parts.
2 Proactively replacing these types of breakers under MAIT will improve
3 reliability and reduce maintenance expenses. In addition, these breaker
4 replacements will offer a more environmentally friendly medium utilizing
5 small amounts of gas instead of the thousands of gallons of oil required by
6 existing oil-filled breakers, and, in the case of the gas breakers, avoiding the
7 leaks to which prone, particularly in cold weather.

8 (b) Replacing transformers. Older vintage oil-cooled transformers often develop
9 leaks from heating and cooling cycling caused by loading and seasonal
10 weather patterns. This exposes the oil to moisture and oxygen, which
11 accelerates the deterioration of the dielectric and thermal capabilities of the
12 oil. When this occurs, the transformers run hotter, which lowers their capacity
13 and makes them more susceptible to failure. Replacement transformers offer
14 on-line monitoring of the oil chemistry and use improved gasket materials to
15 better seal the unit. These improvements make the transformer more reliable
16 and less likely to be de-rated, which reduces system capacity and creates
17 various operational problems.

18 (c) Upgrading and rebuilding transmission lines. Over the past several years, a
19 few transmission lines have tripped multiple times throughout the year and no
20 obvious reason was found notwithstanding the extensive aerial and foot
21 patrols that were conducted to examine the lines. FirstEnergy believes that
22 batches of line insulators purchased at certain times in the past are the likely
23 cause and that all the insulators in those batches should be proactively

1 replaced under MAIT. Another transmission line issue has been attributed to
2 the legacy design of older transmission lines. This older design sometimes
3 results in one phase conductor contacting another phase conductor, the static
4 ground wire or an off-right-of-way tree during high wind events. This results
5 in multiple outages per year, which directly affects thousands of customers.
6 Transmission lines experiencing these types of issues will be will be
7 proactively rebuilt and/or redesigned from the increased debt financing
8 capability that the formation of MAIT and the consummation of the
9 Transaction will enable. These re-builds and/or redesigns will improve
10 customer service and make the transmission system more resilient.

11 (d) Installation of real time transformer and circuit breaker monitoring. When
12 circuit breakers operating at voltages of 345 kV and above and power
13 transformers are replaced, circuit breaker and transformer monitoring is
14 included with the new equipment thereby modernizing the transmission
15 infrastructure. Transformer monitors provide on-line monitoring of bushings,
16 pumps, fans, the presence of gas in the cooling oil, oil and winding
17 temperatures and that use advanced algorithms to determine how much load
18 the transformer can carry. Monitoring for the types of circuit breakers
19 described above provides on-line gas pressures, the timing of the closing and
20 opening of the mechanism, interrupter wear and the operations' count (*i.e.*,
21 how many times the breaker opens and closes). This information will provide
22 the ability to know remotely when there is a minor problem with these assets

1 while they are still in service and to take action earlier to repair the minor
2 problem before it becomes a major problem.

3 (e) Replacing older vintage relays. There are numerous older vintage relays that
4 are in-service but are no longer supported by the manufacturer and, therefore,
5 replacement parts are not available. When preventative maintenance is
6 conducted, these relays are difficult to calibrate and maintain within their
7 specifications. New digital microprocessor relays incorporate advanced
8 technology features that give protection engineers the ability to view fault
9 record events and relay settings remotely, and reduce maintenance
10 requirements. Replacing older vintage relays with modern relays will
11 improve reliability by eliminating the potential for relay malfunctions.

12 (f) Replace Coupling Capacitor Voltage Transformers (“CCVTs”). When
13 CCVTs fail, they tend to do so violently and typically clear the substation bus
14 on which they are monitoring the voltage. This results in increased numbers
15 of unscheduled outages that impact multiple transmission lines and
16 transformers (i.e., customer service). Additionally, collateral damage to
17 other equipment can occur that would lengthen outages. Industry
18 recommendations suggest considering the replacement of CCVTs that are 25
19 years old and older because at that age they tend to exhibit higher failure
20 rates. Proactively replacing CCVTs that have reached the recommended
21 threshold for replacement will improve reliability and safety by decreasing
22 the risk of failure and collateral damage.

