STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF **JERSEY CENTRAL POWER & LIGHT COMPANY** FOR APPROVAL OF A REVISED SERVICE COMPANY AGREEMENT AND A MUTUAL ASSISTANCE AGREEMENT PURSUANT TO N.J.S.A. 48:3-7.1 AND N.J.A.C. 14:4.-4.5.	:	**VERIFIED PETITION** **BPU DOCKET NO.** __________

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

Jersey Central Power & Light Company (the "***Company***," "***JCP&L***," or the "***Petitioner***"), a New Jersey electric public utility subject to the regulatory jurisdiction of the New Jersey 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. JCP&L, a wholly-owned subsidiary of FirstEnergy Corp. ("***FirstEnergy***"), is primarily 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.

2. As of the date of this filing, JCP&L is one of ten regulated distribution companies within the FirstEnergy investor-owned electric utility holding company system (sometimes also referred to herein as the "***FirstEnergy System***"), which serves 6 million customers in the Midwest and Mid-Atlantic regions, which stretch from the Ohio-Indiana border to the New

Jersey shore. Those distribution companies operate more than 269,000 miles of distribution lines. In addition, FirstEnergy's transmission operations include approximately 24,000 miles of lines and two regional transmission operation centers within that same footprint.

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

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Summary of Requested Relief

4. In this filing, the Company respectfully requests Board approvals with respect to two affiliated service agreements (collectively the "***Affiliate Agreements***"). First, JCP&L seeks approval of a revised version of the FirstEnergy Service Company Agreement (the "***Service Agreement***"). Second, the Company seeks approval of JCP&L's continuing participation in the Amended and Restated Mutual Assistance Agreement ("***MAA***"). The Company seeks approval of the MAA as a matter of clarification, administrative efficiency, increased corporate transparency, and due to the changes being made to the MAA.

5. The Service Agreement is the agreement under which the FirstEnergy Service Company ("***FESC***"), also a wholly-owned affiliate of FirstEnergy, and a centralized shared services provider, provides services to its affiliates within the FirstEnergy System, including JCP&L.

6. The Board has previously reviewed and approved the form of the Service Agreement and the conditions of JCP&L's participation in it, in the Board's order dated December 14, 2005, in BPU Docket Nos. EM02100777 and EE98050267 (the "***2005 Order***"). The 2005 Order is attached hereto as Exhibit No. 1.

7. The Service Agreement has also been the subject of subsequent Board review in management and affiliate standards audits of JCP&L and in JCP&L base rate filings since 2005.[1]

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[1] The 2005 Order further discusses the history of the predecessor service agreement from 1998 (during the pre-merger GPU, Inc. ("**GPU**") period) through the time of the FirstEnergy-GPU merger in November 2001 to the time of the Board's 2005 Order.

8. The Company believes that the changes to the Service Agreement, as will be discussed in further detail herein, do not change the nature and purpose of the Service Agreement regarding its provision of services to its affiliates, and the Company respectfully seeks the Board's approval of the revised Service Agreement.

9. The second of the Affiliate Agreements is the MAA. Under the MAA, FirstEnergy subsidiaries, including JCP&L, are able to request and receive non-power goods and services from their affiliates consistent with the terms and conditions of the MAA. Pricing for the services and goods are consistent with the Service Agreement, Federal Energy Regulatory Commission ("***FERC***") accounting, and applicable affiliate standards' restrictions.

10. The original MAA pre-dates the November 2001 merger of the GPU registered public utility holding company with and into FirstEnergy. In this respect, the original MAA is a pre-merger GPU legacy agreement that was revised from time to time after the merger to accommodate the addition or deletion of entities, which have become or are no longer associated with the FirstEnergy System. While the MAA has never been filed with the Board for its specific approval, the Company's participation in the MAA has been made known and copies of it have been provided to Board Staff on several occasions since approximately 1993, including in management and affiliate standards audits and base rate filings since 2005.

11. Although the changes to the MAA are not substantively significant, the Company has determined to respectfully seek the Board's approval of JCP&L's participation in the MAA under N.J.S.A. 48:3-7.1. Such approval will alleviate any future auditing or rate base filing questions or concerns and will clarify that JCP&L requests for any statutory qualifying services from affiliates that may exceed $25,000 are also encompassed by the approved MAA.

Factual Circumstances Giving Rise to this Petition.

12. The Service Agreement and the MAA are subject to certain revisions and amendments as a result of the very recent resolution of proceedings in the Commonwealth of Pennsylvania before the Pennsylvania Public Utility Commission ("***PaPUC***") at multiple docket numbers on a consolidated basis pursuant to petitions filed on March 6, 2023.[2]

13. In sum, JCP&L's Pennsylvania affiliates sought PaPUC approval associated with: (1) the proposed merger of Metropolitan Edison Company ("***Met-Ed***"), Pennsylvania Electric Company ("***Penelec***"), Pennsylvania Power Company ("***Penn Power***"), and West Penn Power Company ("***West Penn***") with and into FirstEnergy Pennsylvania Electric Company ("***FE PA***") ("***Proposed Consolidation***"); (2) the proposed sale of Class B membership

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[2] Docket Nos. A-2023-3038771, A-2023-3038792, A-2023-3038793, A-2023-3038794, A-2023-3038795, A-2023-3038807, A-2023-3038808, G-2023-3038818, G-2023-3038819, G-2023-3038820, G-2023-3038821, G-00020956, *Joint Application of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, West Penn Power Company, Keystone Appalachian Transmission Company, MidAtlantic Interstate Transmission, LLC, and FirstEnergy Pennsylvania Electric Company for All of the Necessary Authority, Approvals, and Certificates of Public Convenience for (1) the Agreements and Plans of Merger; (2) the Establishment of FirstEnergy Pennsylvania Holding Company LLC as an Intermediate Holding Company in the Chain of Ownership of FirstEnergy Pennsylvania Electric Company; (3) the Merger of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company with and into FirstEnergy Pennsylvania Electric Company; (4) the Initiation by FirstEnergy Pennsylvania Electric Company of Electric Service in All Territories in this Commonwealth where Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company Do or May Provide Electric Service; (5) the Abandonment by Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company of All Electric Service in this Commonwealth; (6) the Adoption by FirstEnergy Pennsylvania Electric Company of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company's Existing Tariffs and their Application within New Service and Rate Districts of FirstEnergy Pennsylvania Electric Company Corresponding to their Existing Service Territories as the Met-Ed Rate District, Penelec Rate District, Penn Power Rate District, West Penn Rate District, and The Pennsylvania State University Rate District, Respectively; (7) the Sale of Class B Membership Interests in Mid-Atlantic Interstate Transmission, LLC held by MetEd and Penelec to FirstEnergy Corp.; (8) the Contribution of West Penn Power Company's Transmission Assets to Keystone Appalachian Transmission Company; (9) a Certificate of Public Convenience Conferring Upon Keystone Appalachian Transmission Company the Status of a Pennsylvania Public Utility; (10) Where Necessary, Associated Affiliated Interest Agreements; and (11) Any Other Approvals Necessary to Complete the Contemplated Transaction.*

interests in MidAtlantic Interstate Transmission, LLC ("***MAIT***") held by Met-Ed and Penelec to FirstEnergy ("***Proposed Sale of MAIT Class B Interests***"); and (3) the proposed contribution of West Penn's transmission assets to Keystone Appalachian Transmission Company ("***KATCo***") ("***Proposed Transmission Contribution***"). These three items are collectively referred to as the "***Transaction***."

14. On December 7, 2023, the PaPUC issued an order adopting the recommended decision issued by the PaPUC Administrative Law Judges on or about October 19, 2023, and approving a joint settlement, addressing all issues related to the proposed consolidation into FE PA. A copy of the PaPUC Order is attached as Exhibit 2.[3]

15. A petition was also filed in the State of New York before the New York Public Service Commission ("NYPSC") on March 6, 2023.[4] The NYPSC issued an order dated November 20, 2023, authorizing the intra-company reorganization. A copy of that order is attached as Exhibit 3.

16. On March 6, 2023, an application was also filed with the FERC seeking the approval of a set of proposed transactions related to an internal corporate reorganization that,

[3] In summary, under the terms approved by the PaPUC, among other things, FE PA will have five rate districts in Pennsylvania. The current rate structure of Met-Ed, Penelec, Penn Power and West Penn Power will continue in each of those respective rate districts until a future rate case filing by FE PA. FE PA has indicated that it intends to unify rates moving forward. However, the settlement includes a provision for gradual changes—requiring that any movement toward unification occur over a period covering three rate cases filed on or after Jan. 1, 2025, or ten years from the date of the Commission's approval of the merger, whichever comes first.

[4] State of New York Public Service Commission, Case # 23-E-0118 - *Petition of Pennsylvania Electric Company for Authorizing the Proposed Intra-Corporate Merger Pursuant to Section 70 of the New York Public Service Law.* As a matter of background, in addition to being an electric distribution company that provides electric service in Pennsylvania, Penelec also provides electric service to approximately 4,000 customers in the Village of Waverly, New York, and the Town of Barton, New York (Waverly District), creating the need for this filing.

among other things, will separate the transmission and distribution functions among the applicants within the Commonwealth of Pennsylvania. The FERC approved the companies' reorganization application on August 14, 2023 in the order attached hereto as Exhibit 4.[5]

17. The Affiliate Agreements need to be revised as a result of the Transaction because, now that the Transaction is approved in Pennsylvania and given its closure on January 1, 2024, Met-Ed, Penelec, Penn Power, and West Penn no longer exist and must be replaced as parties to the Affiliate Agreements by FirstEnergy Pennsylvania Holding Company, LLC ("***FE PA HoldCo***"), FE PA, and KATCo.

Statutory and Regulatory Basis for Requested Relief

18. As indicated above, this Petition is filed pursuant to N.J.S.A. 48:3-7.1 and N.J.A.C. 14:4.-4.5.

19. N.J.S.A. 48:3-7.1 applies to New Jersey public utility affiliate contracts with respect to "management, advisory, construction or engineering" services for "a sum exceeding twenty-five thousand dollars," which require the written approval of the Board. Such contracts can be disapproved by the Board, if the Board "determines that such contract violates the laws of [New Jersey] or of the United States, or that the price or compensation thereby fixed exceeds the fair price or fair compensation for the property to be furnished or the work to be done or the services rendered thereunder or is contrary to the public interest . . . ." N.J.S.A. 48:3-7.1.

20. N.J.A.C. 14:4-4.5 is a Board regulation pertaining to service agreements, under subchapter 4 (Public Utility Holding Company (PUHC) Standards) of Title 14 of the New Jersey Administrative Code ("***PUHC Standards***"). The PUHC Standards were developed,

[5] FERC Docket No. EC23-59-000, Order at 184 FERC ¶ 61,094. The FERC Order can also be accessed at: https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20230814-3073.

promulgated, and adopted in response to the enactment of the federal Energy Policy Act of 2005, which, among other things, effective February 2006, repealed the Public Utility Holding Company Act of 1935 (the "***'35 Act***"). Indeed, what was then the Subchapter 4A, PUHC Standards, was adopted as new rules by R.2006 d.339, effective October 2, 2006. *See* 37 N.J.R. 4889(a), 38 N.J.R. 4237(a). Such regulations were "intended to protect New Jersey utility ratepayers from the risks presented by the ownership of a New Jersey electric or gas public utility by a public utility holding company." N.J.A.C. 14:4-4.1.

21. As defined in the Board's regulations, a service agreement means:

> a contract or agreement ***whereby a public utility holding company or a subsidiary undertakes*** to sell, lease, or furnish any managerial, financial, legal, engineering, purchasing, marketing, auditing, statistical, advertising, publicity, tax, research, or any other service, information or data, or any goods, equipment, materials, supplies, appliances, or similar property, ***to an electric or gas public utility in the same public utility holding company system***. Nothing in this subchapter shall be deemed to expand the Board's jurisdiction over service agreements beyond its existing jurisdiction under N.J.S.A. 48:3-7.1.

N.J.A.C. 14:4-4.2 (emphasis added).

22. In pertinent part, N.J.A.C. 14:4-4.5 (Service Agreements) requires that an electric utility:

a. "obtain Board approval prior to entering into a service agreement," N.J.A.C. 14:4-4.5(a);

b. "notify the Board in writing of all modifications to any approved service agreement, including the provision of services to a non-affiliate, and additions or deletions to the categories of services provided under the service agreement," N.J.A.C. 14:4-4.5(b);

c. “obtain Board approval for any modification to cost allocation methodologies and formulae, which would result in a five percent or greater change in allocation factors” subject to certain filing requirements, N.J.A.C. 14:4-4.5(c); and

d. when adding or removing a party, ensure that cost allocation factors are adjusted, as applicable, payment by the new participant begins, and adjustments are made for the electric public utility’s share of service company costs to reflect contributions from the new participant. N.J.A.C. 14:4-4.5(d).

23. In the following sections, the Company discusses the relevant details regarding the Affiliate Agreements and the anticipated changes that they will undergo as a result of the Transaction.

Service Agreement

24. The Service Agreement is an agreement between FESC and the rest of FirstEnergy’s participating subsidiaries under which FESC provides centralized corporate services, such as accounting, legal, data processing, administrative, management, and other services, to those subsidiaries. FESC is a ‘‘service company’’ under the regulations promulgated under the Public Utility Holding Company Act of 2005 (“***PUHCA 2005***”), which means “any associate company within a holding company system organized ***specifically for the purpose*** of providing non-power goods or services or the sale of goods or construction work to any public utility . . . in the same holding company system.” 18 C.F.R. § 366.1 (emphasis added). Both under PUHCA 2005 and the definition of a “service agreement” under N.J.A.C. 14:4-4.2, the entity

providing such services is a non-public utility entity within the same holding company system (or in the case of the New Jersey regulation, the holding company itself).[6]

25. As a centralized service provider, FESC provides administrative, management, operations support, and other services to FirstEnergy and its affiliated companies. It has been long understood[7] that providing the broad array of services described herein throughout a holding company system such as the FirstEnergy System, by and through a centralized mutual service company, such as FESC, is more efficient and less costly than providing, managing, and staffing such services at each individual associate company.

26. The holding company system structure allows FirstEnergy to more efficiently utilize its resources and leverage its economies of scale by providing the enumerated services from centralized groups within FESC. For instance, among other things, FESC has a greater degree of bargaining power with suppliers than would FirstEnergy and each of its associate companies negotiating individually, because FESC negotiates, where appropriate, on behalf of the overall FirstEnergy System.

27. More specifically, FESC provides various corporate, managerial, and administrative support services to FirstEnergy and its associate companies, including JCP&L, in the following areas: administrative services, business development, call centers, claims, communications, controllers, corporate secretarial services, corporate affairs and community

[6] This distinction is important for purposes of understanding the difference between the Service Agreement and the MAA. In the latter case, the agreement is a mechanism designed primarily for the non-service company affiliates to provide a more limited and more operationally oriented type of good or service amongst themselves in accordance with applicable affiliate pricing rules.

[7] For instance, the predecessor to PUHCA 2005, the ’35 Act, and the regulations (e.g., Rules 87, 88, 90, 91 and 93) promulgated thereunder, permitted, and regulated, the use of, and charging of costs by, mutual service companies that provided services within registered public utility holding company systems.

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, construction and design services, treasury and workforce development.[8]

28. Although FESC provides utility operations-related support services, it is important to emphasize that FESC, generally, does not perform the "operations" services, which are, instead, performed by the FirstEnergy utility companies themselves, including JCP&L. Two exceptions to this, however, are in the areas of vegetation management and engineering, which are centrally managed at FESC for the entities, such as JCP&L. A copy of the current Service Agreement is provided as Exhibit 5 and is attached hereto.

29. The books and records of FESC are maintained in accordance with the FERC Uniform System of Accounts and Generally Accepted Accounting Principles. Insofar as the Service Agreement will be revised as a result of the Transaction, there will be no change in this longstanding approach.

30. FESC renders services to FirstEnergy and its associate companies at cost. The fully loaded costs of the services (meaning that the costs include the direct costs incurred to provide a service plus the indirect costs (such as appropriate overheads) incidental or related to a service whether charged directly or indirectly) provided by FESC are either directly or indirectly charged to FirstEnergy and its associate companies (including JCP&L). Insofar as the Service

[8] FESC also provides, on a limited basis, goods in connection with such services. However, for the sake of simplicity and clarity, this Petition will mainly refer to "services" as they have been articulated in the Board's 2005 Order.

Agreement will be revised as a result of the Transaction, there will be no change in this longstanding approach.

31. Some FESC costs are directly charged to a particular company, such as JCP&L, because those costs are related to services performed solely for JCP&L. Other FESC costs are indirectly charged when the costs are not directly chargeable to a single associate company because the services benefit multiple associate companies, and the particular costs of the service are not identified to any individual associate company or companies. Insofar as the Service Agreement will be revised as a result of the Transaction, there will be no change in this longstanding approach.

32. When the costs are charged indirectly, an appropriate cost allocation methodology is used. A cost allocation methodology is a method or process for distributing costs for services rendered that are not directly charged to a single associate company, such as charges to multiple associate companies, which are indirectly charged. The cost allocation methodologies used by FESC today are set forth in the Service Agreement and are the same ones that were approved by the U.S. Securities and Exchange Commission ("***SEC***") in 2003 and by the Board in the 2005 Order. The cost allocation methodologies are also listed in the FERC Form 60, which FESC uses to report to the FERC annually, a copy of which is also provided to the Board and the Division of Rate Counsel. Insofar as the Service Agreement will be revised as a result of the Transaction, there will be no change in this longstanding approach.

33. The cost allocation methodologies are used to accurately distribute FESC costs that are not directly charged to a particular associate company, and, therefore, are indirectly charged to, and among, the FirstEnergy associate companies in compliance with the standards promulgated by FERC under PUHCA 2005 (including cost allocation methodologies previously

approved by the SEC under the ’35 Act and applicable state requirements, including, in the case of JCP&L, the 2005 Order). The particular cost allocation methodology used with respect to any particular service varies based on the service provided and the associate company or companies receiving the service. Insofar as the Service Agreement will be revised as a result of the Transaction, there will be no change in this longstanding approach, except as explained below.

34. The cost allocation methodologies, which have been approved by the SEC and, with respect to JCP&L, the Board, and accurately reflect the most relevant cost drivers of the organization, have not changed since initially adopted; however, the data inputs required to apply the cost allocation methodologies are updated on an annual basis based on actual experience. As a result, while the methodologies have not changed, the percentage share for an associate company and the percentage allocation among associate companies within the methodology can change from year to year based on actual results. Insofar as the Service Agreement will be revised as a result of the Transaction, there will be no change in this longstanding approach.

