

August 22, 2022

VIA ELECTRONIC MAIL ONLY

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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. 10 to the Petition

BPU Docket No. EF02030185

Dear Acting Secretary Diaz and Mr. Witherell:

Petitioner, Jersey Central Power & Light Company (“JCP&L” or the “Company”), submits this Amendment No. 10 to the Petition filed in the above-referenced matter on March 19, 2002, as previously supplemented by Amendment Nos. 1, 2, 3, 4, 5, 6, 7, 8, and 9 to the Petition, dated June 25, 2002, February 27, 2003, January 13, 2005, July 23, 2007, August 18, 2009, March 18, 2011, January 29, 2013, November 21, 2016, and June 26, 2019, respectively (collectively, the “Petition”).

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By Order of the New Jersey Board of Public Utilities (“Board” or “BPU”) 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, March 20, 2013, January 25, 2017, and December 6, 2019, respectively (collectively, the “Money Pool Orders”), the Company was authorized from time to time through December 31, 2022, 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 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. 10 to the Petition, the Company hereby amends its Petition and requests an extension, through December 31, 2025, 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 maintain the limitation on its Money Pool borrowings to an aggregate principal amount not to exceed \$500 million outstanding at any one time.

The amount of the borrowing limit under the Money Pool being sought is equal to the Company’s short-term borrowing limit of \$500 million currently authorized by the Federal Energy Regulatory Commission (“FERC”).¹

¹ *FirstEnergy Service Company*, 177 FERC ¶62, 131 (2021) (a copy of which is attached hereto as Exhibit 20).

The Company hereby requests authorization that its borrowing limit under the Money Pool be set at \$500 million through December 31, 2025. 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 opposed to its borrowing costs associated with its line of credit with the commercial banks (the current savings is approximately 100 basis points). The Money Pool, as previously authorized in the Money Pool Orders and as proposed to be modified and extended by this Amendment No. 10, complies in all respects with BPU 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)(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, 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 FERC under the Public Utility Holding Company Act of 2005, and are 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));

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 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 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 to the above, 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)).²

The Company notes that this filing for Amendment No. 10 to the Petition is being made prior to September 1, 2022, as required by the Board's Order dated December 6, 2019. In addition, as required by the Board's December 6, 2019 Order approving Amendment No. 9, the Company has continued to evaluate potential opportunities that might be available from the issuance of commercial paper as a supplement to the Money Pool. In this regard, the Company meets on an ongoing basis with various banks to discuss liquidity cost savings. During these evaluations, which have been ongoing since the Board's approval of Amendment No. 8, potential savings opportunities have not existed that would outweigh the overall costs of a commercial paper program due to the upfront expenses associated with establishing a commercial paper program, added costs from rating agencies and auditors, as well as other administrative burdens. In addition, even if JCP&L were to establish a commercial paper program, it would need to continue to have an alternate source of liquidity, such as a revolving credit facility, as a backstop for liquidity

² JCP&L notes that, during the most recent extension period resulting from Amendment No. 9 to the Petition, this provision was implicated in November 2020, when JCP&L and certain affiliates in the Money Pool received downgrades to their senior unsecured credit ratings from Standard and Poor's ("S&P"). Consequently, for a period of time between November 23, 2020 and March 21, 2021, JCP&L was in non-compliance with the above-cited regulation. As a result, on March 25, 2021, JCP&L filed a petition with the Board seeking a temporary waiver of the requirement under N.J.A.C. 14:4-4.7(h). In addition, the Company has added the restriction on money pool lending into its debt compliance database to help protect against future occurrences. While that petition remains pending, on October 19, 2021, S&P raised the senior unsecured ratings of JCP&L and the other Money Pool participants to investment-grade. As of the date of this filing, all FirstEnergy regulated entities participating in the Money Pool have an investment-grade rating from all NRSROs.