1 **Q. How will System Condition Projects benefit customers?**

2 A. These projects are designed to enhance reliability by reducing the frequency and/or
3 duration of customer outages. They can also reduce maintenance costs that can produce
4 customer savings, or address environmental concerns. The transmission infrastructure
5 will be renewed by the addition of increased automation and the addition of new analytic
6 monitoring systems. These projects will also provide increased control and flexibility in
7 operations that, in turn, will contribute to improved reliability through faster response
8 times and shorter outages.

9 **Q. Please describe the types of System Performance Projects that MAIT plans to**
10 **undertake.**

11 A. System Performance Projects are designed to enhance transmission system performance
12 by increasing automation in order to provide more visibility into the status of the system.
13 Increased visibility will increase the speed at which operators can respond to system
14 conditions and restore service in the event of outages. FirstEnergy evaluates transmission
15 lines that serve larger numbers of customers and higher amounts of load to determine the
16 need for additional or enhanced facilities to reduce the frequency and duration (i.e.,
17 restoration time) of outage events.

18 Typical System Performance Projects include:

19 (a) Installing Supervisory Control and Data Acquisition (“SCADA”) to switching
20 devices. FirstEnergy plans to add more automation to transmission switches
21 to provide remote sectionalizing capability in order to facilitate faster
22 restoration of service to customers after an outage event.

(b) Strategically installing breakers or automatic sectionalizing switches at tapped substations. An outage of a transmission line serving one or more tapped substations would cause the loss of power to all of the tapped substations served from that line. When breakers are installed at a tapped substation along that line, those breakers convert a single long line into two shorter lines. As a result, an outage on one of the shorter lines will not cause the tapped substation with breakers to lose power because the other shorter line will supply the load. Also, other customers served on one of the shorter lines will also experience fewer outages because they will be affected only by an outage on the shorter line that serves them. When automatic sectionalizing switches are installed at a tapped substation along that line, the automatic sectionalizing switches convert a single long line into two shorter line segments. As a result, an outage on one of the shorter line segments will only cause the tapped substation with automatic sectionalizing switches to lose power for less than one minute until the automatic sectionalizing scheme can determine which of the shorter line segments will supply the load. Also, other customers served on one of the shorter line segments will also experience fewer outages (greater than one minute) because they will be affected only by an outage of the shorter line segment that serves them.

Q. How will System Performance Projects benefit customers?

A. These projects are designed to increase operational visibility into system status and conditions (*i.e.*, improve situational awareness) through the use of more SCADA equipment. Increased visibility will aid in analyzing and responding to system events. The addition of breakers or automatic sectionalizing switches at tapped substations will

1 provide reliability benefits by increasing the speed of system restoration and reduce the
2 frequency and duration of outages experienced by customers.

3 **Q. Please describe the types of Operational Flexibility Projects that MAIT plans to**
4 **undertake.**

5 A. Operational Flexibility Projects are designed to improve reliability for existing customers
6 and increase capacity to accommodate the loads of both existing and new customers.
7 FirstEnergy reviews the existing configuration of radial-feed transmission lines that are
8 subject to more frequent outages and outages of longer duration than those that are loop
9 fed to determine if the radial lines should be looped to the rest of the network.
10 FirstEnergy also reviews long, critical or three terminal transmission lines to determine if
11 they should be re-configured.

12 FirstEnergy reviews the existing transmission facilities in areas of the system
13 where it has been unable to quickly accommodate increased or new load or where it
14 anticipates increased or new load will be added in the future. Improvements that can
15 enable the transmission system to meet anticipated demands are assessed.

16 Typical Operational Flexibility projects include:

17 (a) Converting radially fed substations to be network fed substations. These types
18 of projects provide redundant sources of power into the substation decreasing
19 the duration and frequency of customer outages. In addition, these projects
20 allow for maintenance to be performed on the transmission line, transmission
21 line breakers, substation bus, etc. without an interruption of service to
22 customers. This will also add load serving capability and/or system operating
23 margin.