35. The cost allocation methodologies are contained within FirstEnergy’s Cost Allocation Manual (“***CAM***”), which provides detailed information and requirements and internal controls with respect to use and compliance. Internal controls that support and govern the cost allocation process are adequately designed to provide a reasonable level of assurance regarding reliability and integrity of the allocation of the charges billed to JCP&L, in accordance with the Service Agreement and CAM requirements. As reported in testimony in the Company’s 2023 Base Rate Filing, FirstEnergy has been engaged in a comprehensive effort to review and update the Service Agreement and the CAM as necessary to ensure they both properly reflect current business activity. The cost allocation methodologies themselves have not undergone any changes as part of this process, but the CAM and its Appendices were globally revised to reflect updates to

goods and services, cost allocation descriptions, and corporate structure. The CAM as a whole was updated to ensure compliance with applicable statutes, regulations, and relevant audit recommendations. Additionally, an annual review process and comprehensive training were developed in order to ensure that the CAM remains current and compliant on an ongoing basis.

36. As has been reviewed in management and affiliate standard audits, and base rate filings, since 2005, FirstEnergy and JCP&L have had, and continue to have, extensive controls in place by which FESC charges and allocations are reviewed on an ongoing basis. Insofar as the Service Agreement will be revised as a result of the Transaction, there will be no change in this longstanding approach.

37. A copy of the Revised Service Agreement is attached hereto as <u>Exhibit No. 6</u>.

38. As mentioned above, in addition to the comprehensive review and updating process, the above-described approvals of the Transaction, will result in the need for certain changes to the Service Agreement as follows:

a. As of January 1, 2024, Met-Ed, Penelec, Penn Power, and West Penn (also known as the "***Pennsylvania OpCos***") are no longer parties to the Service Agreement, having been replaced by FE PA HoldCo, FE PA, and KATCo, which are now parties to the Service Agreement; and

b. General updates and revisions have been made to reflect changes in both the law and current affiliates. Specifically,

i. to remove reference to the '35 Act, as that has been repealed and replaced by other statutes and regulations with respect to service companies within a holding company system;

ii. to refer to updated applicable laws, rules, and regulations of federal and state regulatory bodies having jurisdiction thereover;

iii. to explain and further differentiate between "basic" and "additional" services that will be provided by FESC to its client companies;[9]

iv. to more accurately reflect and emphasize the use of fully allocated costs for charging purposes; and

v. to include updated standard agreement provisions appropriate under the circumstances.[10]

39. Exhibit No. 7, which provides a comparison between the current existing version of the Service Agreement (Exhibit No. 5) and the Revised Service Agreement (Exhibit No. 6), shows the changes that are necessary to accommodate the approval and implementation of the Transaction.

[9] With respect to the decision to separate "Basic Operating Services" from "Additional Services" in the Revised Service Agreement, it was largely driven by a desire to provide each operating company the flexibility to request a more tailored set of services under the agreement. In short, "Basic Operating Services" cover the fundamental services that are universally performed by FESC for all FE affiliates within the FirstEnergy System. "Additional Services" are those other enumerated services that may be uniquely specific to meeting the needs of any particular operating company (and, therefore, would not be billed to all affiliates). Moreover, the services descriptions have been updated.

[10] For instance, the term of the Revised Service Agreement has changed from annually to five-year renewable terms and the notice period for termination has been extended to six months, which will promote administrative efficiency, consistency and flexibility by eliminating the process and paperwork associated with annual service request updates, the requirement for which has been removed, while still providing for an annual review of the description and scope of services to be provided. The change from an annual term to a five-year term reflects that changes to the Service Agreement are rare (as reflected by the prior practice that effectively treated the agreement as "evergreen"), while assuring more formality to the actual five-year renewal process. In other respects, the changes (in the form of updates or additions) are to general contractual provisions that are sometimes referred to as "boilerplate" addressing entireties, assignment, notice, waiver, governing law, headings, severability, amendment and modifications, counterparties, and third-party beneficiaries.

40. JCP&L will continue to comply with the directives of the Board's regulations (i) requiring notification to the Board with respect to changes in the Service Agreement (N.J.A.C. 14:4-4.5(b)); (ii) requiring that within 60 business days after the addition or removal of a party to the Service Agreement, cost allocation factors are adjusted appropriately, payment by the new participant begins, and adjustments are made for JCP&L's share of FESC's costs to reflect contributions from the new participant (N.J.A.C.14:4-4.5(d)); and (iii) requiring the Company to seek the Board's approval of any modification to cost allocation methodologies and formulae that would result in a five percent or greater change in allocation factors (N.J.A.C.14:4-4.5(c)).

41. In addition, as required under the 2005 Order, the Company will continue to "file petitions for approval of any modifications to the Service Agreement, including changes in methods or formulae used to allocate costs, with the Board at the same time it makes a filing with the [FERC]" under paragraph 13 of the Amended Stipulation of Settlement as approved by the 2005 Order.[11]

Mutual Assistance Agreement

42. As has been mentioned earlier, the MAA is a legacy GPU agreement in which JCP&L has participated since approximately 1993. By design, the MAA is a form of agreement that primarily allows for the utility operating companies to provide or interchange certain types of operations-related services and goods between themselves that would allow for more effective and efficient management of operations' undertakings, including but not limited to storm outage recovery and restoration assistance. Over time, the design expanded to allow for a greater diversity of affiliate participation, including by certain special purpose service nuclear and

[11] It should be noted that, in this case, the Service Agreement was not required to be filed with the FERC with respect to the Transaction.

fossil generation companies that had been formed[12] and even, in rare circumstances, the Service Company itself, as a service recipient.

43. Following the FirstEnergy-GPU merger in 2001, and the business combination between FirstEnergy and Allegheny in 2011, the MAA continued to be utilized with added affiliate participants.

44. With respect to FESC's participation in the MAA, the MAA provides for the FirstEnergy operating companies to provide non-power goods and services to FESC when requested or required. In addition to storm outage recovery and restoration assistance, mentioned earlier, the leasing of space in an operating company facility would be another example of this type of service. These would be predominantly services, but sometimes goods, which the FirstEnergy operating companies are uniquely able to provide within FirstEnergy and which FESC cannot provide itself, and, from time to time, may request or require.

45. Insofar as JCP&L's participation in the MAA was concerned, it was originally determined by JCP&L that the Board's approval was not necessary unless the services requested by JCP&L under the MAA involved the provision of "management, advisory, construction or engineering" services for "a sum exceeding twenty-five thousand dollars." N.J.S.A. 48:3-7.1.

46. Over the years since 1993, whether in the context of management and/or affiliate standards audits, or base rate filings, copies of the MAA, as then in effect, have been

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[12] *See I/M/O JCP&L for Approval of a Service Agreement with GPU Nuclear Corp.*, BPU Docket No. EM950100390 (Decision and Order, Mar. 15, 1996); and *I/M/O JCP&L for Approval of an Operating Agreement with GPU Generation Corp.*, BPU Docket No. EE94030079 (Decision and Order, Dec. 28, 1994; Clarifying Order, Feb. 8, 1995), which are historical Board approvals of service agreements with certain special purpose service companies.

provided to Board Staff and various questions have been addressed over time without significant controversy.

47. Indeed, in the Audit Report of Schumaker & Company filed in June 2011,[13] the Auditor recommended establishing affiliate agreements for all missing affiliate relationships, as appropriate, and providing them, as necessary, to the applicable state regulatory commissions for review and approval (Schumaker Audit Report Recommendation III-1). In the Company's response, which the Board's Audit Staff reviewed and approved in October 2013, the Company proposed to further amend the MAA to add additional participants and to submit it for approval in Pennsylvania and West Virginia. However, in New Jersey, the plan continued to rely on JCP&L's position that Board approval was not necessary as long as JCP&L does not enter into transaction to obtain any management, advisory, construction or engineering service for a sum exceeding $25,000 without specific Board approval.

48. The primary objective of the current MAA is to provide a form of agreement for the provision, when requested or required, of non-power goods and services by and between the FirstEnergy operating companies. A copy of the currently effective MAA (as opposed to the Revised MAA, discussed below) is attached hereto as Exhibit No. 8. In addition, the MAA provides a vehicle for the FirstEnergy operating companies to provide non-power goods and services to certain FirstEnergy non-operating company affiliates and, where appropriate, vice versa.

[13] *In the Matter of an Audit of the Affiliated Transactions between Jersey Central Power & Light Company, FirstEnergy Corporation and its Affiliates and a Comprehensive Management Audit of Jersey Central Power & Light Company Pursuant to N.J.S.A. 48:3-49, 48:3-55, 48:3-56 and 48:2-16.4 and N.J.A.C. 14:4-3.7(e-f), and 14:3-12.1 et seq.*, at BPU Docket No. EA09110943.

49. The MAA provides the pricing parameters for transactions in goods or services, thereunder, consistent with applicable federal and state requirements (essentially the same as in the case of the Service Company under the Service Agreement). The MAA also provides the billing, payment, and accounting arrangements within the FirstEnergy integrated accounting system for transactions under the MAA. In addition to standard boilerplate provisions, among other things, the current MAA has a one-year term and automatically extends for successive one-year periods, subject to the right of a signatory to terminate on sixty days written notice prior to the end of any calendar year.

50. The current version of the MAA also requires changes and updates, in most cases, largely the same as those explained above with respect to the Service Agreement. For instance, the revised MAA contains party changes to reflect the Transaction such that with the PaPUC Transaction approval, the Pennsylvania OpCos are no longer parties to the revised MAA, whereas FE PA and KATCo have become parties in their place. A copy of the Revised MAA is attached hereto as Exhibit No. 9. The Company seeks Board approval of the Revised MAA.

51. More specifically, all of the changes, as summarized above, are as shown in the attached Exhibit No. 10, which provides a comparison between the current existing version of the MAA (Exhibit No. 8) and the Revised MAA (Exhibit No. 9).

52. As shown in Exhibit No. 10, the changes made in Exhibit No. 9 are primarily of a drafting nature. In addition to adding and removing the parties described in paragraph 37(a) above, FirstEnergy took the opportunity to additionally streamline the document and create a more simplified form of the MAA.

53. As alluded to earlier, notwithstanding the history and JCP&L's longstanding posture with respect to there being no need for Board approval of the MAA, given

(i) the circumstances of the Transaction that have given rise to the need for the revisions to the current MAA, (ii) that the issue of the need for the Board's approval of the MAA has arisen as a source of confusion in management and affiliate standard audits over the years, (iii) the corporate cultural emphasis on transparency, and (iv) the possible ambiguity with respect to the specific services encompassed by the four service types (i.e., management, advisory, construction, or engineering service in excess of $25,000) set forth in N.J.S.A. 48:3-7.1 and the potentially overlapping directions of N.J.A.C. 14:4-4.1 *et seq*., JCP&L has determined to seek the Board's approval of the Revised MAA.

54. As set forth herein, the Company avers that the Revised MAA does not violate the laws of the State of New Jersey or of the United States, does not contain a price or compensation that exceeds the fair price or fair compensation for the work to be done or the services to be rendered, and is not contrary to the public interest. The Company further avers that insofar as the MAA has promoted administrative efficiency, consistency, and flexibility with respect to intercompany service requests and service provision within the FirstEnergy System, the Revised MAA is in the public interest and will facilitate JCP&L's ability to provide safe, adequate and proper utility service at just and reasonable rates.

55. The Company hereby respectfully requests that the Board expedite its consideration of this Petition in determining its approval of the changes to be made to such Affiliate Agreements and the judicious updating thereof consistent with the passage of time and relevant historical developments.

SERVICE OF PETITION

56. Copies of this Verified Petition, and of all supporting Exhibits thereto, have been or will be duly served upon the Board's Staff, the Director, Division of Rate Counsel, and

upon the Department of Law & Public Safety, Division of Law, in accordance with the Board's March 19, 2020 Order in BPU Docket No. EO20030254, which directs that copies of this filing be submitted by electronic mail only.

WHEREFORE, the Company respectfully requests your Honorable Board to:

1) Approve the Revised Service Agreement in the form submitted as Exhibit No. 6 hereto;

2) Approve JCP&L's ongoing participation in, and approve, the MAA as reflected in the Revised MAA in the form submitted as Exhibit No. 9 hereto; and

3) Grant such other approvals and provide such other authorization as the Board shall deem necessary or proper in connection with the foregoing.

THEREFORE, 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: January 23, 2024

COZEN O'CONNOR P.C.
Attorneys for Petitioner, Jersey Central Power & Light Company

By: Michael J. Connolly
____

Michael J. Connolly
1010 Kings Highway South
Cherry Hill, NJ 08034
(973) 200-7412

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

Signed on 2024/01/23 09:50:13 -8:00

Mark A. Mader

Sworn to and subscribed before me this 23rd day of January, 2024

MJAlbright

Signed on 2024/01/23 09:50:13 -8:00

Notary Public

NOTARY PUBLIC
STATE OF OHIO

Matthew J Albright
Commission # 2017-RE-652674
Electronic Notary Public
State of Ohio
My Comm Exp. May 18, 2027

Notary Stamp 2024/01/23 10:50:13 PST 5D09F313B619

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JCPL Revised Service Agreement and MAA Approval Petition Final 1-23-24.docx

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E-Signature Summary

E-Signature 1: Mark A Mader (MAM)
January 23, 2024 09:50:13 -8:00 [F9866534FBAB] [69.118.65.26]
mamader@firstenergycorp.com (Principal) (Personally Known)

E-Signature Notary: Matthew J. Albright (MJA)
January 23, 2024 09:50:13 -8:00 [5D09F313B619] [76.34.169.133]
malbright@firstenergycorp.com
I, Matthew J. Albright, did witness the participants named above electronically sign this document.

Exhibit No. 1

Agenda Date: 9/30/2005
Agenda Item: 2E

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

ENERGY

IN THE MATTER OF THE PETITION OF JERSEY CENTRAL POWER AND LIGHT COMPANY FOR APPROVAL OF A SERVICE AGREEMENT WITH FIRSTENERGY SERVICE COMPANY	)	ORDER ADOPTING JOINT POSITION DOCKET NO. EM02100777
AND		
IN THE MATTER OF THE PETITION OF JERSEY CENTRAL POWER AND LIGHT COMPANY FOR APPROVAL OF A NEW SERVICE AGREEMENT WITH GPU SERVICE, INC.	))	DOCKET NO. EE98050267

(Service List Attached)

BY THE BOARD:

On October 18, 2002, Jersey Central Power and Light Company ("JCP&L", "Petitioner", or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") seeking approval of a Service Agreement ("2002 Service Agreement" or "Agreement") between the Petitioner and FirstEnergy Service Company ("ServeCo"). The Company is seeking approval of the Agreement, the allocation formulas, and methodologies set forth therein to be applicable for ratemaking purposes, and other approvals and authorizations as may be necessary or proper in connection with the above.

Background

In 1971, the GPU Energy Companies, JCP&L, Metropolitan Edison Company ("Met-Ed") and Pennsylvania Electric Company ("Penelec") (collectively, "GPU"), formed GPU Service, Inc. ("GPUS"), a mutual service company for the purposes of centralizing certain services. By Board Order dated April 28, 1971, in Docket No. 713-200, GPUS was, and currently is, authorized to provide various management services to JCP&L, Met-Ed, and Penelec.[1]

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[1] IMO The Petition of Jersey Central Power & Light Company and New Jersey Power & Light Company for Approval of an Agreement with GPU Service Corporation, BPU Dkt. No. 713-200., dated April 28, 1971.

From 1971 through December 31, 1998, GPUS provided services to JCP&L pursuant to this agreement. On May 11, 1998, JCP&L filed a petition with the Board for approval of an expanded service agreement to accommodate the newly installed SAP Enterprise software, as well as approval to transfer certain inventory from JCP&L to GPUS.

By Board Order dated October 9, 2001, in Docket No. EM00110870[2], the Board approved the merger of FirstEnergy Corp. ("FirstEnergy") and GPU. The merger became effective on November 7, 2001 and, as a result, FirstEnergy now owns all of the outstanding common stock of JCP&L. As a result of the merger, FirstEnergy became a registered holding company under the Public Utility Holding Company Act of 1935, 15 U.S.C. §79a et seq. ("PUHCA"). By Order dated October 29, 2001, the Securities and Exchange Commission ("SEC") approved the merger and directed FirstEnergy to file an application with the SEC, on or before September 1, 2002, for authorization for ServeCo to provide all common corporate services to FirstEnergy and all of its utility and non-utility subsidiaries. Subsequently, the SEC Staff granted FirstEnergy's request for an extension of time to file its application until October 15, 2002. On October 15, 2002, FirstEnergy filed its application with the SEC. In the SEC Merger Order, the SEC indicated that the application should include the proposed form of service agreement, policies and procedures and cost allocation methods and should provide for ServeCo to be fully functioning by February 1, 2003. FirstEnergy petitioned the SEC for a delay in the implementation date to April 1, 2003, in order to coincide with the installation of new SAP Enterprise Software. The SEC granted this request.

On June 30, 2003, the SEC rendered a decision approving: 1) the consolidation of service functions in ServeCo; (2) ServeCo's policies and procedures; (3) the Service Agreement to be entered into with FirstEnergy, each of its utility subsidiaries, and each other associate company in the FirstEnergy system that requests services from ServeCo; and (4) services to be rendered by the utility subsidiaries to each other ("Utility Service Agreement") through August 1, 2006. The SEC also reserved jurisdiction over JCP&L's participation in the Service Agreement until completion of the record. This was done to allow the Board to complete its review of the 2002 Service Agreement. In late 2003, the SEC initiated an audit of ServeCo which is still pending.

FirstEnergy Service Company

ServeCo is a mutual service company in accordance with Rules 87, 88, and 93 under PUHCA. It will keep accounts, cost-accounting procedures, books and other records consistent with the SEC's Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies. Rule 90 under PUHCA generally requires that all pricing of transactions between companies within a registered holding company system shall be limited to "no more than cost" as determined by Rule 91 under PUHCA[3].

Pursuant to the Service Agreement, ServeCo will provide various corporate, managerial and administrative support services in the following areas: administrative services, business development, call centers, claims, communications, controllers, corporate and shareholder

[2] IMO The Joint Petition of FirstEnergy Corp. and Jersey Central Power and Light Company, d/b/a GPU Energy, for Approval of a
Change in Ownership and Acquisition of Control of a New Jersey Public Utility and Other Relief, BPU Dkt. No. EM00110870, dated October 9, 2001.