purposes. Moreover, based on the relatively small size of a potential JCP&L commercial paper program, the Company understands that there could be difficulty attracting a consistent investor base, which could result in liquidity problems. In undertaking this analysis, it is important to remember that the Money Pool is always the first choice (and lowest cost option) for JCP&L's short-term borrowing needs. Secondary short-term sources, whether the revolving credit facility or a commercial paper program, are rarely used. The Company is providing updated information about the costs of a commercial paper program in accordance with the direction provided in the Board's Order dated December 6, 2019. *See* Table below.³

TABLE

JCP&L Commercial Paper Cost Estimate (\$MM)			JCP&L Revolver Cost Estimate (\$MM)			JCP&L Money Pool Cost Estimate (\$MM)	
Program Size	\$500		Facility Size	\$500		ST Borrowing Authorization	\$500
CP Outstanding	\$100		Amount Drawn	\$100		Amount Drawn	\$100
Pricing	Spread (bps)	Yield (bps)	Pricing	Spread (bps)	Yield (bps)	Pricing	Yield (bps)
CP All-in Pricing	65.4	295.0	Drawn	136.4	366.1	Current Utility Pool Rate*	244.0
			Undrawn	17.5	17.5		
Fees			Total Drawn Cost	\$ 3.66			
CP All-in Pricing	\$ 2.95	295.0	Total Undrawn Cost	\$ 0.70		Total Annual Cost (\$MM)	\$ 2.44
Rating Agency	\$ 0.45	44.6					
Issuing & Paying Agency	\$ 0.04	3.6					
Legal	\$ 0.01	0.5	Total Annual Cost (\$MM)	\$ 4.36			
Credit Facility Backstop	\$ 0.88	17.5					
Total Annual Cost (\$MM)	\$ 4.31						
Total Upfront Cost(\$MM)	\$ 0.34						

* Utility Money Pool Rate as of 7/31/22. YTD average rate is 1.14%.

³ In addition, in 2021 JCP&L provided information to Board Staff regarding the costs of a commercial paper program in the context of the Board's Management and Affiliate Standards Audit. JCP&L would provide the same information used in this response to Rate Counsel, if deemed pertinent or helpful to its deliberations.

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

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Attached hereto and made a part hereof are the following exhibits in support of Amendment No. 10 to the Petition:

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 Board Order, 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 16 – Copy of Amendment No. 8 to Petition, dated November 21, 2016;

Exhibit 17 – Copy of Order (dated January 25, 2017) Modifying Order Dated July 24, 2002;

Exhibit 18 – Copy of Amendment No. 9 to Petition, dated June 26, 2019;

Exhibit 19 – Copy of Order (dated December 6, 2019) Modifying Order Dated July 24, 2002;

Exhibit 20 – FERC Order (dated December 8, 2021), in *FirstEnergy Service Company*, 177 FERC ¶ 62, 131;

Exhibit 21 – 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, 2022 through December 31, 2025, of the time within which the Company may

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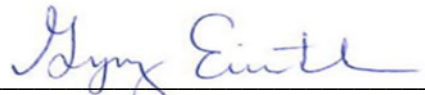
participate in the Money Pool; and (ii) authorizing the Company's limitation on Money Pool borrowings to an aggregate principal amount not to exceed \$500 million outstanding at any one time, respectively, as set forth herein. In all other respects, the Money Pool Orders, as heretofore issued by the Board, would remain unchanged.

The Company respectfully requests that the Board issue an appropriate Supplemental Order without hearing during 2022, given that the current Money Pool authorization expires on December 31, 2022.

In accordance with the Board's March 19, 2020 Order in BPU Docket No. EO20030254, copies of this filing are being submitted to the Board and the Division of Rate Counsel by electronic mail only. Please kindly confirm your receipt and acceptance of this filing by electronic mail at your earliest convenience.

Respectfully submitted,

COZEN O'CONNOR
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& Light Company


By: Gregory Eisenstark

cc: VIA ELECTRONIC MAIL ONLY

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