1 (b) Converting a three terminal transmission line to two independent transmission
2 lines. This type of project will improve reliability by eliminating a three
3 terminal transmission line with its potential for protective relay malfunctions.
4 Such malfunctions are an industry-recognized concern. By converting the
5 transmission line to two transmission lines, the potential risk exposure for
6 customers directly fed from the lines and for sources feeding lower voltage
7 systems will be proportionally reduced.

8 **Q. How will Operational Flexibility Projects benefit customers?**

9 A. These projects will add operational flexibility to the transmission system and provide the
10 following benefits:

11 (a) More flexibility with outage scheduling and switching during scheduled
12 maintenance periods. The increase in flexibility will create additional
13 operational alternatives for addressing transmission outages.

14 (b) Enhanced ability to address future unexpected shifts in generation, increased
15 system loading and/or uncertainties in generation availability by increasing
16 the robustness of the system. These types of projects will enable faster and
17 more efficient responses to economic development needs for additional
18 capacity and will foster the timely building of transmission facilities support
19 load growth.

20 **Q. Please describe the Transmission Communications Infrastructure, Physical Security**
21 **Enabling and Cyber Security Projects that MAIT will undertake.**

22 A. The Transmission Communications Infrastructure, Physical Security Enabling and Cyber
23 Security Projects consist of targeted investments to upgrade legacy transmission network

1 communication equipment, improve the reliability and capability of critical transmission
2 communications (e.g., SCADA equipment), enable increased physical security
3 automation, and provide increased cyber security protection for vital transmission assets.

4 Reliable transmission system operations depend on fully capable and reliable
5 communications systems. Risks to communications equipment include exposure to
6 system-wide events, growing security threats, rapid escalation of costs, and decreasing
7 reliability associated with leased line circuits and obsolescence. The projects in this
8 category will enhance the existing communications infrastructure to make it more
9 adaptable to changing demands in capacity, reliability, and/or security. The projects will
10 further reduce dependence on leased communication circuits, which are still used to
11 communicate to the SCADA equipment in many of the Operating Companies' more
12 critical substations, thereby reducing the likelihood of extended outages due to factors
13 outside the control of MAIT.

14 Typical projects in this area include:

15 (a) Transmission Communications Infrastructure. To support a further
16 integration of the transmission substation network, fiber optics and digital
17 microwave systems will be expanded whenever possible to key locations to
18 reduce dependence on third-party legacy communication services such as
19 leased two and four wire communication circuits. Since third-party legacy
20 communication services are quickly becoming obsolete and have degrading
21 reliability, they are being phased-out by telecommunications carriers. Remote
22 Terminal Units at selected transmission substations will be upgraded to the
23 latest technology standard in order to improve the reliability of this SCADA

1 equipment as well as to provide diversity (*i.e.*, redundancy) in the
2 communication path back to the FirstEnergy transmission control center via
3 the SCADA system.

4 (b) Transmission Physical Security Enabling. MAIT will extend high bandwidth
5 communications capability to equipment at critical sites enabling substation
6 equipment such as high-definition/infrared cameras and/or asset health
7 monitors to be viewed remotely.

8 (c) Transmission Cyber Security. MAIT will enhance the use of firewalls, data
9 encryption and monitoring/event correlation on multiple cyber systems using
10 advanced technologies for additional infrastructure modernization and to
11 eliminate/minimize vulnerabilities to ever evolving - physical and cyber -
12 attacks.

13 **Q. How will Transmission Communications Infrastructure, Physical Security and**
14 **Cyber Security Projects benefit customers located in the Operating Companies**
15 **Zones?**

16 A. These projects will improve the reliability, security, and capability of the
17 communications systems that are required to monitor, control, and protect the
18 transmission system. The resulting increased bandwidth will enable future security
19 camera feeds at key locations to proactively identify possible physical attacks at critical
20 substations and deploy law enforcement before damage is done. Upgrading equipment as
21 discussed above will also reduce maintenance costs that can produce customer savings
22 because it reduces overtime callouts for failed communications equipment, as well as

1 repair costs. Modernizing the communications infrastructure will mitigate the increasing
2 frequency of failures.