[3] Rule 91 under PUHCA defines the phrase "at no more than cost" to mean the "price (taking into account all charges) [that] does not exceed a fair and equitable allocation of expenses (including the price paid for the goods) plus reasonable compensation for necessary capital.

services, corporate affairs and community involvement, credit management, energy delivery and customer service, economic development, enterprise risk management, FirstEnergy technologies, FirstEnergy telecom, 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, transmission & distribution technical services, treasury and workforce development. ServeCo will not perform the "operations" services for Petitioner; those functions have been shifted back to the utilities.

FirstEnergy organizes and conducts its utility subsidiary operations on a regional basis. These regions operate and are managed as separate business units. JCP&L's New Jersey service territory is comprised of two regions – Northern and Central.

<u>2002 Service Agreement</u>

Under the Service Agreement, ServeCo will directly assign and charge its associate companies for all costs of products or services where possible. It is expected that the majority of costs incurred by or on behalf of JCP&L, that are payable to ServeCo, will be directly charged. The costs associated with those services that cannot readily be direct billed will be allocated according to one of the specific formulas enumerated in Exhibit A of the Service Agreement.

For the indirect costs for products or services benefiting the entire FirstEnergy system, the agreement reflects the use of allocators which are based upon multiple factors to closely reflect the Board approved Modified Massachusetts formula used by PSEG Services Corporation. The multiple factor – utility allocator includes: 1) gross transmission and/or distribution plant; 2) operating and maintenance expense excluding purchase power and fuel costs; and 3) transmission and/or distribution revenues, excluding transactions with affiliates.

The Agreement provides that by September 30th of each year, a Service Request will be prepared, listing services to be provided to JCP&L by ServeCo and any special arrangements related to the provision of such services for the upcoming year, based on services provided during the preceding year. The Agreement also states that either party to the agreement may terminate the Agreement by providing 60-day written notice to the other party.

On March 5, 2003, the Board transferred the 2002 and 1998 petitions to the Office of Administrative Law ("OAL") where they were assigned to Administrative Law Judge ("ALJ") Irene Jones. The Board requested that these cases be consolidated with the pending base rate case at that time. However, ALJ Jones rejected the consolidation request. The cases, however, remained at the OAL, but no action was taken. Subsequently, on July 11, 2005, the Board via a Secretary's Letter recalled these matters from the OAL.

The parties to these proceedings include the Company, Board Staff ("Staff") and the Division of the Ratepayer Advocate ("Ratepayer Advocate" or "RPA") (collectively, "parties"). Numerous discovery requests were propounded upon the Company by both the RPA and Staff. The parties held numerous discovery conferences and settlement discussions which ultimately resulted in a joint position ("Joint Position") entered into between JCP&L and Board Staff on July 29, 2005 resolving both petitions. The Ratepayer Advocate did not sign the Joint Position and subsequently submitted comments to the Board on August 8, 2005. The Company submitted reply comments to the Board on August 16, 2005.

Subsequent to the signing of the Joint Position, on August 8, 2005, the Energy Policy Act of 2005 ("EPAct 2005") was signed into law. Among other things, EPAct 2005 repeals PUHCA effective February 2006. In response to the repeal of PUHCA, the Company and Staff agreed to amend several paragraphs of the Joint Position to address reporting requirements which will be affected by the repeal of PUHCA.

<u>Joint Position</u>

The amended Joint Position provides for the following:

> As contained in the 2002 Service Agreement, ServeCo costs will be directly charged whenever practicable and possible with the goal of increasing direct billings relative to current experience. JCP&L will report quarterly on direct and indirect charges by function and respond to questions concerning such reports. In its next base rate case proceeding, JCP&L will file testimony addressing the steps taken to increase direct billings.
>
> No later than the end of the second calendar quarter of each year ("Reporting Year"), JCP&L will provide the Board, Staff, and the Ratepayer Advocate with the following reports:

a. A copy of the Form U-13-60 filed with the SEC, or with any successor agency or agencies to the SEC resulting from the repeal of PUHCA (any such successor agency or agencies being referred to herein as the "Successor Agency"), that describes ServeCo direct billings versus allocated costs for each operating utility company in the FirstEnergy system. If JCP&L is no longer required to file Form U-13-60 by the SEC or the Successor Agency, JCP&L agrees to continue to file with the Board any other form required to be filed with the SEC or Successor Agency that provides data substantially equivalent to that provided in the U-13-60 and, if JCP&L is not required to file any such form, it will nonetheless provide the Board with data substantially equivalent to that provided in the U-13-60. In addition, JCP&L will provide a further breakdown for JCP&L, that identifies the total amounts charged, separately stating direct and indirect charges to JCP&L for each service function.

b. The cost allocation percentages and supporting work papers for the Reporting Year based on the estimated plan factors for the Reporting Year. Such report will compare these estimated plan factors and cost allocation percentages for the Reporting Year to those actual allocation factors and percentages used in the previous year and highlight all modifications and specifically identify those that occurred during the course of the year due to significant events based on the prior year's actual results of ServeCo's charges for each allocation factor for each FirstEnergy affiliate. JCP&L will explain any change to allocation factors to JCP&L that are more than five percentage points. The Company will also make available on request any prior months' variance reports regarding ServeCo billings to JCP&L.

- JCP&L will also provide copies to Staff and the Ratepayer Advocate of the portions of any internal or external audit reports (including any currently pending) performed by or for ServeCo, including SEC reports or the Successor Agency's reports on JCP&L's affiliate relationships, pertaining directly or indirectly to ServeCo's determinations of direct billings and cost allocations to its affiliates, but only after the audit is complete and the report is final. Such material will be provided no later than 30 days after the final report is completed. If after review of such material, Staff and the Ratepayer Advocate determines that review of the remainder of such audit report is warranted, JCP&L will make the complete report available for review in JCP&L's Morristown office or at the Board, but not for reproduction.

- JCP&L and ServeCo will promptly notify the Board, Staff, and the Ratepayer Advocate when it has received notice that the SEC or the Successor Agency is preparing to perform an audit of ServeCo. JCP&L will provide copies of the portions of all audits highlighting the findings and recommendations and ordered changes to the 2002 Service Agreement pertaining directly or indirectly to ServeCo's determinations of direct billings and cost allocations to its affiliates, as well as any sections addressing JCP&L. If after review of such material, Board Staff and the Ratepayer Advocate determines that review of the remainder of such audit report is warranted, JCP&L will make the complete report available for review in JCP&L's Morristown office or at the Board, but not for reproduction. Board Staff reserves their right to review the 2002 Service Agreement in response to any recommendations made in the SEC's or the Successor Agency's Audit Report, as well as any SEC or Successor Agency Order affecting the 2002 Service Agreement.

  JCP&L will promptly notify the Board, Staff, and the Ratepayer Advocate when it has received notice that the SEC or the Successor Agency is rendering a specific decision affecting ServeCo, including any generic rulemakings.

  For assets that ServeCo acquires for use by JCP&L, the same capitalization/expense policies shall apply to those assets that are applicable under the Board's standards for assets acquired directly by JCP&L.

- For depreciable assets that ServeCo acquires for use by JCP&L, the depreciation expense charged to JCP&L by ServeCo shall reflect the same depreciable lives and methods required by the Board for similar assets acquired directly by JCP&L. In no event shall depreciable lives on plant acquired for JCP&L by ServeCo be shorter than those approved by the Board for similar property acquired directly by JCP&L.

- For assets that ServeCo acquires for use by JCP&L, the rate of return shall be based on JCP&L's authorized rate of return, unless ServeCo is able to finance the asset at a lower cost than JCP&L. In such cases, the lower cost financing will be reflected in ServeCo's billings to JCP&L, and the resulting benefit will be passed on to ratepayers.

  Board Staff will be assured reasonable and convenient access to the books and records of ServeCo and other FirstEnergy companies that transact business with JCP&L, and supporting documentation thereof, but only to the extent relevant to transactions with JCP&L.

- The Board will be sent copies of any and all "60-day" letters, and supporting documentation, sent by ServeCo to the SEC or the Successor Agency concerning any proposed changes in the 2002 Service Agreement.

- JCP&L will continue to be responsible for managing its energy supplies and capacity assets and all analysis that determines supply and demand for JCP&L, all consistent with the Board Merger Order and other applicable Board Orders or regulations.

- JCP&L will continue to submit to the Board's jurisdiction on issues regarding the New Jersey ratemaking treatment of ServeCo costs that are assigned or otherwise allocated to JCP&L and borne by JCP&L customers.

  JCP&L will file petitions for approval of any modifications to the 2002 Service Agreement, including changes in methods or formulae used to allocate costs, with the Board at the same time it makes a filing with the SEC or the Successor Agency.

- Board Staff reserve their right to review the 2002 Service Agreement and related cost allocations in the Company's future base rate cases, in conjunction with future competitive service audits, in response to any changes in the Board's affiliate relations standards, and for other good cause shown.

  JCP&L shall have the right to opt out of any ServeCo service that it determines can be procured in a more economical manner, is not of a desired quality level, or for any other valid reason, including Board Orders, after having failed to first resolve the issue with ServeCo, and JCP&L shall not be penalized for any such decision to opt out.

- JCP&L agrees that the Board under its authority pursuant to the Electric Discount and Energy Competition Act ("EDECA") may review the allocation of costs in sufficient detail to analyze their reasonableness, the type and scope of services that ServeCo provides to JCP&L, and the basis for inclusion of new participants in ServeCo's allocation formula. JCP&L and ServeCo shall record costs and cost allocation procedures in sufficient detail to allow the Board to analyze, evaluate, and render a determination as to their reasonableness for ratemaking purposes.

  Notwithstanding the provisions of this Joint Position, Petitioner will be bound by any future Board Orders regarding ServeCo, such as may result from a Competitive Service Audit.

- The 1998 petition filed by JCP&L in Docket No. EE98050267, relating to a new services agreement with GPUS, will be deemed approved as requested, nunc pro tunc, for the period January 1, 1999 through May 31, 2003.

- ServeCo has represented that some of its expenses are not directly related to specific current operations or functions of individual subsidiaries but contribute to both the current and future operations of the FirstEnergy system as a whole. Such costs are described in the 2002 Service Agreement as Indirect Costs/Multiple Factor-All ("Indirect Costs"). A portion of the Indirect Costs shall be allocated to FirstEnergy Corp. and retained at the FirstEnergy Corp. level (i.e., not pushed down to operating companies). The current practice is that five percent of these Indirect Costs are allocated to

FirstEnergy Corp., in addition to ServeCo costs that are directly charged to FirstEnergy Corp. The portion of Indirect Costs allocated to FirstEnergy Corp. shall be calculated in conformance with ServeCo's current practices, subject to modification in the event the SEC or the Successor Agency determines that a different methodology or allocation percentage is appropriate, but no less than five percent. The Company will promptly inform Board Staff and the Ratepayer Advocate in the event that the SEC or the Successor Agency makes such a determination or issues an audit report or similar document recommending a change in the method or the allocation percentage. Board Staff reserve their rights to review the appropriateness of any such allocations, and to recommend an adjustment in rates in JCP&L's next rate case to disallow recovery of any portion of the Indirect Costs included in the test period which in the view of Board Staff should have been allocated to FirstEnergy Corp.

- JCP&L will continue its policy of reflecting in allocation factors new participants to the 2002 Service Agreement in a timely manner so that new participants begin paying a fair share of ServeCo costs within a reasonable time after becoming participants and that existing participants' share of ServeCo costs are promptly adjusted accordingly after new participants become participants to the 2002 Service Agreement. Allocation factors shall also be adjusted in a timely manner to reflect the departure of participants.

- Basic Generation Service revenues and expenses including transmission will be excluded from the proposed Multiple Factor-All and Multiple Factor-Utilities Formula for allocating ServeCo costs to JCP&L.

Ratepayer Advocate Comments

By letter dated August 8, 2005 the Ratepayer Advocate submitted its comments in this matter. In its comments the RPA raised four primary concerns about the 2002 Service Agreement. The Ratepayer Advocate took the position that 1) the allocated portion of indirect corporate overhead costs that benefit the FirstEnergy Corp. system as a whole should be increased from the current five percent to ten percent; 2) indirect billings to JCP&L should represent no more than thirty (30) percent of total billings from ServeCo unless JCP&L can demonstrate that such result cannot be reasonably attained; 3) there should be a review of the 2002 Service Agreement to ensure ratepayers are protected following the repeal of PUHCA; and 4) SEC documents should be provided to the RPA. The Ratepayer Advocate did not object to the other terms of the Joint Position. However, based on their four primary concerns, the Ratepayer Advocate asks the Board to reject the Joint Position.

Specifically, the Ratepayer Advocate argues that allocation factors used to allocate corporate charges are based on such items as employee numbers, labor dollars, and asset dollars. Since the parent has relatively few employees and assets, allocation factors might cause scant charges to accrue to the parent absent the setting of some fixed percentage. The Ratepayer Advocate requests that ten percent of indirect corporate overhead costs that cannot be directly assigned or charged to a member company (ies), should be assigned to FirstEnergy, before the remaining balance is allocated using the allocation formula. The Ratepayer Advocate believes that the Board should adopt the ten percent figure as reasonable and notes that Atlantic City Electric Company recently agreed to assign ten percent of such costs to its parent.

With regard to the Ratepayer Advocate's second concern, the Ratepayer Advocate argues that generally, service company costs are billed to operating companies, such as JCP&L through either a) direct charges or b) the use of allocation formula (indirect allocation). Setting the direct billing percentage at seventy percent is reasonable since the Board required PSE&G to maintain a level of direct billings to a level comparable to approximately 84%. Moreover, past experience with GPU's Service Company for the years 1998 through 2002, shows that a higher percentage of direct billing is possible.

The Ratepayer Advocate is concerned that the repeal of PUHCA may affect the manner in which the Service Agreement, if approved, impacts New Jersey ratepayers and therefore argues that additional oversight over service companies might be required.

The Ratepayer Advocate does not object to the approval of the GPUS service agreement, nunc pro tunc, for the period January 1, 1999 through May 1, 2003, subject to review of any charges attributable to that agreement in any subsequent proceeding where rate recovery of those charges is sought by the Company.

JCP&L Reply Comments

On August 16, 2005, JCP&L filed a response to the comments submitted by the Ratepayer Advocate. In its response, JCP&L notes that under the Joint Position, ServeCo will bill directly whenever practicable and possible with the goal of increasing direct billings. It asserts that imposing a 30% limit on indirect charges is not consistent with actual experience. Petitioner argues that the Ratepayer Advocate extracted the 30% indirect limitation from a Public Service Electric and Gas Company ("PSE&G") case. This was improper since unlike PSEG Enterprise Holding Company ("PSEG"), the FirstEnergy Holding Company system encompasses seven operating utilities over three states and its provision of services over this much broader spectrum of entities, by necessity, results in more indirect charging than would be the case in a single-utility system like PSEG.

According to JCP&L, reference to past experience under the GPU system holding company structure is also inappropriate since all utility operations were carried on through the service company. Therefore, under that structure, a high percentage of the overall service company charges were direct charged. Under the FirstEnergy structure, utility workers are employees of each operating utility, with only corporate support staff remaining at the service company. FirstEnergy Service Company provides common services to all entities which cannot be readily assigned to a particular FirstEnergy entity, thus resulting in a higher percentage of indirect charges than under the GPU structure.

JCP&L further argues that the Ratepayer Advocate's comparison to 1998, the year before utility workers were transferred to the service company is inappropriate. Prior to 1999, all indirect charges that were allocated based on the various allocation formulas were assigned to work orders, and were categorized as direct charges. As a result, prior to 1999, only overheads were categorized as indirect charges. Under the policies in effect starting in 1999, however, all allocated costs are categorized as indirect charges, whether or not they are assigned to work orders. Thus, prior to 1999, the portion of costs categorized as direct, was significantly overstated as compared to current policies.

With regard to the Ratepayer Advocate's position that 10% rather than 5% of indirect corporate overhead costs should be assigned to FirstEnergy Corp, JCP&L argues that the Ratepayer Advocate is improperly attempting to extract a single provision from an unrelated settlement involving Atlantic City Electric Company ("ACE"), and impose it on JCP&L. JCP&L further argues that when comparing the respective U-13-60 forms filed by FirstEnergy and Pepco with the SEC, it shows that the FirstEnergy allocation system charges a significantly higher percentage of total service company charges to its parent company than does the Pepco system, notwithstanding FirstEnergy's use of a 5% parent allocation factor as compared to Pepco's 10% factor. This is primarily because in the Pepco system almost all charges to the parent company are indirect, while FirstEnergy direct charges a significant amount to the parent. JCP&L further argues that FirstEnergy even charges a higher percentage of all indirect charges to the parent than does Pepco.

DISCUSSION AND FINDINGS

The Board has carefully considered the Ratepayer Advocate's comments submitted on August 8, 2005 and the reply comments submitted by JCP&L on August 16, 2005. The RPA requested that the Board limit the rate allowance for allocated ServeCo costs in JCP&L's next base rate case to thirty (30) percent of total billings, unless JCP&L can demonstrate that such a result cannot reasonably be attained. The Board is persuaded by the Company's assertions that it should not be required to commit to a seventy (70) percent level of direct charges. With respect to this issue, each holding company structure as well as each holding company's policies and service agreements is uniquely different and shall be evaluated independently and on their own merits. Committing to a seventy (70) percent level of direct charges, may simply be unattainable and therefore would unreasonably force ServeCo to directly assign or attribute costs to JCP&L that should otherwise be borne by other FirstEnergy Companies. The Board notes that there is language in the Joint Position which reserves Board Staff's right to review the 2002 Service Agreement and related cost allocations in future base rate cases, in competitive service audits, in response to any changes in the Board's affiliate relations standards, and for other good cause shown. Moreover, in the Joint Position JCP&L agrees to report quarterly on direct and indirect charges by function, as well as provide testimony in their next base rate case addressing the steps taken to increase direct billings. Thus, if the Board is not satisfied that JCP&L is taking reasonable efforts and steps to meet the intent of the Joint Position to increase direct billings, the Board, in addition to its expansive statutory authority, has specific recourse pursuant to the Joint Position, to establish a minimum level of direct billings in the future. In fact, the Service Agreement emphasizes that the highest priority is to directly assign costs wherever possible.

