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CASE MANAGEMENT

SEP 10 2018

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

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September 7, 2018

VIA FEDERAL EXPRESS

Aida Camacho-Welch, Secretary
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Ste. 314
P.O. Box 350
Trenton, New Jersey 08625-0350

RECEIVED
MAIL ROOM

SEP 10 2018

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

**Re: IN THE MATTER OF THE VERIFIED PETITION OF JERSEY
CENTRAL POWER & LIGHT COMPANY For Authority To Issue
And Sell Up To \$550,000,000 Aggregate Principal Amount Of Senior
Notes In One Or More Series And To Make, Execute And Deliver
One Or More Supplemental Indentures In Connection Therewith.
BPU Docket No. EF18090979**

Dear Secretary Camacho-Welch:

On behalf of Petitioner, Jersey Central Power & Light Company (the "Company"), enclosed herewith for filing with the Board of Public Utilities (the "Board") are the original and eleven copies of the Company's Verified Petition for Authority to Issue and Sell up to \$550,000,000 Aggregate Principal Amount of Senior Notes in one or more series and to Make, Execute and Deliver one or more Supplemental Indentures in connection therewith.

I hereby certify that two copies of the within Verified Petition and Exhibits have this day been transmitted to Stefanie A. Brand, Esq., Direct, Division of Rate Counsel, via Federal Express.

Would you kindly stamp the enclosed additional copy of this letter with the date of filing and the assigned document number, and return same to the undersigned in the enclosed self-addressed envelope.

Thank you for your anticipated courtesy and cooperation.

CMS
Legal
DAG
RPA
S. Peterson
ENERGY (2)
ECONOMIST (2)

Respectfully submitted,



Gregory Eisenstark

Enclosures

cc: Service List (via regular mail)

RECEIVED
CASE MANAGEMENT

SEP 10 2018

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

Orig

IN THE MATTER OF THE PETITION OF **JERSEY
CENTRAL POWER & LIGHT COMPANY** FOR
AUTHORITY TO ISSUE AND SELL UP TO
\$550,000,000 AGGREGATE PRINCIPAL AMOUNT
OF SENIOR NOTES IN ONE OR MORE SERIES AND
TO MAKE, EXECUTE AND DELIVER ONE OR
MORE SUPPLEMENTAL INDENTURES IN
CONNECTION THEREWITH.

**VERIFIED
PETITION**

N.J.A.C. 14:1-5.9

DOCKET NO. EF18090979

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

Jersey Central Power & Light Company (the “Company” or the “Petitioner”), an electric public utility subject to the regulatory jurisdiction of the Board of Public Utilities (the “Board”), and maintaining offices at 300 Madison Avenue, Morristown, New Jersey 07962 and 101 Crawfords Corner Road, Building #1, Suite 1-511, Holmdel, New Jersey 07733, in support of the within Verified Petition, respectfully shows:

1. The Company is currently engaged in the purchase, transmission, distribution and sale of electric energy and related utility services to more than 1,100,000 residential, commercial and industrial customers located within 13 counties and 236 municipalities of the State of New Jersey. This Petition is filed pursuant to N.J.S.A. 48:3-9 and N.J.A.C. 14:1-5.9.

2. 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, 6th Floor
New Brunswick, NJ 08901**

- and -

**James A. Arcuri, Esq.
FirstEnergy Corp.
76 S. Main Street, 15th Floor
Akron, OH 44308**

- and -

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

3. Information concerning each class and issue of the Company's capital stock is set forth in Exhibit G.

4. A listing of the principal amounts of the Company's long-term indebtedness is set forth in Exhibit G.

5. At June 30, 2018, the Company had \$298 million of short-term debt outstanding.

6. (a) By Orders of your Honorable Board (i) dated March 18, 1999, October 26, 2000, April 25, 2001 and November 22, 2002 in Docket No. EF98121419, (ii) dated April 5, 2004 in Docket No. EF03100838, (iii) dated April 27, 2006 in Docket No. EF06020085, (iv) dated April 13, 2007 in Docket No. EF07010015 (v) dated December 8, 2008 in Docket No. EF08090719, and (vi) dated February 20, 2013 in Docket No. EF12111053 ("2013 Order" and,

together with the other Orders referred to above, the “Prior Orders”) and the Company was granted authority to issue and sell, and issued and sold, among other things, \$2,400,000,000 aggregate principal amount of senior notes (collectively, the “Prior Senior Notes”). The Prior Senior Notes were issued and sold under an indenture (the “Note Indenture”) between the Company and The Bank of New York Mellon, as Successor Trustee (the “Note Trustee”), dated as of July 1, 1999.

