



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**44 South Clinton Avenue, 9<sup>th</sup> Floor**  
**Post Office Box 350**  
**Trenton, New Jersey 08625-0350**  
**[www.nj.gov/bpu/](http://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:

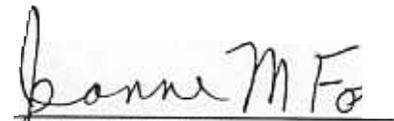
1. The Company shall not make any bank borrowings or issue commercial paper for the purpose of lending the proceeds to the Money Pool.
2. The Company shall not borrow from the Money Pool if it will be able to obtain funds at lower costs either through a direct bank borrowing or issuance of its commercial 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

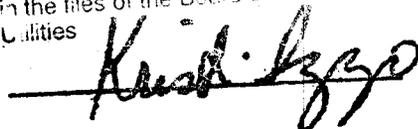
  
JEANNE M. FOX  
COMMISSIONER

  
JOSEPH L. FIORDIALISO  
COMMISSIONER

  
NICHOLAS ASSELETA  
COMMISSIONER

ATTEST:

  
KRISTI IZZO I HEREBY CERTIFY that the within  
document is a true copy of the original  
SECRETARY 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**

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