The Board notes that ServeCo's current practice is for all employees to use positive time keeping rather than exception time keeping which aids ServeCo in its efforts to increase direct billings. The method of positive time keeping requires employees to track their activities on half hour increments rather than exception time keeping whereby employees are not required to track activities unless they vary from their normal daily activities or their services are provided to a different entity. It should be further noted that, in accordance with the Joint Position, these costs will be subject to review in any future rate case proceedings. Accordingly, the Board HEREBY REJECTS the RPA's proposal with respect to direct billing.

The RPA also proposes that ten percent (rather than five percent) of indirect corporate overhead costs that cannot be directly assigned or charged to an associate company should be assigned to FirstEnergy Corp. before the remaining balance is allocated using the allocation formula. The Ratepayer Advocate's argument is based on the fact that one other New Jersey electric utility (Atlantic City Electric Company) recently agreed to assign 10% of such cost to the parent company. In response to the Ratepayer Advocate's position, the Company in its comments states that based on a review of the 2004 Forms U-13-60 filed by both FirstEnergy and Pepco (Atlantic City Electric Company's parent), FirstEnergy charges a significantly higher percentage of total service company charges to its parent company than does the Pepco system. This is primarily because in the Pepco system almost all charges to the parent company are indirect, while FirstEnergy direct charges a significant amount to the parent. As stated earlier each holding company structure, as well as holding company policies and service agreements are uniquely different and should be evaluated independently and on their own merits. Moreover, in approving First Energy's Service Agreement, the SEC did not mandate that ten percent of indirect corporate overhead costs that cannot be directly assigned or charged to any associate company be assigned to FirstEnergy Corp. before the remaining balance is allocated using the allocation formula as it did in other cases.

As set forth in the Joint Position, Board Staff has reserved its rights to review the appropriateness of any such allocations, and to recommend an adjustment in rates in JCP&L's next base rate case to disallow recovery of any portion of the indirect costs included in the test period which in the view of Board Staff should have been allocated to FirstEnergy Corp. The Ratepayer Advocate will also be able to review such allocations and recommend an adjustment in rates in JCP&L's future base rate cases. The Board reserves its right to make any such adjustment as may be appropriate in future base rate cases. Accordingly, the Board is satisfied that the provision on the percentage allocated to FirstEnergy Corp. in the Joint Position is sufficient and represents a reasonable resolution that should enable the parties and the Board to properly review the appropriate level in future rate proceedings.

In addition, there is a currently pending SEC Audit of ServeCo which will review the percentage allocated to the FirstEnergy Corporation. If the SEC deems the five percent an inappropriate allocation, the 2002 Service Agreement must be amended to reflect such a change. Moreover, in the Joint Position, Board Staff reserves its right to review the 2002 Service Agreement in response to any SEC Audit Report and Order, including the currently pending one. The Ratepayer Advocate will similarly be able to review the Service Agreement under such circumstances. Similarly, the Board reserves its rights to require changes to the 2002 Service Agreement which it finds appropriate as a result of any audit. Therefore, the Board HEREBY REJECTS the comments submitted by the Ratepayer Advocate regarding the percentage of indirect costs that should be borne by FirstEnergy Corporation.

The Ratepayer Advocate also raised a concern with respect to the repeal of PUHCA pursuant to the EPAct 2005 and its potential effects on the 2002 Service Agreement. The Ratepayer Advocate requests that the Board establish a procedure for a future review of the Service Agreement to ensure that ratepayers are adequately protected post-PUHCA.

On August 1, 2005, in Docket No. AX05070641[4], the Board ordered Staff to analyze the impact of the repeal of PUHCA on New Jersey consumers. As part of the analysis, Staff will provide the Board with policy options, including, but not limited to, proposed regulations that, within the Board's existing statutory authority, would compensate for lost PUHCA protections. The Board shares the Ratepayer Advocate's concerns with regard to the repeal of PUHCA and its effects on the 2002 Service Agreement, but notes that this issue will be further reviewed in Docket No. AX05070641 in which the Ratepayer Advocate will have an opportunity to comment. In addition, the Board notes that the amended Joint Position provides significant protections for JCP&L's ratepayers in a post- PUHCA environment. The Board reserves its rights to require

[4] I/M/O the Repeal of the Public Utility Holding Company Act of 1935, 15 U.SC. §79a ET SEQ. BPU Dkt. No. AX05070641, August 1, 2005.

changes to the 2002 Service Agreement to reflect post-PUHCA measures which the Board may adopt.

The final concern raised by the RPA is a request that SEC documents supplied to Staff pursuant to the Joint Position should also be provided to the RPA. The Board agrees with this request and accordingly, HEREBY MODIFIES the Joint Position to require the Company to provide the Ratepayer Advocate with copies of any and all "60-day" letters, and supporting documentation sent by ServeCo to the SEC or any Successor Agency concerning proposed changes in the 2002 Service Agreement.

The Board, having reviewed the attached amended Joint Position signed by JCP&L and Board Staff and the letter submitted by the Ratepayer Advocate, is satisfied that the amended Joint Position, as modified herein, represents a fair and reasonable resolution of the issues and is in the public interest. The Board FINDS the Joint Position is in compliance with the Affiliate Relations, Fair Competition and Accounting Standards and Related Reporting Requirements. Moreover, the Joint Position and Service Agreement represents a fair and reasonable direct assignment and attribution of costs to JCP&L given the decentralization of operations and transfer of those functions back to the individual utilities and encourages the Company to continually improve in the area of directly assigning costs. The Service Agreement has no negative impact on safe, adequate, and proper service and reliability within JCP&L's service territory. There are however, proper controls in place for JCP&L to review its services and to opt out of any ServeCo services without any penalty. Accordingly the Board HEREBY ADOPTS the attached amended Joint Position and, with the reservations set forth herein, HEREBY APPROVES the Service Agreement between JCP&L and FirstEnergy Service Company.

DATED: 12/14/05

BOARD OF PUBLIC UTILITIES
BY:

Jeanne M Fox
JEANNE M. FOX
PRESIDENT

Frederick F. Butler
FREDERICK F. BUTLER
COMMISSIONER

Connie O. Hughes
CONNIE O. HUGHES
COMMISSIONER

JACK ALTER
COMMISSIONER

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

ATTEST: Kristi Izzo

KRISTI IZZO
SECRETARY

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

In the Matter of the Petition of **Jersey Central Power & Light Company**, doing business in New Jersey as GPU Energy, for Approval of a New Services Agreement with GPU Service, Inc., Including Approvals of the Transfer of Utility Inventory and Certain Financial Commitments to be Undertaken In Connection Therewith Docket No. EE98050267 In the Matter of the Verified Petition of **Jersey Central Power & Light Company** for Approval of a Service Agreement with FirstEnergy Service Company Docket No. EMO2100777	:	**STIPULATION OF SETTLEMENT**

APPEARANCES:

Marc B. Lasky, Esq., Thelen Reid & Priest LLP, Attorney for Jersey Central Power & Light Company

Babette Tenzer, Esq. and Margaret Comes, Esq., Deputy Attorneys General on behalf of the Staff of the Board of Public Utilities (Peter C. Harvey, Esq., Attorney General)

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

This Stipulation of Settlement (the "Stipulation") is hereby made and executed as of the 28th day of July, 2005, by and between the Petitioner, Jersey Central Power & Light Company ("JCP&L" or the "Company") and the Staff of the Board of Public Utilities ("Board Staff") (collectively, the "Parties"), in settlement of all factual and legal issues pertaining to the above-captioned proceeding.

The Parties do hereby join in recommending that the New Jersey Board of Public Utilities (the "Board") issue an appropriate Order approving the terms hereof, based upon the following stipulations:

Background

GPU Service, Inc. ("GPUS") was organized in 1971 as a mutual service company under the Public Utility Holding Company Act of 1935 ("PUHCA") to provide certain services to GPU, Inc. ("GPU") and its subsidiary companies, including JCP&L. From 1971 through December 31, 1998, GPUS provided services to JCP&L pursuant to a service agreement approved by the Board and authorized under PUHCA. In 1999, the scope of the services provided by GPUS was significantly expanded to accommodate newly installed SAP Enterprise software. GPU installed the new software to meet a number of needs, including the implementation of retail choice in the electric utility industry, certain organizational and management restructurings within the GPU system, and resolution of Y2K issues and concerns. The changes brought about by the new SAP system necessitated a new service agreement between JCP&L and GPUS (the "1999 Service Agreement"), which expanded upon the then existing service arrangements. In 1998, JCP&L filed a Verified Petition with the Board, under Docket No. EE98050267 ("1998 Petition"), seeking approval of the 1999 Service Agreement. No order in that docket has been issued. The implementation of the 1999 Service Agreement was undertaken based upon JCP&L's representation to the Board that the expanded service arrangements could be modified or unwound if necessary to accommodate any specific requirement of the Board in its ensuing Order, which, at the time, was expected to be forthcoming relatively promptly.

The 1999 Service Agreement provided that, in addition to the traditional services that GPUS had historically provided to the GPU utilities, GPUS would also provide all of the operations services to the GPU utilities, including JCP&L (except for those involving system dispatch). GPUS created an Operations Division and JCP&L and its Pennsylvania utility affiliates transferred all of their non-dispatch employees (bargaining and non-bargaining) to GPUS. Generally, employees did not physically move, but simply worked for, and were paid by, GPUS rather than the individual utilities. Additionally, as part of the reorganization, the materials and supplies inventories of JCP&L and its Pennsylvania utility affiliates were sold and transferred to GPUS.

By Order dated October 9, 2001 (Docket No. EM00110870) (the "Board Merger Order"), the Board approved the merger of FirstEnergy Corp. ("FirstEnergy") and GPU, the then-corporate parent of JCP&L, which at the time owned all of the outstanding common stock of JCP&L. The FirstEnergy/GPU merger became effective on November 7, 2001 and, as a result, FirstEnergy became the owner, either directly or indirectly, all of the outstanding common stock of various utility and non-utility subsidiaries previously owned by GPU, including JCP&L and GPU Service, Inc. ("GPUS"). FirstEnergy also owns, either directly or indirectly, all of the outstanding common stock of various other utility and non-utility subsidiaries, including FirstEnergy Service Company ("ServeCo"), an Ohio corporation formed in 2001 as a new wholly-owned service company subsidiary of FirstEnergy.

As a result of the FirstEnergy/GPU merger, FirstEnergy became a registered holding company under PUHCA. By Order dated October 29, 2001 (the "SEC Merger Order"), the Securities and Exchange Commission ("SEC"), among other things, authorized the merger of FirstEnergy and GPU. The SEC Merger Order also authorized ServeCo to begin providing certain services and directed FirstEnergy to file an application under PUHCA seeking authorization for ServeCo to provide all common corporate services to FirstEnergy and all of its utility and non-utility subsidiaries. FirstEnergy filed that application on October 15, 2002 and the SEC issued an Order approving such application on June 30, 2003, reserving jurisdiction with respect to JCP&L. GPUS continued to provide services to JCP&L and its former GPU-owned utility and non-utility affiliates until GPUS was merged into ServeCo on May 31, 2003.

On October 17, 2002, JCP&L filed a Verified Petition with the Board, under Docket No. EMO2100777 ("2002 Petition"), seeking approval of a service agreement ("2002 Service Agreement") with ServeCo under N.J.S.A. 48:3-7.1. On March 5, 2003, both the 1998 Petition and the 2002 Petition were transferred to the Office of Administrative Law ("OAL"), where they were assigned to Administrative Law Judge Irene Jones. The matters were subsequently recalled from the OAL by the Board.

The Parties have engaged in extensive discovery and participated in numerous settlement conferences. Given the completeness of the record and the intention of the Parties to this Stipulation to reasonably resolve these matters, the undersigned Parties, do HEREBY STIPULATE AND AGREE as to the following findings, conclusions and determinations for purposes of a full, final and complete resolution of the issues raised in the 1998 Petition and the 2002 Petition:

1. As contained in the 2002 Service Agreement, ServeCo costs will be directly charged whenever practicable and possible with the goal of increasing direct billings relative to current experience. JCP&L will report quarterly on direct and indirect charges by function and respond to questions concerning such reports. In its next base rate case proceeding, JCP&L will file testimony addressing the steps taken to increase direct billings.

2. No later than the end of the second calendar quarter of each year ("Reporting Year"), JCP&L will provide the Board, Board Staff and the Division of the Ratepayer Advocate ("Ratepayer Advocate") with the following reports:

a. A copy of the Form U-13-60 filed with the SEC that describes ServeCo direct billings versus allocated costs for each operating utility company in the FirstEnergy system. In addition, JCP&L will provide a further breakdown for JCP&L, that identifies the total amounts charged, separately stating direct and indirect charges to JCP&L for each service function.

b. The cost allocation percentages and supporting work papers for the Reporting Year based on the estimated plan factors for the Reporting Year. Such report will compare these estimated plan factors and cost allocation percentages for the Reporting Year to those actual allocation factors and percentages used in the previous year and highlight all modifications and specifically identify those that occurred during the course of the year due to significant events based on the prior year's actual results of ServeCo's charges for each allocation factor for each FirstEnergy affiliate. JCP&L will explain any change to allocation factors to JCP&L that are more than five percentage points. The Company will also make available on request any prior months' variance reports regarding ServeCo billings to JCP&L.

3. JCP&L will also provide copies to Board Staff and the Ratepayer Advocate of the portions of any internal or external audit reports (including any currently pending) performed by or for ServeCo, including SEC reports on JCP&L's affiliate relationships, pertaining directly or indirectly to ServeCo's determinations of direct billings and cost allocations to its affiliates, but

only after the audit is complete and the report is final. Such material will be provided no later than 30 days after the final report is completed. If after review of such material, Board Staff or the Ratepayer Advocate determines that review of the remainder of such audit report is warranted, JCP&L will make the complete report available for review in JCP&L's Morristown office or at the Board, but not for reproduction.

4. JCP&L and ServeCo will promptly notify the Board, Board Staff and the Ratepayer Advocate when it has received notice that the SEC is preparing to perform an SEC audit of ServeCo. JCP&L will provide copies of the portions of all SEC audits highlighting the findings and recommendations and ordered changes to the 2002 Service Agreement pertaining directly or indirectly to ServeCo's determinations of direct billings and cost allocations to its affiliates, as well as any sections addressing JCP&L. If after review of such material, Board Staff or the Ratepayer Advocate determines that review of the remainder of such audit report is warranted, JCP&L will make the complete report available for review in JCP&L's Morristown office or at the Board, but not for reproduction. Board Staff reserves their right to review the 2002 Service Agreement in response to any recommendations made in the SEC Audit Report, as well as any SEC Order affecting the 2002 Service Agreement.

5. JCP&L will promptly notify the Board, Board Staff and the Ratepayer Advocate when it has received notice that the SEC is rendering a specific decision affecting ServeCo, including any generic rulemakings.

6. For assets that ServeCo acquires for use by JCP&L, the same capitalization/expense policies shall apply to those assets that are applicable under the Board's standards for assets acquired directly by JCP&L.

7. For depreciable assets that ServeCo acquires for use by JCP&L, the depreciation expense charged to JCP&L by ServeCo shall reflect the same depreciable lives and methods required by the Board for similar assets acquired directly by JCP&L. In no event shall depreciable lives on plant acquired for JCP&L by ServeCo be shorter than those approved by the Board for similar property acquired directly by JCP&L.

8. For assets that ServeCo acquires for use by JCP&L, the rate of return shall be based on JCP&L's authorized rate of return, unless ServeCo is able to finance the asset at a lower cost than JCP&L. In such cases, the lower cost financing will be reflected in ServeCo's billings to JCP&L, and the resulting benefit will be passed on to ratepayers.

9. Board Staff will be assured reasonable and convenient access to the books and records of ServeCo and other FirstEnergy companies that transact business with JCP&L, and supporting documentation thereof, but only to the extent relevant to transactions with JCP&L.

10. The Board will be sent copies of any and all "60-day" letters, and supporting documentation, sent by ServeCo to the SEC concerning proposed change in the 2002 Service Agreement.

11. JCP&L will continue to be responsible for managing its energy supplies and capacity assets and all analysis that determines supply and demand for JCP&L, all consistent with the Board Merger Order and other applicable Board Orders or regulations.

12. JCP&L will continue to submit to the Board's jurisdiction on issues regarding the New Jersey ratemaking treatment of ServeCo costs that are assigned or otherwise allocated to JCP&L and borne by JCP&L customers.

13. JCP&L will file petitions for approval of any modifications to the 2002 Service Agreement, including changes in methods or formulae used to allocate costs, with the Board at the same time it makes a filing with the SEC.

14. Board Staff reserve their right to review the 2002 Service Agreement and related cost allocations in the Company's future base rate cases, in conjunction with future competitive service audits, in response to any changes in the Board's affiliate relations standards, and for other good cause shown.

15. JCP&L shall have the right to opt out of any ServeCo service that it determines can be procured in a more economical manner, is not of a desired quality level, or for any other valid reason, including Board Orders, after having failed to first resolve the issue with ServeCo, and JCP&L shall not be penalized for any such decision to opt out.

16. JCP&L agrees that the Board under its authority pursuant to the Electric Discount and Energy Competition Act ("EDECA") may review the allocation of costs in sufficient detail to analyze their reasonableness, the type and scope of services that ServeCo provides to JCP&L, and the basis for inclusion of new participants in ServeCo's allocation formula. JCP&L and ServeCo shall record costs and cost allocation procedures in sufficient detail to allow the Board to analyze, evaluate, and render a determination as to their reasonableness for ratemaking purposes.

17. Notwithstanding the provisions of this Stipulation, the Parties hereto continue to be bound by any future Board Orders regarding ServeCo, such as may result from a Competitive Service Audit.

18. The 1999 Petition filed by JCP&L in Docket No. EE98050267, relating to a new services agreement with GPUS, will be deemed approved as requested, nunc pro tunc, for the period January 1, 1999 through May 31, 2003.