3 **Q. Please describe the Physical Security Projects that MAIT will undertake?**

4 A. Physical Security Projects are being undertaken to maintain or enhance the physical
5 security of transmission assets. To proactively address safety (perimeter security),
6 copper theft, vandalism and other mischievous acts at substations, an increased level of
7 physical security is needed. Better situational awareness in the substation environment
8 requires integrated security management systems. Therefore, security technology will be
9 incorporated in substation design to deter, detect, delay, monitor, communicate and
10 respond to potential physical threats and vulnerabilities at a substation's perimeter taking
11 into account the history and sensitivity of the assets to be protected.

12 Typical Physical Security Projects include:

13 (a) Upgrading or replacing chain-link fencing.

14 (b) Installing physical key locks.

15 (c) Installing motion or heat actuated camera systems that electronically alert and
16 monitor security personnel of the need for immediate response and
17 investigation.

18 (d) Installing video analytics cameras (thermal and high definition) at more
19 critical facilities.

20 (e) Utilizing technology advances such as card access systems.

21 (f) Installing physical protection upgrades such as "no cut/no climb" perimeter
22 fencing, gate locking systems, latch monitoring hardware, and other protective
23 barriers.

1 **Q. How will MAIT's investment in Physical Security Projects benefit customers located**
2 **in the Operating Companies' Zones?**

3 A. In addition to enhancing reliability, Physical Security Projects will provide enhanced
4 situational awareness and alerting on potential threats to critical substation assets. This
5 program further safeguards the public from electrical hazards and deters criminal activity
6 with the presence of security systems. These security system investments enable faster
7 detection of events and implementation of measures to deter or slow attackers so that
8 impacts can be minimized or prevented by much quicker law enforcement response. The
9 formation of MAIT establishes a mechanism to encourage greater investment in the
10 transmission system, with the accompanying benefits that result from hardened physical
11 security protections and monitoring for those transmission assets. The goal is to establish
12 upgraded communications, which would enable greater use of technology for physical
13 security such as high-definition cameras that require higher bandwidth.

14 **Q. Can you please summarize the principal benefits of the proposed projects that**
15 **MAIT will undertake and which you have discussed in your testimony?**

16 A. Yes. The projects that will be undertaken include constructing new and upgrading
17 existing transmission lines and substations, enhancing the communications infrastructure;
18 and modernizing the transmission system including physical and cyber security
19 enhancements. As I explained in my testimony, the projects generally fall into one or
20 more of five categories and will have a direct beneficial impact on customer service.

21 System Condition Projects will serve to enhance system reliability. Some will
22 reduce the frequency and/or duration of customer outages (*i.e.*, improving customer
23 service). Others will reduce maintenance costs, increase safety, modernize the system or

1 address environmental concerns.

2 System Performance Projects will help to increase operational visibility into
3 system status and conditions (*i.e.*, improve situational awareness), which will enable
4 quicker analysis and response to system events. The addition of breakers or automatic
5 sectionalizing switches at tapped substations will provide reliability benefits to customers
6 by increasing the speed of system restoration and, more importantly, will reduce the
7 frequency and duration of outages (*i.e.*, improving customer service).

8 Operational Flexibility Projects will provide more flexibility and reliability with
9 both scheduled and unscheduled outages. They will also add load serving capability and
10 increase the system operating margin to better respond to future unexpected shifts in
11 generation and/or system loading through a more robust transmission system.

12 Transmission Communications Infrastructure, Physical Security Enabling and
13 Cyber Security Projects will improve the reliability, security, and capability of the
14 communications systems required to monitor, control, and protect the transmission
15 system. Such improvements will also help to reduce maintenance costs, overtime
16 callouts and the frequency of failures.