(b) Initially, the Prior Senior Notes, excluding the senior notes authorized under the 2008 Order and the 2013 Order, were secured by a corresponding principal amount of so-called “mirror” first mortgage bonds issued under the Company’s mortgage Indenture dated as of March 1, 1946, as supplemented and amended (the “Mortgage”). However, following the application of the proceeds of the Prior Senior Notes that were issued and sold in 2007 pursuant to the 2007 Order, consistent with the terms of the Note Indenture and the Prior Senior Notes and as contemplated by the 2007 Order, all of the “mirror” first mortgage bonds securing all of the Prior Senior Notes were cancelled and ceased to secure the Prior Senior Notes, which became unsecured general obligations of the Company. In addition, the Mortgage was satisfied, and the lien thereof was cancelled and discharged, on September 14, 2007. As a result, and as recognized by the Prior Orders, including the 2007 Order, the 2008 Order and the 2013 Order, the Company cannot issue any additional first mortgage bonds.

(c) At the date hereof, no aggregate principal amount of securities remains unissued and unsold pursuant to any of the Prior Orders.

7. (a) As part of its ongoing financing program, the Company proposes to issue and sell, from time to time through June 30, 2020, up to \$550,000,000 aggregate principal

amount of new senior notes (the “New Senior Notes”) under the Note Indenture. As discussed in Paragraph 6(b) above, no “mirror” first mortgage bonds will be issued to secure the New Senior Notes.

(b) The Company desires to maintain the flexibility to issue and sell the New Senior Notes in one or more transactions, publicly, through either competitive biddings or negotiated underwritings, or privately, through direct placements, with an interest rate or rates, a maturity date or dates, redemption provisions, sinking fund provisions and other terms to be established separately for each series of New Senior Notes. The New Senior Notes will mature not less than one year nor more than thirty years from the date of issuance. The Company believes that this flexibility will enable it to react effectively to various changes in market conditions.

8. The Company understands that the New Senior Notes will be sold primarily based on their credit ratings, such that they and similar securities are treated by investors as relatively fungible as between issuers. Consequently, securities such as the New Senior Notes are typically sold with interest rates negotiated at the time of sale based on spreads over comparable maturities of U.S. Treasury securities. Based upon past experience with its prior issuances and sales of the Prior Senior Notes, the Company expects that issuances and sales of the New Senior Notes will provide for competition not only among the institutional investors seeking to purchase the New Senior Notes within a given maturity range and credit rating, but also among the underwriters seeking to place the issue on behalf of the Company. Under these circumstances, issuances and sales of the New Senior Notes cannot be conducted successfully under a competitive bidding format and, accordingly, the Company believes that a requirement to

utilize formal competitive bidding with respect to the issuance and sale of the New Senior Notes would not be in the public interest or necessary for the protection of investors or customers. Therefore, the Company believes that, should it determine, based upon existing market conditions and other relevant factors, to issue and sell New Senior Notes, it should be authorized to do so on a negotiated basis, in a manner similar to that authorized in the past by your Honorable Board in the Prior Orders.

Based on developments in the securities markets, the Company determined that negotiating individual underwriting agreements at the time of each separate offering was the preferable method of selling the Prior Senior Notes, as was authorized in connection with its petitions in Docket Nos. EF03100838, EF06020085, EF07010015, EF08090719 and EF12111053 and generally believes that to continue to be the case. In today's securities markets, underwriting agreements can be negotiated quickly and their use gives the Company more flexibility and options for its various financing transactions with respect to, among other things, the selection of underwriters at the time of each issuance. Therefore, the Company believes that, in all likelihood, it will negotiate individual underwriting agreements in connection with each series of New Senior Notes at the time of issuance. However, the Company also requests authority to utilize the other methods of selling the New Senior Notes described in Paragraph 7(b) above.