19. ServeCo has represented that some of its expenses are not directly related to specific current operations or functions of individual subsidiaries but contribute to both the current and future operations of the FirstEnergy system as a whole. Such costs are described in the 2002 Service Agreement as Indirect Costs/Multiple Factor-All ("Indirect Costs"). The Parties agree that a portion of the Indirect Costs shall be allocated to FirstEnergy Corp. and retained at the FirstEnergy Corp. level (i.e., not pushed down to operating companies). The current practice is that five percent of these Indirect Costs are allocated to FirstEnergy Corp., in addition to ServeCo costs that are directly charged to FirstEnergy Corp. The portion of Indirect Costs allocated to FirstEnergy Corp. shall be calculated in conformance with ServeCo's current practices, subject to modification in the event the SEC determines that a different methodology or allocation percentage is appropriate, but no less than five percent. The Company will promptly inform Board Staff and the Ratepayer Advocate in the event that the SEC makes such a determination or issues an audit report or similar document recommending a change in the method or the allocation percentage. Board Staff reserves their rights to review the appropriateness of any such allocations, and to recommend an adjustment in rates in JCP&L's next rate case to disallow recovery of any portion of the Indirect Costs included in the test period which in the view of Board Staff should have been allocated to FirstEnergy Corp.

20. JCP&L will continue its policy of reflecting in allocation factors new participants to the 2002 Service Agreement in a timely manner so that new participants begin paying a fair share of ServeCo costs within a reasonable time after becoming participants and that existing

participants' share of ServeCo costs are promptly adjusted accordingly after new participants become participants to the 2002 Service Agreement. Allocation factors shall also be adjusted in a timely manner to reflect the departure of participants.

21. The Parties agree that basic generation service revenues and expenses including transmission will be excluded from the proposed Multiple Factor-All and Multiple Factor-Utilities Formula for allocating ServeCo costs to JCP&L.

Conclusion

22. The Parties agree that this Stipulation contains mutually balancing and interdependent clauses and is intended to be accepted and approved in its entirety. In the event any particular provision of this Stipulation is not accepted and approved in its entirety by the Board, or is modified by a court of competent jurisdiction, then any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right, upon written notice to be provided to the other Party within ten (10) days after receipt of any such adverse decision, to litigate all issues addressed herein to a conclusion. More particularly, in the event this Stipulation is not adopted in its entirety by the Board in an appropriate Order, or is modified by a court of competent jurisdiction, then either Party hereto is free, upon the timely provision of such written notice, to pursue its then available legal remedies with respect to all issues addressed in this Stipulation, as though this Stipulation had not been signed.

23. The Parties agree that this Stipulation shall be binding on them for all purposes herein.

24. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and, except as otherwise expressly provided for herein:

a. By executing this Stipulation, neither Party waives any rights it possesses under any prior Stipulation, except where the terms of this Stipulation supersede such prior Stipulation.

b. The contents of this Stipulation shall not in any way be considered, cited or used by any of the undersigned Parties as an indication of either Party's position on any related or other issue litigated in any other proceeding or forum, except to enforce the terms of this Stipulation.

25. This Stipulation may be executed in any number of counterparts, each of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties.

WHEREFORE, the Parties hereto have duly executed and do respectfully submit this Stipulation to the Board, and request that the Board issue an appropriate Order adopting and approving this Stipulation in its entirety in accordance with the terms hereof.

Jersey Central Power & Light Company

BY: __/s/______________________
Marc B. Lasky, Esq.

Dated: 7/28/05

Peter C. Harvey,
Attorney General of New Jersey
Attorney For
Staff of The Board of Public Utilities

BY: _/s/ Babette Tenzer______________
Deputy Attorney General

Dated: 7/29/05

Exhibit No. 1

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

In the Matter of the Petition of **Jersey Central Power & Light Company**, doing business in New Jersey as GPU Energy, for Approval of a New Services Agreement with GPU Service, Inc., Including Approvals of the Transfer of Utility Inventory and Certain Financial Commitments to be Undertaken In Connection Therewith Docket No. EE98050267 In the Matter of the Verified Petition of **Jersey Central Power & Light Company** for Approval of a Service Agreement with FirstEnergy Service Company Docket No. EMO2100777	:	**AMENDMENT TO STIPULATION OF SETTLEMENT**

APPEARANCES:

Marc B. Lasky, Esq., Thelen Reid & Priest LLP, Attorney for Jersey Central Power & Light Company

Babette Tenzer, Esq. and Margaret Comes, Esq., Deputy Attorneys General on behalf of the Staff of the Board of Public Utilities (Peter C. Harvey, Esq., Attorney General)

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

Reference is made to the Stipulation of Settlement, dated July 28, 2005, in Docket Nos. EE98050267 and EM02100777 ("Stipulation") between Jersey Central Power & Light Company ("JCP&L" or the "Company") and the Staff ("Staff") of the Board of Public Utilities ("Board") (collectively, the "Parties"). The Stipulation is hereby amended as set forth below. Except as explicitly amended herein, the Stipulation shall remain in full force and effect.

Background

On August 8, 2005, President Bush signed into law the Energy Policy Act of 2005, which, among other things, repeals the Public Utility Holding Company Act ("PUHCA") effective in February 2006. PUHCA provides significant protections for the ratepayers of New

Exhibit No. 1

Jersey, including, but not limited to, restrictions on the ability of public utility holding companies to diversify into other businesses unrelated to the provision of safe, adequate and proper utility service. It also provided the federal Securities and Exchange Commission with statutory authority to review and approve on the federal level, among other things, the formation of service companies and respective service agreements. On August 1, 2005, in Docket No. AX05070641[1], the Board ordered Staff to analyze the impact of the repeal of PUHCA on New Jersey consumers. As part of the analysis, Staff provide the Board with policy options, including, but not limited to, proposed regulations that, within the Board's existing statutory authority, would compensate for lost PUHCA protections. In response to the repeal of PUHCA, the Parties agree to amend the paragraphs of the Stipulation identified below so that, as amended, such paragraphs will read in their entirety as set forth below:

2. No later than the end of the second calendar quarter of each year ("Reporting Year"), JCP&L will provide the Board, Staff and the Division of the Ratepayer Advocate ("Ratepayer Advocate") with the following reports:

   a. A copy of the Form U-13-60 filed with the SEC, or with any successor agency or agencies to the SEC resulting from the repeal of PUHCA (any such successor agency or agencies being referred to herein as the "Successor Agency"), that describes, among other things, ServeCo direct billings versus allocated costs for each operating utility company in the FirstEnergy system. If JCP&L is no longer required to file Form U-13-60 by the SEC or the Successor Agency, JCP&L agrees to continue file with the Board any other form required to be filed with the SEC or the Successor Agency that provides substantially equivalent data to that provided in the Form U-13-60, and, if JCP&L is not required to file any such form, it will nonetheless provide the Board with data substantially equivalent to that previously provided in the Form U-13-60 unless the Parties agree otherwise upon request of the Company. In addition, JCP&L will provide a further breakdown for JCP&L, that identifies the total amounts charged, separately stating direct and indirect charges to JCP&L for each service function.

3. JCP&L will also provide copies to Staff and the Ratepayer Advocate of the portions of any internal or external audit reports (including any currently pending) performed by or for ServeCo, including SEC reports or the Successor Agency's reports on JCP&L's affiliate relationships, pertaining directly or indirectly to ServeCo's determinations of direct billings and cost allocations to its affiliates, but only after the audit is complete and the report is final. Such material will be provided no later than 30 days after the final report is completed. If after review of such material, Staff or the Ratepayer Advocate determines that review of the remainder of such audit report is warranted, JCP&L will make the complete report available for review in JCP&L's Morristown office or at the Board, but not for reproduction.

[1] I/M/O the Repeal of the Public Utility Holding Company Act of 1935, 15 U.S.C. §79a ET SEQ. BPU Dkt. No. AX05070641, August 1, 2005.

Exhibit No. 1

4. JCP&L and ServeCo will promptly notify the Board, Staff and the Ratepayer Advocate when it has received notice that the SEC or the Successor Agency is preparing to perform an audit of ServeCo. JCP&L will provide copies of the portions of all audits highlighting the findings and recommendations and ordered changes to the 2002 Service Agreement pertaining directly or indirectly to ServeCo's determinations of direct billings and cost allocations to its affiliates, as well as any sections addressing JCP&L. If after review of such material, Board Staff or the Ratepayer Advocate determines that review of the remainder of such audit report is warranted, JCP&L will make the complete report available for review in JCP&L's Morristown office or at the Board, but not for reproduction. Board Staff reserves their right to review the 2002 Service Agreement in response to any recommendations made in the SEC's or the Successor Agency's Audit Report, as well as any SEC or Successor Agency Order affecting the 2002 Service Agreement.

5. JCP&L will promptly notify the Board, Staff and the Ratepayer Advocate when it has received notice that the SEC or the Successor Agency is rendering a specific decision affecting ServeCo, including any generic rulemakings.

10. The Board will be sent copies of any and all "60-day" letters, and supporting documentation, sent by ServeCo to the SEC or the Successor Agency concerning any proposed changes in the 2002 Service Agreement

13. JCP&L will file petitions for approval of any modifications to the 2002 Service Agreement, including changes in methods or formulae used to allocate costs, with the Board at the same time it makes a filing with the SEC or the Successor Agency.

19. ServeCo has represented that some of its expenses are not directly related to specific current operations or functions of individual subsidiaries but contribute to both the current and future operations of the FirstEnergy system as a whole. Such costs are described in the 2002 Service Agreement as Indirect Costs/multiple Factor-All ("Indirect Costs"). The Parties agree that a portion of the Indirect Costs shall be allocated to FirstEnergy Corp. and retained at the FirstEnergy Corp. level (i.e., not pushed down to operating companies). The current practice is that five percent of these Indirect Costs are allocated to FirstEnergy Corp., in addition to ServeCo costs that are directly charged to FirstEnergy Corp. The portion of Indirect Costs allocated to FirstEnergy Corp. shall be calculated in conformance with ServeCo's current practices, subject to modification in the event the SEC or the Successor Agency determines that a different methodology or allocation percentage is appropriate, but not less than five percent. The Company will promptly inform Staff and the Ratepayer Advocate in the event that the SEC or the Successor Agency makes such a determination or issues an audit report or similar document recommending a change in the method or the allocation percentage. Staff reserves their rights to review the appropriateness of any such allocations, and to recommend an adjustment in rates in JCP&L's next rate case to

Exhibit No. 1

disallow recovery of any portion of the Indirect Costs included in the test period which in the view of Staff should have been allocated to FirstEnergy Corp.

WHEREFORE, the Parties hereto have duly executed this Amendment to the Stipulation and do respectfully submit the Stipulation, as amended by this Amendment, to the Board, and request that the Board issue an appropriate Order adopting and approving the Stipulation, as amended by this Amendment, in its entirety in accordance with its terms.

Jersey Central Power & Light Company

BY: Marc B Lasky
Marc B. Lasky, Esq.

Thelen Reid & Priest LLP

Dated: September 20, 2005

Peter C. Harvey,
Attorney General of New Jersey
Attorney For
Staff of The Board of Public Utilities

BY: Babette Tenzer
Babette Tenzer, Esq.
Deputy Attorney General

Dated: September 20, 2005

Exhibit No. 2

PENNSYLVANIA
PUBLIC UTILTY COMMISSION
Harrisburg, PA 17105-3265

Public Meeting held December 7, 2023

Commissioners Present:

Stephen M. DeFrank, Chairman
Kimberly Barrow, Vice Chair, Statement, Concurring in Result Only
Ralph V. Yanora
Kathryn L. Zerfuss
John F. Coleman, Jr.

Joint Application of Metropolitan	:	
Edison Company, Pennsylvania Electric	:	
Company, Pennsylvania Power Company,	:	A-2023-3038771
West Penn Power Company, Keystone	:	A-2023-3038792
Appalachian Transmission Company,	:	A-2023-3038793
Mid-Atlantic Interstate Transmission, LLC,	:	A-2023-3038794
and FirstEnergy Pennsylvania Electric	:	A-2023-3038795
Company for All of the Necessary Authority,	:	A-2023-3038807
Approvals, and Certificates of Public	:	A-2023-3038808
Convenience for (1) the Agreements and Plans of	:	G-2023-3038818
Merger; (2) the Establishment of FirstEnergy	:	G-2023-3038819
Pennsylvania Holding Company LLC as an	:	G-2023-3038820
Intermediate Holding Company in the	:	G-2023-3038821
Chain of Ownership of FirstEnergy Pennsylvania	:	G-00020956
Electric Company; (3) the Merger of Metropolitan	:	
Edison Company, Pennsylvania Electric Company,	:	
Pennsylvania Power Company, and West Penn	:	
Power Company with and into FirstEnergy	:	
Pennsylvania Electric Company; (4) the Initiation	:	
by FirstEnergy Pennsylvania Electric Company of	:	
Electric Service in All Territories in this	:	
Commonwealth where Metropolitan Edison	:	
Company, Pennsylvania Electric Company,	:	
Pennsylvania Power Company, and West Penn	:	
Power Company Do or May Provide Electric	:	
Service; (5) the Abandonment by Metropolitan	:	
Edison Company, Pennsylvania Electric Company,	:	
Pennsylvania Power Company, and West Penn	:	
Power Company of All Electric Service in this	:	
Commonwealth; (6) the Adoption by FirstEnergy	:	
Pennsylvania Electric Company of Metropolitan	:	

Exhibit No. 2

Edison Company, Pennsylvania Electric Company, :
Pennsylvania Power Company, and West Penn :
Power Company's Existing Tariffs and their :
Application within New Service and Rate :
Districts of FirstEnergy Pennsylvania Electric :
Company Corresponding to their Existing Service :
Territories as the Met-Ed Rate District, Penelec :
Rate District, Penn Power Rate District, West Penn :
Rate District, and The Pennsylvania State :
University Rate District, Respectively; (7) the :
Sale of Class B Membership Interests in :
Mid-Atlantic Interstate Transmission, LLC :
held by Met-Ed and Penelec to FirstEnergy Corp.; :
(8) the Contribution of West :Penn Power :
Company's Transmission Assets to Keystone :
Appalachian Transmission Company; (9) a :
Certificate of Public Convenience Conferring Upon :
Keystone Appalachian Transmission Company the :
Status of a Pennsylvania Public Utility; (10) Where :
Necessary, Associated Affiliated Interest :
Agreements; and (11) Any Other Approvals :
Necessary to Complete the Contemplated :
Transaction :

ORDER

BY THE COMMISSION:

We adopt as our action the Recommended Decision of Administrative Law Judge Conrad A. Johnson and Administrative Law Judge Emily I. DeVoe dated October 19, 2023;

THEREFORE,

IT IS RECOMMENDED:

1. That the Pennsylvania Public Utility Commission approve the Joint Petition for Approval of Settlement of All Issues, filed in this proceeding, without modification.

2. That the Joint Application of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, West Penn Power Company,

Keystone Appalachian Transmission Company, Mid-Atlantic Interstate Transmission, LLC, and FirstEnergy Pennsylvania Electric Company for All of the Necessary Authority, Approvals, and Certificates of Public Convenience for (1) the Agreements and Plans of Merger; (2) the Establishment of FirstEnergy Pennsylvania Holding Company LLC as an Intermediate Holding Company in the Chain of Ownership of FirstEnergy Pennsylvania Electric Company; (3) the Merger of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company with and into FirstEnergy Pennsylvania Electric Company; (4) the Initiation by FirstEnergy Pennsylvania Electric Company of Electric Service in All Territories in this Commonwealth where Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company Do or May Provide Electric Service; (5) the Abandonment by Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company of All Electric Service in this Commonwealth; (6) the Adoption by FirstEnergy Pennsylvania Electric Company of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company's Existing Tariffs and their Application within New Service and Rate Districts of FirstEnergy Pennsylvania Electric Company Corresponding to their Existing Service Territories as the Met-Ed Rate District, Penelec Rate District, Penn Power Rate District, West Penn Rate District, and The Pennsylvania State University Rate District, Respectively; (7) the sale of Class B Membership Interests in Mid-Atlantic Interstate Transmission, LLC held by Met-Ed and Penelec to FirstEnergy Corp.; (8) the Contribution of West Penn Power Company's Transmission Assets to Keystone Appalachian Transmission Company; (9) a Certificate of Public Convenience Conferring Upon Keystone Appalachian Transmission Company the Status of a Pennsylvania Public Utility; (10) Where Necessary, Associated Affiliated Interest Agreements; and (11) Any Other Approvals Necessary to Complete the Contemplated Transaction filed at Docket Nos. A-2023-3038771, A-2023-3038792, A-2023-3038793, A-2023-3038794, A-2023-3038795, A-2023-3038807, A-2023-3038808, G-2023-3038818, G-2023-3038819, G-2023-3038820, G-2023-3038821, G-00020956 be approved as clarified by the Joint Petition for Approval of Settlement of All Issues.

3. That the Joint Petitioners shall comply with the terms and conditions of the Settlement submitted in this proceeding as though each term and condition stated therein had been the subject of an individual ordering paragraph.

4. That the Protest filed by the Office of Consumer Advocate in this proceeding is hereby deemed withdrawn.

5. That the Protest filed by the Industrial Customer Groups in this proceeding is hereby deemed withdrawn.

6. That the Protest filed by the Office of Small Business Advocate in this proceeding is hereby dismissed.

7. That the Secretary shall issue certificates of public convenience evidencing approval under Section 1102(a)(3) of the Pennsylvania Public Utility Code 66 Pa.C.S. § 1102(a)(3) of the proposed transactions set forth in ordering Paragraph 2 above.

8. That the Commission authorize the filing of the *pro forma* tariff supplements attached to the Joint Petition for Approval of Settlement of All Issues as Appendix A to become effective on one day's notice after entry of the Commission's Order approving the Settlement.

9. That upon acceptance and approval by the Commission of the filing of *pro forma* tariff supplements set forth in Paragraph 8 above and consistent with this Order, the Commission's Secretary's Bureau shall mark the dockets in this proceeding closed.

BY THE COMMISSION,

Rosemary Chiavetta
Secretary

(SEAL)

ORDER ADOPTED: December 7, 2023

ORDER ENTERED: December 7, 2023

Exhibit No. 3

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held in the City of New York on November 16, 2023

COMMISSIONERS PRESENT:

Rory M. Christian, Chair
Diane X. Burman
James S. Alesi
John B. Howard
David J. Valesky
John B. Maggiore

CASE 23-E-0118 - Petition of Pennsylvania Electric Company for Authorizing the Proposed Intra-Corporate Merger Pursuant to Section 70 of the New York Public Service Law.

