



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 Intersystem 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 bases and settled once per month.

FirstEnergy Service Company also known 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 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 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.

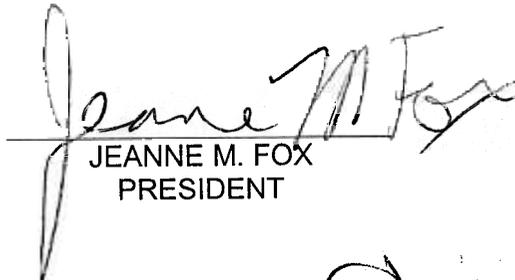
This ORDER is subject to the following provisions

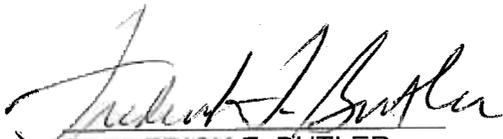
1. Petitioner shall not make any bank borrowings or issue commercial paper for the purpose of lending the proceeds to the Money Pool.
2. Petitioner shall not borrow from the Money Pool if it will be able to obtain funds at lower costs either through a direct bank borrowing or issuance of its commercial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

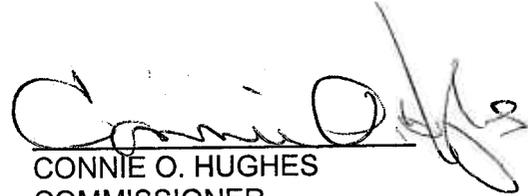
7. Petitioner shall file with the Board quarterly comparative statements indicating the interest rate imposed for borrowing/investing with the Money Pool and the prevailing market rate at the time for similarly situated utilities.
8. Petitioner shall inform the Board within three (3) days of any participating 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:

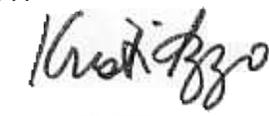

JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER

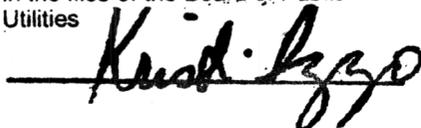

CONNIE O. HUGHES
COMMISSIONER


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


KRISTI IZZO

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**

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