As noted, the Company expects to enter into underwriting agreements with one or more established underwriters from time to time and intends to offer the New Senior Notes for sale to purchasers through said underwriters or directly to such underwriters as principals. The underwriters will utilize the competitive forces of the marketplace to sell the New Senior Notes

at rates and on terms favorable to the Company. In essence, the underwriters will solicit indications of interest for the purchase of the New Senior Notes so as to create the greatest demand practicable for the securities. To take advantage of the competition, new issues are typically announced with no price guidelines while the underwriter leads build an over-subscribed order book. This demand will generate competition among the potential purchasers competing to purchase the New Senior Notes so as to achieve the most aggressive pricing levels for the Company. The Company submits that the flexibility afforded by this method of sale, as well as the alternative sales methods of competitive bidding and direct placement, authority for which is also requested herein, will allow the Company to get the best possible rates and terms and, therefore, satisfies the competitive bidding requirements of the Board, because the price of the securities will be based on a competitive process.

On the basis of current and historical market conditions, the Company anticipates that the maximum coupon spread over U.S. Treasury securities for the New Senior Notes will be as follows:

Range of Maturities	Maximum Coupon Spread Over U.S. Treasury Securities Basis Points
Up to 5 years	3.20%
From 5 to 10 years	3.40%
From 10 to 30 years	3.60%

The coupon spreads set forth above are based upon the difference between market yield of unsecured corporate debt securities having ratings comparable to the Company's senior notes and U.S. Treasury securities with like maturities. These maximum coupon spreads are

designed to allow for differences in redemption provisions as well as for ordinary market volatility. If market conditions change materially, the Company will deliver an updated yield spread schedule to the Board.

9. The purpose of the issuance of the New Senior Notes is to provide a portion of the permanent financing required by the Company to provide safe, adequate and proper service to the public. The Company expects to apply the net proceeds of the sale of the New Senior Notes to the repayment of \$300 million in 7.35% Senior Notes maturing February 1, 2019, any outstanding short-term debt, to address storm recovery and restoration costs and expenses, capital expenditures, working capital requirements and for other general corporate purposes, including to reimburse the Company's treasury for funds previously expended therefrom for the above purposes. The Company may also use such net proceeds to repurchase senior notes in the open market.

10. Consistent with the Prior Orders, the Company represents that it will not redeem outstanding senior notes at a premium prior to maturity unless the estimated present value savings derived from the difference between interest or dividend payments on a new issue of comparable securities and those securities refunded is on an after-tax basis greater than the estimated present value of all redemption, tendering and issuing costs, assuming an appropriate discount rate.

11. The Company will file a semi-annual statement setting forth the terms and conditions of all the New Senior Notes issued during the applicable time period together with a calculation of the principal amount of New Senior Notes so issued. The Company shall, as promptly as is practicable, file a statement that shall set forth the name(s) of the underwriter(s),

the principal amount, maturity range, commissions and the interest rate spread over comparable U.S. Treasury securities for any New Senior Notes issued and sold.

12. Pursuant to N.J.S.A. 48:3-9, the Company applies to your Honorable Board for authority for the following:

(a) Without further Order of the Board, to issue and sell, in one or more series through June 30, 2020, New Senior Notes in an aggregate principal amount not to exceed \$550,000,000 and, in connection therewith, to make, execute and deliver to the Note Trustee, as may be required, one or more Supplemental Indentures to the Note Indenture (each, a "New Senior Note Supplement") for the purpose of, among other things, providing for the issuance of such New Senior Notes in series and describing the terms of the New Senior Notes. A copy of each New Senior Note Supplement will be filed with your Honorable Board;

(b) Without further Order of the Board, to redeem senior notes at a premium, subject to the conditions set forth in Paragraph 10 above.

13. No franchise or right is proposed to be capitalized directly or indirectly as a result of or in connection with the proposed transaction.

14. The Board of Directors of the Company will authorize the transactions described in and the filing of the within Petition. A certified copy of the resolutions of the Board of Directors is filed herewith as Exhibit A.

15. No regulatory body other than your Honorable Board has jurisdiction over the proposed transactions for which your Board's approval is sought. Although the Company has qualified to do business in the Commonwealth of Pennsylvania, it has consistently been the position of the Pennsylvania Public Utility Commission that, under the conditions applicable to

the issuance and sale by the Company of securities heretofore issued, the provisions of the Pennsylvania Public Utility Code relating to the issuance of securities by public utilities are not applicable.