ORDER AUTHORIZING INTRA-CORPORATE REORGANIZATION

(Issued and Effective November 20, 2023)

BY THE COMMISSION:

INTRODUCTION

FirstEnergy Corp. (FirstEnergy) owns and operates a subsidiary, Pennsylvania Electric Company (Penelec or the Company), an electric distribution company that provides electric service in Pennsylvania and to approximately 4,000 customers in the Village of Waverly, New York, and the Town of Barton, New York (Waverly District). Penelec requests authorization for an intra-corporate reorganization that would merge Penelec with three other FirstEnergy subsidiaries pursuant to Public Service Law (PSL) §70. As a result of the proposed transaction, FirstEnergy would dissolve Penelec and the three other FirstEnergy subsidiaries, merging them into a single, newly formed corporation, FirstEnergy Pennsylvania Electric Company (FE PA), within the FirstEnergy ownership structure. By this Order, the Commission authorizes Penelec to proceed with the proposed intra-corporate reorganization in accordance with PSL §70.

PETITION

On March 6, 2023, Penelec filed a petition (Petition) requesting that the Commission authorize the merger of Penelec, including the Waverly District jurisdictional electric assets (Waverly Assets) into a newly formed FirstEnergy subsidiary corporation, FE PA. In its Petition, the Company explained that FirstEnergy intends to merge Penelec with FirstEnergy's three other wholly owned and operated Pennsylvania distribution companies, Metropolitan Edison Company, Pennsylvania Power Company, and West Penn Power Company (collectively, including Penelec, the Operating Companies). Once merged, the four Operating Companies will form FE PA. The Company states FE PA will operate the rate districts corresponding to the Operating Companies' existing service territories, including the Waverly District.

According to the Company, the intra-corporate reorganization will not change the ultimate owner of the Waverly Assets, FirstEnergy. Nevertheless, the current subsidiary of FirstEnergy and direct owner of the Waverly Assets, Penelec, will be dissolved upon completion of the merger, thus leaving FE PA as the new direct owner of the Waverly Assets. Accordingly, the Company requests Commission authorization to proceed with the proposed intra-corporate reorganization.

The Petition states that consolidating the four Operating Companies into one single entity will simplify the corporate structure allowing for greater operational and administrative efficiencies to the benefit of the Operating Companies' customers. Specifically, the Company asserts that one entity, FE PA, will be able to consolidate and perform tasks presently duplicated by each Operating Company, leading to greater regulatory and administrative efficiencies over time. The Company also indicates the merger will support FirstEnergy's continued efforts to streamline, simplify, enhance, and modernize its management structure and operations for the benefit of its customers. Moreover, the Company states that the proposed transfer of assets due to the intra-corporate reorganization is in the public interest consistent with PSL §70 because Waverly District customers will be able to take advantage of these efficiencies without any impacts to rates or service.

NOTICE OF PROPOSED RULE MAKING

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), a Notice of Proposed Rulemaking was published in the State Register on April 19, 2023 [SAPA No. 23-E-0118SP1]. The time for submission of comments pursuant to the Notice expired on June 20, 2023. No comments were received.

DISCUSSION AND CONCLUSION

PSL §70 provides protection against a utility transferring assets or ownership to another entity in a manner that could harm customers or result in undesired changes to the utility's operations. Accordingly, the Commission must determine whether the proposed transaction is in the public interest. The Commission authorizes the Company to proceed with the proposed transfer of assets and intra-corporate reorganization pursuant to PSL §70. We agree with the Company's assertions that the intra-corporate reorganization is in the public interest because it simplifies the corporate structure and allows for operational and administrative efficiencies without harming customers. Additionally, the reorganization provides the possibility of financial benefits with respect to the issuance or refinancing of long-term debt. The consolidation will ease the administrative requirements placed on FirstEnergy’s legal, regulatory reporting, accounting, and rates departments, allowing the opportunity to focus on more valuable tasks.

Given this transaction is an intra-company reorganization of current sister companies, rather than an external company merger that involves a new parent company and/or new affiliate sister companies, many of the typical concerns about the financial integrity of the regulated utility presented by external company mergers are de minimis in this proceeding. Nevertheless, we examined each of the Operating Companies’ credit ratings by Standard and Poor’s Global Ratings (S&P) and Moody’s Investor Service (Moody’s) and find the merger should have only a positive impact on FE PA’s financing prospects. Although Penelec has the same S&P credit rating as its sister companies, “BBB” from S&P, the sister companies have a stronger outlook. The sister companies also have higher Moody’s credit ratings of “A3”, compared to Penelec’s rating of “Baa1”. We anticipate the consolidated credit profile of the newly formed FE PA will more closely mirror the credit profiles of Penelec’s three sister companies. Therefore, the merger will likely provide the Waverly District ratepayers with a lower cost of debt due to the enhanced credit rating of its new operating company.[1]

[1] Penelec currently issues debt for the Waverly District in addition to its Pennsylvania operations. Going forward, FE PA will be the entity that issues debt for the Operating Companies.

Additionally, we examined the financial conditions and the ring-fencing measures between FirstEnergy and the Operating Companies, and we find them to be sufficient. Although FirstEnergy has several ring-fencing measures in place between it and the Operating Companies, its measures are modest relative to most of the major New York electric and gas utility companies.[2] However, S&P has recognized that many of these ring-fencing measures are sufficient to insulate the Operating Companies from the risks posed by FirstEnergy. Specifically, S&P has recognized the following ring-fencing measures for the Operating Companies: (1) their stand-alone legal operations, (2) their own records and books, (3) separate funding arrangements, and 4) no cross-default provisions. These existing ring-fencing measures currently support the financial integrity of the Operating Companies and are sufficient to protect the Operating Companies and ratepayers from any undue harm that FirstEnergy or affiliates other than the Operating Companies could otherwise cause. Accordingly, the Commission directs FE PA to maintaining all existing ring-fencing measures that are currently in place for the Operating Companies.[3]

Additionally, the operational and administrative efficiencies cited by the Company, as well as the potential for lower debt costs, could result in savings for ratepayers. However, given that the Waverly District represents less than

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[2] Ring-fencing is the legal and operational credit separation of the utility subsidiary from its parent and any affiliated companies. In the context of regulated utilities, ring-fencing measures are intended to insulate assets in the utility subsidiary from the risks of the holding company and other subsidiaries within the holding company structure.

[3] In response to information request DPS-03, the Company confirmed that all of the existing ring-fencing measures that are in place for Penelec and listed in its response to DPS-03-1 will be applicable to FE PA post-merger.

one percent of Penelec, any potential savings will be small and, as such, need not be imputed at this time. Any savings actually realized will be captured for ratepayers in the Company's next rate proceeding.[4] FE PA will provide electric service to the Waverly District under the existing rates, terms, and conditions. Ratemaking treatment for the Waverly District will remain subject to Commission oversight and regulation in the same manner we have historically applied.

The intra-corporate reorganization will not result in any changes to FE PA's operations or procedures within the Waverly District, including its billing practices and customer service procedures. All customer outreach materials such as tariffs, bills, letters, and notifications currently reference Penelec. However, once the reorganization is complete, Penelec will cease to exist, and thus, it is reasonable to ensure that any documents that currently refer to Penelec are changed to refer to FE PA. As such, FE PA will need to review all documents related to its operations, including but not limited to, annual reports, property tax bills, customer bills, bank accounts, etc., and remove all references to Penelec. FE PA shall file with the Secretary within 60 days of the issuance of this Order a report: (1) identifying any documents referencing Penelec and its plan to have such references changed to FE PA,[5] with deadlines for effecting such modifications; or (2)

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[4] The Commission bases Waverly District rates, in part, on allocation factors approved in Pennsylvania rate proceedings. We will address any proposed changes in rates for the Waverly District in the next rate proceeding for the Waverly District. We most recently established rates in Case 22-E-0668, Pennsylvania Electric Company - Rates, Order Granting Rate Increase (issued June 23, 2023).

[5] Should there be a need to maintain a reference to Penelec on a document, FE PA shall explain the circumstances in the document.

explaining that FE PA has reviewed all relevant documents and confirmed that none refer to Penelec.

Given the benefits of the proposed intra-corporate merger of the Operating Companies, the Commission finds that the proposed transfer is in the public interest and will not adversely affect the Company's ability to provide safe and adequate service to the Waverly District. Accordingly, Penelec is authorized to proceed with the transaction. This authority is granted for one year from the issuance of this Order and shall expire if the transaction does not occur within that time period. FE PA is directed to file on not less than 30 days' notice, within one year of completing the merger: (1) a consecutively numbered supplement cancelling Penelec's tariff schedule, P.S.C. No. 7 - Electricity, in its entirety; and (2) a new tariff schedule to effectuate changes necessary to reflect the consolidation of Penelec into FE PA, consistent with the terms of this Order. The requirements of Public Service Law 66(12)(b) and Title 16 of the New York Codes, Rules and Regulations §720-8.1 as to newspaper publication are waived because the tariff revisions have a negligible impact on customers. Penelec is to notify the Commission if the merger is not completed within one year of the date of this Order. In such notification, Penelec shall provide a brief explanation as to why the transaction did not occur.

<u>The Commission orders</u>:

1. Pennsylvania Electric Company and FirstEnergy Pennsylvania Electric Company are authorized to proceed with a merger of Pennsylvania Electric Company into FirstEnergy Pennsylvania Electric Company, consistent with the discussion in the body of this Order. The authority is granted for one year

from the issuance of this Order and shall expire if the transaction does not occur within that period.

2. FirstEnergy Pennsylvania Electric Company shall file with the Secretary to the Commission a letter confirming that Pennsylvania Electric Company has merged into FirstEnergy Pennsylvania Electric Company within 30 days of the date of the transaction.

3. FirstEnergy Pennsylvania Electric Company is directed to file, within one year of completing compliance to Ordering Clause No. 2, a consecutively numbered supplement cancelling Pennsylvania Electric Company's tariff schedule, P.S.C. No. 7 – Electricity.

4. FirstEnergy Pennsylvania Electric Company is directed to file on not less than 30 days' notice, within one year of completing compliance to Ordering Clause No. 2, a new tariff schedule to effectuate changes necessary to reflect the consolidation of Penelec into FirstEnergy Pennsylvania Electric Company, consistent with the terms of this Order.

5. The requirements of Public Service Law 66(12)(b) and Title 16 of the New York Codes, Rules and Regulations §720-8.1, related to newspaper publication for the tariff amendments directed in Ordering Clause Nos. 2, 3 and 4 are waived.

6. FirstEnergy Pennsylvania Electric Company shall maintain all existing ring-fencing measures that are currently in place between FirstEnergy Corp. and its subsidiaries, Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company. Specifically, FirstEnergy Pennsylvania Electric Company is required to maintain the following: (1) a separate, stand-alone legal operation from FirstEnergy Corp., (2) its own records and books, (3) separate funding arrangements from FirstEnergy Corp., and (4) abstain from cross-default provisions.

7. FirstEnergy Pennsylvania Electric Company shall file with the Secretary within 60 days of the issuance of this Order a report, consistent with the discussion in the body of this Order, that: (1) identifies any documents referencing Pennsylvania Electric Company and its plan to have such references changed to the FirstEnergy Pennsylvania Electric Company, with deadlines for effecting such modifications; or (2) explains that it has reviewed all relevant documents and confirmed that none refer to Pennsylvania Electric Company.

8. In the Secretary's sole discretion, the deadlines set forth in this Order may be extended. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least three days prior to the affected deadline.

9. This proceeding is closed pending compliance with Ordering Clauses Nos. 2, 3, 4, and 7.

By the Commission,

(SIGNED)

MICHELLE L. PHILLIPS
Secretary

Exhibit No. 4

Exhibit No. 4

184 FERC ¶ 61,094
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Willie L. Phillips, Acting Chairman;
James P. Danly, Allison Clements,
and Mark C. Christie:

FirstEnergy Corp.
Metropolitan Edison Company
Pennsylvania Electric Company
Pennsylvania Power Company
West Penn Power Company
Keystone Appalachian Transmission Company
Ohio Edison Company
Mid-Atlantic Interstate Transmission, LLC
FirstEnergy Pennsylvania Electric Company
FirstEnergy Pennsylvania Holding Company LLC

Docket No. EC23-59-000

ORDER AUTHORIZING DISPOSITION OF JURISDICTIONAL FACILITIES

(Issued August 14, 2023)

1. On March 6, 2023, pursuant to sections 203(a)(1) and 203(a)(2) of the Federal Power Act (FPA)[1] and Part 33 of the Commission's regulations,[2] FirstEnergy Corp. (FirstEnergy), Metropolitan Edison Company (Met-Ed), Pennsylvania Electric Company (Penelec), Pennsylvania Power Company (Penn Power), West Penn Power Company (West Penn), Keystone Appalachian Transmission Company (KATCo), the Ohio Edison Company (Ohio Edison), Mid-Atlantic Interstate Transmission, LLC (MAIT), FirstEnergy Pennsylvania Holding Company LLC (FE PA HoldCo), and FirstEnergy Pennsylvania Electric Company (FE PA) (collectively, Applicants) filed an application (Application) for approval of a set of proposed transactions whereby FirstEnergy will

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[1] 16 U.S.C. §§ 824b(a)(1), 824b(a)(2).

[2] 18 C.F.R. pt. 33 (2022).

undertake an internal corporate reorganization to separate the transmission and distribution functions among Applicants (Proposed Transactions).[3]

2. We have reviewed the Proposed Transactions under the Commission's Merger Policy Statement.[4] As discussed below, we authorize the Proposed Transactions as consistent with the public interest.

I. <u>Background</u>

A. <u>Description of Applicants/Parties</u>

1. <u>FirstEnergy</u>

3. Applicants state FirstEnergy is a public utility holding company based in Akron, Ohio whose shares are publicly traded on the New York Stock Exchange. Applicants state FirstEnergy is the ultimate upstream owner of the KATCo, Ohio Edison, MAIT, FE PA HoldCo, and FE PA. Additionally, Applicants explain Met-Ed, Penelec, Penn Power, and West Penn (FirstEnergy PA Utility Subsidiaries) are wholly owned subsidiaries of FirstEnergy.[5]

2. <u>FirstEnergy Subsidiaries</u>

4. Applicants state Met-Ed, Penelec, Penn Power, West Penn, and Ohio Edison are public utilities authorized to make wholesale sales of electric energy, capacity, and

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[3] Applicants, Application for Authorization under Section 203 of the Federal Power Act and Request for Waivers, at 1-2 (Docket No. EC23-59-000) (Mar. 6, 2023) (Application).

[4] *Inquiry Concerning the Comm'ns Merger Pol'y Under the Fed. Power Act: Pol'y Statement*, Order No. 592, FERC Stats. & Regs. ¶ 31,044 (1996) (cross-referenced at 77 FERC ¶ 61,263) (Merger Policy Statement), *reconsideration denied*, Order No. 592-A, 79 FERC ¶ 61,321 (1997); *see also FPA Section 203 Supplemental Pol' Statement*, 120 FERC ¶ 61,060 (2007) (Supplemental Policy Statement), *order on clarification and reconsideration*, 122 FERC ¶ 61,157 (2008); *Transactions Subject to FPA Section 203*, Order No. 669, 113 FERC ¶ 61,315 (2005), *order on reh'g*, Order No. 669-A, 115 FERC ¶ 61,097, *order on reh'g*, Order No. 669-B, 116 FERC ¶ 61,076 (2006); *Revised Filing Requirements Under Part 33 of the Comm'ns Reguls.*, Order No. 642, FERC Stats. & Regs. ¶ 31,111 (2000) (cross-referenced at 93 FERC ¶ 61,164), *order on reh'g*, Order No. 642-A, 94 FERC ¶ 61,289 (2001).

[5] Application at 5.

certain ancillary services at market-based rates. Met-Ed, Penelec, Penn Power, and West Penn are located within the PJM Interconnection, L.L.C. (PJM) footprint.

5. Applicants state West Penn and MAIT also own electric transmission facilities which are subject to the PJM Open Access Transmission Tariff (PJM OATT). Applicants explain PJM retains functional control of the transmission facilities owned by West Penn and MAIT, and West Penn and MAIT operate them pursuant to the PJM OATT. Applicants further explain West Penn provides transmission subject to a formula rate tariff and associated protocols that are on file with the Commission. Applicants state MAIT owns no generation and provides no retail utility service.[6]

6. Applicants state KATCO is a public utility that was established in anticipation of the contribution of West Penn's transmission assets to a separate transmission-only entity. Applicants state KATCO owns no assets and provides no jurisdictional services and has a transmission formula rate tariff and associated protocols on file with the Commission.[7]

7. Applicants explain FE PA HoldCo is a public utility holding company that was formed to facilitate the Proposed Transaction. Applicants state FE PA is a wholly owned public utility subsidiary of FE PA HoldCo that will serve as the singular FirstEnergy operating distribution utility within Pennsylvania following the reorganization and combination of the FirstEnergy PA Utility Subsidiaries.[8]

B. **Description of the Proposed Transactions**

8. Applicants state that the Proposed Transactions are being undertaken by FirstEnergy to facilitate a comprehensive internal corporate reorganization that will separate the transmission and distribution functions among the Applicants within the Commonwealth of Pennsylvania.[9] Applicants divide the Proposed Transactions into three steps: (1) the Proposed Internal Corporate Reorganization, (2) the Proposed MAIT Class B Interests Transfer, and (3) the Proposed West Penn Transmission Contribution. Applicants request that the Commission assume, without deciding, that it has jurisdiction over the Proposed Internal Corporate Reorganization and the Proposed MAIT Class B

[6] *Id.* at 7, 9.

[7] *Id.* at 8.

[8] *Id.* at 9.

[9] *Id.* at 2.

Interests Transfer, and authorize the Proposed Transactions, including the Proposed West Penn Transmission Contribution.[10]

1. The Proposed Internal Corporate Reorganization

9. Applicants state that to facilitate the corporate reorganization, FirstEnergy will form a new Delaware public utility holding company subsidiary, FE PA HoldCo, and a new Pennsylvania public utility subsidiary, FE PA. FirstEnergy will form three new companies, Penelec LLC, Met-Ed LLC, and West Penn LLC. Following formation of the new companies, Penelec LLC will merge with and into Penelec, Met-Ed LLC will merge with and into Met-Ed, and West Penn LLC will merge with and into West Penn.[11]

10. Applicants state that following the Proposed MAIT Class B Interests Transfer and the Proposed West Penn Transmission Contribution, FirstEnergy will contribute all the equity interests of Penelec LLC, Met Ed LLC, and West Penn LLC to FE PA HoldCo. Applicants state FE PA HoldCo will then contribute all the equity interests of Penelec LLC, Met-Ed LLC, and West Penn LLC to FE PA in exchange for shares of FE PA, resulting in FE PA as the surviving FirstEnergy Pennsylvania distribution utility. Lastly, Applicants state, Penn Power will merge with and into FE PA, with FE PA as the surviving FirstEnergy Pennsylvania distribution utility.[12]

2. The Proposed MAIT Class B Interests Transfer

11. Applicants state that Penelec currently owns 60.34% of the passive Class B membership interests in MAIT, while Met-Ed currently owns 39.66% of the passive Class B membership interests in MAIT. Applicants state that, at the time that Penelec and Met-Ed have been merged with and into Penelec LLC and Met-Ed LLC respectively, each will sell their respective Class B membership interests in MAIT to FirstEnergy in exchange for cash equal to the net book value of those passive interests.[13]

3. The Proposed West Penn Transmission Contribution

12. Applicants state that West Penn will transfer its Commission-jurisdictional transmission facilities operating at 100kV and above recorded in its Commission transmission accounts, which will include both transmission plant and equipment and transmission-related regulatory assets and liabilities (the Commission-Jurisdictional West

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[10] *Id.* at 4.