17 Physical Security Projects will both enhance reliability and situational awareness
18 by enabling earlier identification of potential threats to critical substation assets. This will
19 further safeguard the public from electrical hazards and deter criminal activity with the
20 presence of security systems through faster detection of events and quicker response
21 measures. These projects will also result in hardening of transmission system physical
22 security protections and monitoring for transmission assets.

1 **V. OTHER BENEFITS**

2 **Q. What are MAIT's transmission capital investment plans?**

3 A. As explained by Mr. Staub (Exhibit P-3), MAIT plans to invest in its existing
4 transmission infrastructure between \$2.5 to \$3.0 billion over the next five to ten years.

5 **Q. Will the increased and accelerated levels of investment by MAIT create jobs in the**
6 **Met-Ed and Penelec Zones?**

7 A. Yes. The increased and accelerated levels of transmission investment that MAIT will
8 enable will benefit the economy of New Jersey by creating jobs and by supporting
9 vendors, suppliers and various service providers. Initial estimates to directly perform the
10 additional engineering, material management, project management and construction
11 services of the expanded EtF transmission program I outlined above have anticipated the
12 need for over 200 jobs for qualified personnel in the states covered by the Operating
13 Companies' Zones.

14 **Q. Does this conclude your testimony?**

15 A. Yes, it does, at this time.

APPENDIX A

Biography

Jeffrey J. Mackauer

Director of Transmission Planning & Protection

Mr. Mackauer is Director of Transmission Planning & Protection at FirstEnergy Service Company, a direct, wholly-owned subsidiary of FirstEnergy Corp. (“FirstEnergy”), a position he has held since 2012. In this role, he oversees activities related to the development of projects for the ongoing planning and protection of the transmission systems of FirstEnergy’s transmission-owning entities, which include Pennsylvania Electric Company, Metropolitan Edison Company, and Jersey Central Power & Light Company. His group develops and maintains load flow, short circuit, and dynamic stability models and works with the PJM Interconnection, L.L.C. (“PJM”) staff to assess transmission system reliability needs. His group also ensures compliance of these activities with the National Electric Reliability Corporation (“NERC”) and ReliabilityFirst Corporation (“RF”), for purposes of ensuring electric reliability under rules administered by the Federal Energy Regulatory Commission (“FERC”).

Prior to his current position, Mr. Mackauer was a General Manager/Manager of Transmission Planning at FirstEnergy from 2006 to 2012, the Manager of Transmission System Operations from 2004 to 2006, and a Manager/Consultant of the Energy Management System (“EMS”) from 2002 to 2004. From 1985 to 2001, he was employed by GPU, Inc. gaining experience in most areas of the EMS (including several years in Power Network Applications) working up to the position of Engineer Senior II. He was a Substation Relay Engineer at the City of Dover (Delaware) Electric Department in 1984. He started his career with the Florida Power and Light Company, from 1979 to 1983 as a field engineer in the System Protection group installing and maintaining protective relays.

Mr. Mackauer’s involvement in the industry has included, among other things: PJM committees (*i.e.* Planning, Transmission Expansion Advisory Committee and Operating); PJM sub-committees (*i.e.* System Information and Data Management); and ReliabilityFirst (*i.e.* Reliability Committee Vice Chair and Special Protection System review team). He served as Chapter Director for the Reading Chapter of the Pennsylvania Society of Professional Engineers and as Chairman of the Siemen’s Advanced Applications Working Group. He has had two articles published in the *Transmission & Distribution* magazine: “RTU Programmable Test Instrument Proves To Be Valuable And Versatile,” published in 1991, and “Integrated Substation Automation System Design,” published in 2000. He also co-authored a paper titled “The Dispatcher Training Simulator for Metropolitan Edison Company” in 1995.

Mr. Mackauer holds a Bachelor of Science degree in Electronics Engineering Technology from Missouri Institute of Technology. He has been a Registered Professional Engineer in the state of Pennsylvania since 1987.

Mr. Mackauer has prepared and presented testimony in the following regulatory proceedings:

Regulatory Agency	Docket No.
Pennsylvania Public Utility Commission	P-2008-2020257
FERC	ER15-303-000