16. The Company hereby respectfully requests that your Honorable Board expedite its consideration and approval of the within Petition so that the Company may be in a position to issue New Senior Notes as promptly as practicable, if conditions so warrant.

17. Attached hereto and made part hereof are the following exhibits:

- Exhibit A Certified Resolutions of the Board of Directors authorizing the transactions described in and the filing of the within Petition
- Exhibit B Statement of Cash Flows for the twelve months ended June 30, 2018. The Statement of Cash Flows for the year 2017 is incorporated by reference to the Company's filing of its annual report for the year 2017 to the Board of Public Utilities.
- Exhibit C Statements of Sources of Construction Funds as of December 31, 2017 and June 30, 2018.
- Exhibit D Balance Sheets as of June 30, 2018, both before and after giving effect to the proposed transactions. The Balance Sheet and Statement of Long-Term Debt and Capital Stock as of December 31, 2017 are incorporated by reference to the Company's filing of its annual report for the year 2017 to the Board of Public Utilities.
- Exhibit E Statements of Utility Plant by Accounts as of December 31, 2017 and June 30, 2018, together with Additions and Retirements during the period.
- Exhibit F Statements of Income and Retained Earnings for the twelve months ended June 30, 2018, both before and after giving effect to the proposed transactions, together with explanations of pro forma adjustments and pro forma journal entries. The Statements of Income and Retained Earnings for the year 2017 are incorporated by reference to the Company's filing of its annual report for the year 2017 to the Board of Public Utilities.
- Exhibit G Statement of Securities Outstanding at June 30, 2018 and Statement of Interest and Dividends Paid or Declared for the year ended December 31, 2017 and the respective rates thereof.

- Exhibit H General description and an estimate of costs of construction, completion, extension, or improvement projects for the year 2018, in addition to the forecast for the year 2019.
- Exhibit I Source and Application of Funds.
- Exhibit J Senior Note Indenture.
- Exhibit K Form of New Senior Note (included in Exhibit J).
- Exhibit L Copy of Form of Underwriting Agreement or Purchase Agreement for New Senior Notes (to be submitted upon an issuance of New Senior Notes).

WHEREFORE, the Company respectfully requests your Honorable Board to authorize it, in accordance with the terms hereinabove set forth, and in contemplation of the issuance of New Senior Notes from time to time through June 30, 2020:

1. without further order of the Board, to issue and sell, in one or more series through June 30, 2020, New Senior Notes in an aggregate principal amount not to exceed \$550,000,000 and, in connection therewith, to make, execute and deliver to the Note Trustee, one or more New Senior Note Supplements to the Note Indenture for the purpose, among other things, of providing for the issuance of the New Senior Notes and describing the terms of the New Senior Notes; and
2. without further Order of the Board, to redeem senior notes at a premium, subject to the conditions set forth in Paragraph 10 above.

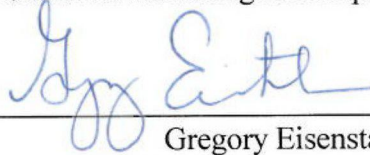
The Company further requests that an expedited procedure be used in the disposition of this Petition, including issuance of an appropriate Order without hearing.

Respectfully submitted,

Dated: September 7, 2018

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

By: _____



Gregory Eisenstark
120 Albany Street Plaza, 6th Floor
New Brunswick, NJ 08901
(732) 448-2537

AFFIDAVIT
OF
VERIFICATION

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

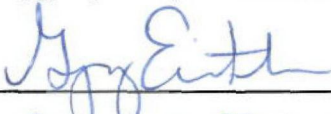
1. I am Director of Rates & Regulatory Affairs - New Jersey for Jersey Central Power & Light Company, the Petitioner named in the above-captioned matter, and I am duly authorized by said Petitioner to make this Affidavit of Verification on its behalf.

2. I have read the contents of the foregoing Verified Petition, and have reviewed the underlying documentation regarding the Petitioner's request. Based thereon, 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 7th day of September 2018



GREGORY EISENSTARK
ATTORNEY-AT-LAW OF
THE STATE OF NEW JERSEY