[11] *Id.* at 10.

[12] *Id.* at 10-11.

[13] *Id.* at 11.

Penn Transmission Assets) to FirstEnergy's subsidiary, KATCo.[14] Applicants state that the transfer of the Commission-Jurisdictional West Penn Transmission Assets will take place after West Penn has merged with and into West Penn LLC, and will be done in exchange for Class B shares of KATCo.

13. Applicants state that West Penn LLC will contribute its Commission-jurisdictional transmission assets, along with the associated regulatory assets and liabilities, and respective interconnection agreements, to KATCo in order to facilitate KATCo's going-forward ownership of the Commission-Jurisdictional West Penn Transmission Assets. Applicants state that the Proposed West Penn Transmission Contribution will be a tax-free exchange, so the accumulated deferred income taxes (ADIT) associated with the transmission assets will transfer from West Penn to KATCo. Applicants state that the KATCo shares issued to West Penn LLC will correspond to the net book value of the assets contributed by West Penn LLC. Finally, Applicants state that West Penn LLC will sell its Class B shares of KATCo to FirstEnergy, for cash, in an amount equivalent to the carrying value of West Penn LLC's interest in KATCo, pursuant to the terms of the Stock Purchase Agreement between West Penn Power Company LLC and FirstEnergy.[15]

II. <u>Notice of Filing and Responsive Pleadings</u>

14. Notice of the Application was published in the *Federal Register*,[16] with interventions and protests due on or before March 27, 2023. Timely motions to intervene were filed by Public Citizen, Inc., the Independent Market Monitor for PJM, Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance, and West Penn Power Industrial, Old Dominion Electric Cooperative, the Maryland Office of People's Counsel, Allegheny Electric Cooperative, Inc. American Municipal Power, Inc., the Pennsylvania Office of Consumer Advocate, and PJM. Notices of intervention were filed by the Pennsylvania Public Utility Commission and the Maryland Public Service Commission.

15. A group of intervenors (Joint Intervenors) filed a timely motion to intervene and protest (Protest).[17] On April 11, 2023, Applicants filed an answer to the protest (Answer).

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[14] *Id.* at 3. Applicants state that the Commission-Jurisdictional West Penn Transmission Assets will exclude land and land rights and will not include any assets rated below 100kV.

[15] *Id.* at 12.

[16] 88 Fed. Reg. 15,389 (Mar. 13, 2023).

[17] The Joint Intervenors include American Municipal Power, Inc., Old Dominion Electric Cooperative, Met-Ed Industrial Users Group, Penelec Industrial Customer

III. Discussion

A. Procedural Matters

16. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2022), the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

17. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2022), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We accept Applicants' answer because it has provided information that assisted us in our decision-making process.

B. Substantive Matters

1. FPA Section 203 Standard of Review

18. FPA section 203(a)(4) requires the Commission to approve proposed dispositions, consolidations, acquisitions, or changes in control if the Commission determines that the proposed transaction will be consistent with the public interest.[18] The Commission's analysis of whether a proposed transaction is consistent with the public interest generally involves consideration of three factors: (1) the effect on competition; (2) the effect on rates; and (3) the effect on regulation.[19] FPA section 203(a)(4) also requires the Commission to find that the proposed transaction "will not result in cross-subsidization of a non-utility associate company or the pledge or encumbrance of utility assets for the benefit of an associate company, unless the Commission determines that the cross-subsidization, pledge, or encumbrance will be consistent with the public interest."[20] The Commission's regulations establish verification and informational requirements for

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Alliance, West Penn Power Industrial Intervenors, Maryland Office of People's Counsel, and the Maryland Public Service Commission.

[18] 16 U.S.C. § 824b(a)(4). Approval of the Proposed Transactions is also required by other regulatory agencies pursuant to their respective statutory authorities before the Proposed Transactions may be consummated. *See* Application, Ex. L. Our findings under FPA section 203 do not affect those agencies' evaluation of the Proposed Transactions pursuant to their respective statutory authorities.

[19] Merger Policy Statement, FERC Stats. & Regs. ¶ 31,044 at 30,111.

[20] 16 U.S.C. § 824b(a)(4).

entities that seek a determination that a proposed transaction will not result in inappropriate cross-subsidization or pledge or encumbrance of utility assets.[21]

2. Analysis of the Proposed Transaction

a. Effect on Horizontal Competition

i. Applicants' Analysis

19. Applicants explain that the Proposed Transactions will have no adverse effect on horizontal competition. With respect to the first of the Proposed Transactions, the Proposed Internal Corporate Reorganization, Applicants maintain that no competitive screen analysis is required because FirstEnergy will continue to remain the ultimate upstream owner of the FirstEnergy PA Utility Subsidiaries. Applicants state that because the ultimate upstream ownership of FirstEnergy PA Utility Subsidiaries will not change, the Proposed Internal Corporate Reorganization will not result in any change to the concentration of the generation assets or inputs to electricity products owned or controlled in the relevant market.[22] Applicants explain that the Proposed Internal Corporate Reorganization will not result in any change in market concentration and will not result in any increase in horizontal market power.

20. Applicants state that the MAIT Class B Interests Transfer will not result in concentration of the generation assets or inputs to electricity products owned or controlled by FirstEnergy in the relevant market. As a result, Applicants state the MAIT Class B Interests Transfer involves no increase in horizontal market power.[23]

21. Applicants state that as FirstEnergy will continue to be the ultimate upstream owner of the West Penn Transmission Assets, which will remain subject to the functional control of PJM and operated pursuant to the PJM OATT. Applicants state the Proposed West Penn Transmission Contribution will not result in any change to the concentration of the generation assets or inputs to electricity products owned or controlled in the relevant market.[24]

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[21] 18 C.F.R. § 33.2(j) (2022).

[22] Application at 15 (citing *NV Energy, Inc.*, 145 FERC ¶ 61,170, at PP 17, 26 (2013); *Ameren Corp.*, 131 FERC ¶ 61,240, at P 18 (2010)).

[23] *Id.* at 16.

[24] *Id.*

ii. Commission Determination

22. In analyzing whether a proposed transaction will adversely affect horizontal competition, the Commission examines the effects on concentration in the generation markets and whether the proposed transaction otherwise creates the incentive and ability to engage in behavior harmful to competition, such as withholding of generation.[25]

23. Based on Applicants' representations, we find that the Proposed Transactions will not have an adverse effect on horizontal competition because the Proposed Internal Corporate Reorganization is an internal corporate reorganization where the ultimate upstream ownership of FirstEnergy PA Utility Subsidiaries will not change, the MAIT Class B Interests Transfer will not result in concentration of the generation assets or inputs to electricity products owned or controlled by FirstEnergy in the relevant market, and FirstEnergy will continue to be the ultimate upstream owner of the West Penn Transmission Assets. Thus the Proposed Transactions will not result in a change to concentration in any market.[26]

b. Effect on Vertical Competition

i. Applicants' Analysis

24. Applicants state that the Proposed Transactions do not raise any competitive concerns with regard to vertical market power. With respect to the Proposed Internal Corporate Reorganization, Applicants explain that the FirstEnergy PA Utility Subsidiaries are all Commission-regulated electric distribution companies located in Pennsylvania, where the Commission has found consumers have retail choice and, thus, they are not considered captive customers.[27] Applicants maintain because there will be no new vertical combination of assets as a result of the Proposed Internal Corporate

[25] *Nev. Power Co.*, 149 FERC ¶ 61,079, at P 28 (2014).

[26] Order No. 669, 113 FERC ¶ 61,315 at P 190; *see also NV Energy, Inc.*, 145 FERC ¶ 61,170 at P 26 ("In this case, the merger between Sierra Pacific and Nevada Power is an internal reorganization of two utilities that are already affiliated within the same holding company system. Hence, the Proposed Transaction will not result in any concentration in the generation markets and will not change the existing competitive incentives.").

[27] Application at 18 (citing *Duquesne Light Holdings, Inc.*, 117 FERC ¶ 61,326, at P 38 (2006)).

Reorganization, the Commission should find that it does not raise any vertical market power concerns.[28]

25. Applicants state that because there will be no new vertical combination of assets as a result of the MAIT Class B Interests Transfer, the Commission should find this step of the Proposed Transactions raises no vertical market power concerns. Finally, Applicants state that under the Proposed West Penn Transmission Contribution, West Penn will contribute the Commission-Jurisdictional West Penn Transmission Assets to KATCo. Applicants state that these facilities are under the functional control of PJM and the rates for transmission service over these facilities are governed by the PJM OATT. Applicants state that the Commission has consistently found that the vertical market power concerns regarding the control of transmission facilities are adequately mitigated when the transmission facilities are subject to an OATT.[29]

ii. Commission Determination

26. In analyzing whether a proposed transaction presents vertical market power concerns, the Commission considers the vertical combination of upstream inputs, such as transmission or natural gas, with downstream generating capacity. As the Commission has previously found, transactions that combine electric generation assets with inputs to generating power (such as natural gas, transmission, or fuel) can harm competition if the transaction increases an entity's ability or incentive to exercise vertical market power in wholesale electricity markets. For example, by denying rival entities access to inputs or by raising their input costs, an entity created by a transaction could impede entry of new competitors or inhibit existing competitors' ability to undercut an attempted price increase in the downstream wholesale electricity market.[30]

27. Based on Applicants' representations, we find that the Proposed Transactions will not have an adverse effect on vertical competition. The transmission facilities involved in the Proposed Transactions, which consist of the West Penn Transmission Assets, are currently, and will continue to be after the Proposed Transactions close, under the

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[28] *Id.* (citing *Ameren Corp.*, 131 FERC ¶ 61,240 at P 18).

[29] *Id.* at 19 (citing *Duke Energy Corp.*, 136 FERC ¶ 61,245, at P 161 (2011); *Sharyland Utils., L.P.*, 131 FERC ¶ 61,275, at PP 17-18 (2010); *Great Plains Energy Inc.*, 121 FERC ¶ 61,069, at P 34 (2007)).

[30] *Upstate N.Y. Power Producers*, 154 FERC ¶ 61,015, at P 15 (2016); *Exelon Corp.*, 138 FERC ¶ 61,167, at P 112 (2012).

operational control of PJM and subject to PJM's OATT.[31] The Commission has previously found there to be no adverse effect on vertical competition where utilities had transferred control of their transmission facilities to an independent entity, such as PJM or another Regional Transmission Organization.[32] Because the Proposed Transactions do not involve any transfer of generation facilities or inputs to electric power generation to an unaffiliated entity, we find that they will not have an adverse effect on vertical competition.[33]

c. Effect on Rates

i. Applicants' Analysis

28. Applicants state that the Proposed Transactions will have no adverse effect on rates, either for wholesale sales or transmission. Applicants explain any wholesale sales of electric energy, capacity, or ancillary services made by each of the FirstEnergy PA Utility Subsidiaries are subject to the respective market-based rate tariff each seller has on file with the Commission and all such sales will continue to be made pursuant to market-based rate authority. Accordingly, Applicants maintain the Proposed Transactions will not have any effect on rates for wholesale ratepayers.[34]

29. Applicants state that the Proposed Transactions will also have no adverse effect on transmission rates. Applicants state MAIT, West Penn, KATCo have existing transmission formula rate templates and associate protocols on file with the Commission. Applicants explain KATCo, as the new owner of West Penn Transmission Assets, will make any wholesale transmission sales pursuant to its transmission formula rate that is on file with the Commission.[35] Applicants maintain the Proposed Transactions will not alter the terms of the FirstEnergy PA Utility Subsidiaries' long-term power purchase agreements, market-based rate tariffs, or borderline agreements. Applicants state the Proposed Transactions will not precipitate any change in transmission service or the existing transmission formula rate templates and associated protocols on file with the

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[31] *See Exelon Generation Co.*, 176 FERC ¶ 61,121, at P 27 (2021). *See also Mich. Elec. Transmission Co.*, 183 FERC ¶ 61,032, at P 15 (2023).

[32] *Exelon Corp.*, 149 FERC ¶ 61,148, at P 79 (2014); *Duke Energy Corp.*, 136 FERC ¶ 61,245, at P 161 (2011); *Nat'l Grid plc*, 117 FERC ¶ 61,080, at P 45 (2006).

[33] *See ITC Midwest LLC*, 140 FERC ¶ 61,125, at P 13 (2012).

[34] Application at 21.

[35] *Id.* at 7.

Commission. Furthermore, Applicants maintain that there are no transaction-related costs that will be borne by transmission customers.[36]

30. With respect to the Proposed Internal Corporate Reorganization, Applicants explain Met-Ed, Penelec, and Penn Power do not own any transmission facilities and do not have any transmission rates on file. Applicants explain that West Penn will transfer all of its Commission-jurisdictional transmission assets pursuant to the Proposed West Penn Transmission Contribution, which will be a tax-free exchange, thereby avoiding a rate shift to transmission customers. Applicants state that following the Proposed Transaction, FE PA will not own, operate, or control any Commission-jurisdictional transmission assets.[37]

31. With respect to the Proposed MAIT Class B Interests Transfer, Applicants argue that it will have no effect on transmission rates because it is purely a sale of MAIT's passive membership interests. Applicants state that there will be no changes to MAIT's formula rate template, nor the inputs thereto, and no transaction-related costs will be borne by MAIT's transmission customers.[38]

32. Applicants state that the Proposed West Penn Transmission Contribution will have no effect on transmission rates, due to the terms of the uncontested settlements involving West Penn and KATCo's filed transmission formula rates.[39] Applicants state that they are not requesting any changes to West Penn and KATCo transmission formula rates as a result of the Proposed Transactions, and note that any changes would need to be filed and approved by the Commission.[40]

33. Applicants state that out of an abundance of caution they are also committing to hold customers harmless from any of the Proposed Transactions-related costs. Applicants state that they will not seek to include any Proposed Transactions-related costs in their wholesale contracts or transmission revenue requirements. Applicants

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[36] *Id.* at 21-22.

[37] *Id.* at 22.

[38] *Id*.

[39] *Id.* at 23 (citing *Monongahela Power Co. et al.,* Offer of Settlement, Docket No. ER21-253-003, Section 2.10 (filed Jan. 18, 2023); *PJM Interconnection, L.L.C.*, Offer of Settlement, Docket No. ER21-265-002, Section 2.10 (filed Jan. 18, 2023)). We note that subsequent to the filing of the instant Application, the uncontested settlements were approved by the Commission. *Monongahela Power Co.*, 183 FERC ¶ 61,087 (2023).

[40] Application at 23.

define Proposed Transaction-related costs as: "all costs, including internal labor and other than labor costs, beginning with such costs incurred to discuss, gather information and investigate the feasibility of creating FE PA and FE PA HoldCo and contributing the [Commission]-Jurisdictional West Penn Transmission Assets to KATCo, and continuing through the completion of the Proposed Transactions."[41] Applicants state that they have set up a tracking mechanism for transaction-related costs, whereby all Proposed Transactions-related costs are being charged to work orders and recorded to FERC Account 426.5 – Other Deductions. [42]

ii. Protest and Answer

34. Joint Intervenors argue that Applicants have failed to include transition costs associated with the transaction in their hold harmless commitment. Joint Intervenors argue that Applicants point to the settlements involving KATCo, but that these settlements did not include transition costs. Joint Intervenors point to Commission policy requiring the inclusion of both transaction and transition costs in a hold harmless commitment.[43]

35. Joint Intervenors also argue that Applicants have not justified the absence of a five-year term for their hold harmless commitment, but instead offer it only through the "completion" of the Proposed Transactions. Joint Intervenors argue that Applicants should be required to clarify the term of the hold harmless commitment and should also be required to properly define and track the costs associated with the hold harmless commitment.[44]

36. In response, Applicants state that their proposed hold harmless commitment includes all transaction-related costs, including transition costs. They also state that they have gone beyond a five-year commitment to commit to *never* recover transaction-related costs, which exceeds the term required by the Commission. Finally, they note that they

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[41] *Id.* at 24 (citing attach. 1 (Testimony of Amy S. Patterson) at Section III (Patterson Test.)).

[42] *Id.*

[43] Protest at 3 (citing *Policy Statement on Hold Harmless Commitments*, 155 FERC ¶ 61,189, at 44, 45 and 49 (2016) (Hold Harmless Policy Statement)).

[44] *Id.* at 5.

are using Commission-approved policies and procedures to track transaction-related costs.[45]

iii. Commission Determination

37. Based on Applicants' representations, we find that the Proposed Transactions will not have an adverse effect on rates. We find that the Proposed Transactions will not have an impact on wholesale rates or transmission rates based upon Applicants' representations regarding the lack of impact of the Proposed Transactions upon the market-based rate tariffs of their subsidiaries, as well as Applicants' representations as to the lack of effect of the Proposed Transactions on inputs to the transmission formula rates of their subsidiaries. As discussed further below, we also base this determination upon the hold harmless commitment proposed by Applicants.

38. We accept Applicants' commitment to hold customers harmless from costs related to the Proposed Transactions. We interpret Applicants' hold harmless commitment to apply to all transaction-related costs, including costs related to consummating the Proposed Transactions, in accordance with the Commission's policy on hold harmless commitments.[46] We note that Applicants have responded to the concerns raised in the Protest by affirming that the hold harmless commitment will cover all transaction-related costs, including transition costs, that it is not limited to a specific time period, and that Applicants have sufficient methods to track the costs involved. Therefore, concerns related to the sufficiency of the hold harmless commitment are unfounded as Applicants' commitment to never seek recovery of such costs will shield customers from an adverse effect on rates due to the Proposed Transactions.

d. Effect on Regulation

i. Applicants' Analysis

39. Applicants state FirstEnergy has filed with the state utility commissions that have jurisdiction to review and/or approve the Proposed Transaction. Applicants state the Proposed Transactions will not result in any facilities being removed from the Commission's jurisdiction, nor will the Proposed Transactions modify the applicable states' jurisdiction and authority over the Applicants' state-regulated utility operations.[47]

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[45] Answer at 6 (citing *FirstEnergy Transmission, LLC*, 179 FERC ¶ 61,059, at PP 39, 43 (2022)).

[46] Hold Harmless Policy Statement, 155 FERC ¶ 61,189.

[47] Application at 25.

ii. Commission Determination

40. The Commission's review of a transaction's effect on regulation focuses on ensuring that it does not result in a regulatory gap.[48] As to whether a proposed transaction will have an effect on state regulation, the Commission explained in the Merger Policy Statement that it ordinarily will not set the issue of the effect of a proposed transaction on state regulatory authority for a trial-type hearing where a state has authority to act on the proposed transaction. However, if the state lacks this authority and raises concerns about the effect on regulation, the Commission may set the issue for hearing and it will address such circumstances on a case-by-case basis.[49] Based on Applicants' representations, we find no evidence that either state or federal regulation will be impaired by the Proposed Transaction. We note that no party alleges that regulation, state or federal, would be impaired by the Proposed Transaction, and no state commission has requested that the Commission address the issue of the effect on state regulation.

e. Cross-Subsidization

i. Applicants' Analysis

41. Applicants state that the Proposed Transactions qualify for one of the Commission's safe harbors as established in the Supplemental Policy Statement,[50] because they do not involve any public utilities with captive customers. Specifically, Applicants state that FirstEnergy PA Utility Subsidiaries, and subsequently FE PA, provide distribution service in a jurisdiction where the Commission has found customers have retail choice, and thus are not considered captive customers.[51] Applicants state that MAIT and KATCo will each provide a single service – transmission service pursuant to the PJM Tariff – and thus are not franchised public utilities with "captive customers." Applicants state that FirstEnergy and FE PA HoldCo, as holding companies with no operations, have no captive customers. Applicants state that none of the other Applicants is a franchised public utility with captive customers.[52] Applicants state that they also fall within a safe harbor because the Proposed Transactions will not result in any pledge or

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[48] Merger Policy Statement, FERC Stats. & Regs. ¶ 31,044 at 30,124.

[49] *Id.*

[50] 120 FERC ¶ 61,060.

[51] Application at 27 (citing *FirstEnergy Solutions Corp.*, 125 FERC ¶ 61,356, at P 27 (2008)).

[52] *Id.*

encumbrance of utility assets for the benefit of an associate company, nor will it result in any new or modified contract between a traditional public utility with captive customers and a non-utility associate company. Nevertheless, Applicants provide a demonstration in Exhibit M that the Proposed Transactions do not pose a risk of cross-subsidization of a non-utility associate company or any pledge or encumbrance of utility assets for the benefit of any non-utility associate company at the time of the Proposed Transactions or in the future.[53]

ii. Commission Determination

42. Based on Applicants' Exhibit M representations, we find that the Proposed Transactions will not result in the cross-subsidization of a non-utility associate company by a utility company, or in a pledge or encumbrance of utility assets for the benefit of an associate company. We note that no party has argued otherwise.

3. Accounting Matters

43. Joint Intervenors argue that Applicants have not provided enough specificity about the assets to be transferred as part of the Proposed Transactions. They note that the list in the Application appears to include distribution substation assets, which they argue would be improper. Joint Intervenors also argue that the Application fails to identify the specific amounts of ADIT and net excess ADIT (EDIT) associated with the assets to be transferred. They ask for Applicants to provide a detailed list of balances associated with the assets to be transferred to protect customers from adverse rate impacts.[54]

44. Joint Intervenors also argue that Applicants should be required to make any accounting records associated with the transfer of assets from West Penn to KATCo available to KATCo such that consumer access to information will not be burdensome or unavailable. They also argue that any new accounting procedures should be explained by Applicants and that the cost of any new procedures should not be included in wholesale rates if it is adverse to transmission customers.[55]

45. Applicants state in response that only transmission-related assets and liabilities will be transferred from West Penn to KATCo, including only those portions of the substations that serve a transmission function. With respect to the accounting entries for ADIT and EDIT, Applicants state that there is no requirement to provide such a detailed listing in Commission regulations. Applicants state that they are following Commission

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[53] *Id.* at 28 (citing 18 C.F.R. § 33.2(j)).

[54] Protest at 6.

[55] *Id.* at 7-8.

precedent in the accounting entries provided in the Application, and that updated entries will be provided in the final accounting entries upon consummation of the transaction.[56] Applicants also confirm that all relevant accounting records will be transferred from West Penn to KATCo and that no new accounting processes will be required.[57]

i. Commission Determination

46. Applicants represent that the Proposed Transactions only includes transmission-related assets and liabilities, including portions of substations that serve a transmission function. We agree with Applicants that an entity is not required to provide a detailed list of balances associated with transfers of assets. Applicants submitted their proposed accounting entries in Exhibit N, and we do not identify any accounting concerns. As Applicants note, they are required to submit their final accounting entries within six months after the Proposed Transactions are consummated, along with appropriate narrative explanations describing the basis for the entries, which will allow the Commission to further review the appropriateness of the Applicants' final accounting.[58]

4. Other Considerations

47. Information and/or systems connected to the Bulk Power System involved in this transaction may be subject to reliability and cybersecurity standards approved by the Commission pursuant to FPA section 215.[59] Compliance with these standards is mandatory and enforceable regardless of the physical location of the affiliates or investors, information database, and operating systems. If affiliates, personnel or investors are not authorized for access to such information and/or systems connected to the Bulk Power System, a public utility is obligated to take the appropriate measures to deny access to this information and/or the equipment/software connected to the Bulk Power System. The mechanisms that deny access to information, procedures, software, equipment, etc., must comply with all applicable reliability and cybersecurity standards. The Commission, North American Electric Reliability Corporation, or the relevant regional entity may audit compliance with reliability and cybersecurity standards.

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[56] Answer at 7-8.

[57] *Id.* at 9.

[58] We note that Applicants affirmed that all relevant accounting records will be transferred from West Penn to KATCo and that no new accounting processes will be required. Answer at 9.

[59] 16 U.S.C. § 824o.

48. FPA section 301(c) gives the Commission authority to examine the books and records of any person who controls, directly or indirectly, a jurisdictional public utility insofar as the books and records relate to transactions with or the business of such public utility.[60] The approval of the Proposed Transactions is based on such examination ability. In addition, applicants subject to Public Utility Holding Company Act of 2005 (PUHCA 2005) are subject to the record-keeping and books and records requirements of PUHCA 2005.[61]

49. Section 35.42 of the Commission's regulations requires that sellers with market-based rate authority timely report to the Commission any change in status that would reflect a departure from the characteristics the Commission relied upon in granting market-based rate authority.[62] To the extent that a transaction authorized under FPA section 203 results in a change in status, sellers that have market-based rates are advised that they must comply with the requirements of section 35.42.

The Commission orders:

(A) The Proposed Transactions are hereby authorized, as discussed in the body of this order.

(B) Applicants must inform the Commission of any material change in circumstances that departs from the facts or representations that the Commission relied upon in authorizing the Proposed Transactions within 30 days from the date of the material change in circumstances.

(C) The foregoing authorization is without prejudice to the authority of the Commission or any other regulatory body with respect to rates, service, accounts, valuation, estimates or determinations of costs, or any other matter whatsoever now pending or which may come before the Commission.

(D) Nothing in this order shall be construed to imply acquiescence in any estimate or determination of cost or any valuation of property claimed or asserted.

(E) The Commission retains authority under sections 203(b) and 309 of the FPA to issue supplemental orders as appropriate.

[60] 16 U.S.C. § 825(c).

[61] 42 U.S.C. §§ 16451-63.

[62] 18 C.F.R. § 35.42 (2022).

(F) Applicants shall make any appropriate filings under section 205 of the FPA, as necessary, to implement the Proposed Transactions.

(G) Applicants shall notify the Commission within 10 days of the date on which the Proposed Transactions are consummated.

(H) If Applicants seek to recover transaction-related costs through their transmission or wholesale requirements rates, they must make a new FPA section 205 filing and submit concurrently an informational filing in the instant FPA section 203 docket. In the FPA section 205 filing, Applicants must: (1) specifically identify the transaction-related costs they are seeking to recover; and (2) demonstrate that those costs are exceeded by the savings produced by the Proposed Transactions.

(I) West Penn and KATCo shall account for the transfer of plant assets constituting an operating unit or system in accordance with Electric Plant Instruction No. 5 and Account 102, Electric Plant Purchased or Sold, of the Uniform System of Accounts. West Penn and KATCo shall submit their proposed final accounting only for the transfer of plant assets constituting an operating unit or system using Account 102 within six months after the Proposed Transactions are consummated, along with appropriate narrative explanations describing the basis for the entries.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

Exhibit No. 4

Document Content(s)

Exhibit No. 5

Service Company Agreement-Utility Execution Copy

SERVICE AGREEMENT

This Service Agreement ("Agreement") is entered into as of the 31st day of January, 2017, by and between each of the associate companies listed on the signature page hereto (each a "Client Company"), and FirstEnergy Service Company, an Ohio corporation ("Service Company").

WHEREAS, Service Company is a direct wholly-owned subsidiary of FirstEnergy Corp., a holding company under the Public Utility Holding Company Act of 2005, as amended (the "Act");

WHEREAS, Service Company has been formed for the purpose of providing administrative, management and other services to FirstEnergy Corp. and its associate companies, including Client Company (together, the "Client Companies"); and

WHEREAS, Client Company believes that it is in its interest to enter into an arrangement whereby Client Company may agree to purchase such administrative, management and other services from Service Company as Client Company may choose at cost as determined in accordance with this Agreement and the Act;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. <u>DESCRIPTION OF SERVICES</u>.

Service Company agrees to provide certain administrative, management or other services (the "Services") to Client Company similar to those supplied to other Client Companies of Service Company. Such services are and will be provided to Client Company only at the request of Client Company. Exhibit A hereto lists and describes all of the Services that are available from Service Company.

2. <u>PERSONNEL</u>.

In order to provide the Services, Service Company will employ executive officers, accountants, financial advisers, technical advisers, attorneys and other persons with the necessary qualifications. If necessary, Service Company may also arrange for the services of nonaffiliated experts, consultants and attorneys in connection with the performance of any of the Services provided under this Agreement.

3. <u>COMPENSATION AND ALLOCATION</u>.

As and to the extent required by law, Service Company provides and will provide such services at fully allocated cost, determined in accordance with the Act. Exhibit A hereof contains rules for determining and allocating such costs.

4. <u>TERMINATION AND MODIFICATION</u>.

Either party to this Agreement may terminate this Agreement by providing 60 days written notice of such termination to the other party. This Agreement is subject to termination or modification at any time to the extent its performance may conflict with the provisions of the Act or with any rule, regulation or order of the Federal Regulatory Energy Commission (the "Commission") adopted before or after the making of this Agreement. This Agreement shall be subject to the approval of any state commission or other state regulatory body whose approval is, by the laws of said state, a legal prerequisite to the execution and delivery or the performance of this Agreement.

5. <u>SERVICE REQUESTS</u>.

Client Company and Service Company will prepare a Service Request on or before September 30th of each year listing Services to be provided to Client Company by Service Company and any special arrangements related to the provision of such Services for the coming year, based on Services provided during the preceding year. Client Company and Service Company may supplement the Service Request during the year to reflect any additional or special Services that Client Company wishes to obtain from Service Company, and the arrangements relating thereto.

6. <u>BILLING AND PAYMENT</u>.

Unless otherwise set forth in a Service Request, payment for Services provided by Service Company shall be by making remittance of the amount billed or by making appropriate accounting entries on the books of Client Company and Service Company. Billing will be made on a monthly basis, with the bill to be rendered as soon as practicable after the close of the month, and remittance or accounting entries completed within 30 days of billing. Any amount remaining unpaid after 30 days following receipt of the bill shall bear interest thereon from the due date of the bill until payment at a rate equal to the prime rate on the due date.

7. <u>NOTICE</u>.

Where written notice is required by this Agreement, all notices, consents, certificates, or other communications hereunder shall be in writing and shall be deemed given when mailed by United States registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

To Client Company:	c/o President 76 South Main St. Akron, Ohio 44308
To Service Company:	c/o Vice President and Controller 76 South Main Street Akron, Ohio 44308

8. GOVERNING LAW.

This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, without regard to its conflict of law's provisions.

9. MODIFICATION.

No amendment, change or modification to this Agreement shall be valid, unless made in writing and signed by both parties hereto.

10. ENTIRE AGREEMENT.

This Agreement, together with its exhibits, constitutes the entire understanding and agreement of the parties with respect to its subject matter, and effective upon the execution of this Agreement by the respective parties hereof, any and all prior agreements, understandings or representations with respect to this subject matter are hereby terminated and canceled in their entirety and are of no further force and effect, except to the extent transactions thereunder have taken place prior to such effective date in which case such agreements will govern the terms of such transactions.

11. WAIVER.

No waiver by either party hereto of a breach of any provision of this Agreement shall constitute a waiver of any preceding or succeeding breach of the same or any other provision hereof.

12. ASSIGNMENT.

This Agreement shall inure to the benefit and shall be binding upon the parties and their respective successors and assigns. No assignment of this Agreement or either party's rights, interests or obligations hereunder may be made without the other party's consent, which shall not be unreasonably withheld, delayed or conditioned.

13. SEVERABILITY.

If any provision or provisions of this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed effective as of the 31st day of January, 2017. This Agreement supersedes any previous agreement between the Service Company and the Client Companies.

FirstEnergy Service Company

By: ______________________
Steven R. Staub
Vice President and Treasurer

[Remainder of this page intentionally left blank.]

Client Companies:

Ohio Edison Company
The Cleveland Electric Illuminating Company
The Toledo Edison Company
Pennsylvania Power Company
American Transmission Systems, Incorporated
Pennsylvania Electric Company
Waverly Electric Power & Light Company
Metropolitan Edison Company
Monongahela Power Company
The Potomac Edison Company
West Penn Power Company
PATH-Allegheny Land Acquisition Company
PATH-Allegheny Maryland Transmission Company, LLC
PATH Allegheny Transmission Company, LLC
PATH Allegheny Virginia Transmission Corporation
AYE Series, Potomac-Appalachian Transmission Highline, LLC
Trans-Allegheny Interstate Line Company
Mid-Atlantic Interstate Transmission, LLC

By: Steven E. Strah
Steven E. Strah
President

[Remainder of this page intentionally left blank.]

Jersey Central Power & Light Company

By: ______________________________
James V. Fakult
President

EXHIBIT A
DESCRIPTION OF SERVICES AND ALLOCATION METHODOLOGY

1. Description Of Services

Overview

This Exhibit provides a description of all services provided by Service Company departments and the cost allocation methodologies to be used in connection therewith. All products and services are subject to Service Level Standards as negotiated between the Service Company department and Client Company. Each Client Company is classified as either a "Utility Subsidiary" or a "Non-Utility Subsidiary".

2. Cost Allocation Methodology

Overview

The costs of services provided by Service Company will be directly assigned, distributed or allocated by activity, project, program, work order or other appropriate basis. The primary basis for charges to affiliates is the direct charge method. The methodologies listed below pertain to all other costs which are not directly assigned but which make up the fully allocated cost of providing the product or service. The costs of product and services provided by the ServeCo that cannot be charged directly to the Subsidiary receiving the product or service will be allocated among the associate companies by utilizing one of the methods described below that most accurately distributes the costs. The method of cost allocation varies based on the department rendering the service. The allocation methods used by Service Company are as follows:

a. **"Multiple Factor – All"** - For the Indirect Costs for products or services benefiting the entire FirstEnergy system, FirstEnergy and all Subsidiaries will bear a fair and equitable portion of such costs. FirstEnergy will bear 5% of these Indirect Costs. The remaining Indirect Costs will be allocated among the Utility Subsidiaries and the Non-Utility Subsidiaries benefiting from the services provided based on FirstEnergy's equity investment in the respective groups. A subsequent allocation step will then occur. Among the Utility Subsidiaries, allocations will be based upon the **"Multiple Factor - Utility"** method. Among the Non-Utility Subsidiaries, allocations will be based upon the **"Multiple Factor - Non-Utility"** method.

b. **"Multiple Factor – Utility"** - For the Indirect Costs for a product or service solely benefiting one or more of the Utility Subsidiaries, each such Utility Subsidiary so benefiting will be charged a portion of the Indirect Costs based on the sum of the weighted averages of the following factors:

1. Gross transmission and/or distribution plant
2. Operating and maintenance expense excluding purchase power and fuel costs

3. Transmission and/or distribution revenues, excluding transactions with affiliates

These three (3) factors have been determined to be the most appropriate for the Utility Subsidiaries in the FirstEnergy system. Each factor will be weighted equally so that no one facet of the electric utility operations inordinately influences the distribution of Indirect Costs.

c. "Multiple Factor - Non-Utility" - For the Indirect Costs for products or services solely benefiting the Non-Utility Subsidiaries, each Non-Utility Subsidiary so benefiting receiving the product or service will be charged a proportion of the Indirect Costs based upon the total assets of each Non-Utility Subsidiary, including the generating assets under operating leases from the Utility Subsidiaries.

d. "Multiple Factor - Utility and Non-Utility" - For the Indirect Costs for a product or service benefiting one or more of the Utility and Non-Utility Subsidiaries, each such Subsidiary so benefiting is first assigned a distribution ratio that is in proportion to the Indirect Costs based on FirstEnergy's equity investment in such Subsidiaries. Following this distribution, a subsequent allocation step will then occur. Among the Utility Subsidiaries, allocations will be based upon the "**Multiple Factor-Utility**." Among the Non-Utility Subsidiaries, allocations will be based upon "**Multiple Factor - Non-Utility"**

e. "Direct Charge Ratio" - The ratio of direct charges for a particular product or service to an individual Subsidiary as a percentage of the total direct charges for a particular product or service to all Subsidiaries benefiting from such services. Indirect Costs are then allocated to each Subsidiary based on the calculated ratios.

f. "Number of Customers Ratio" - For costs of products and services driven by the number of Utility customers, the allocation method that will be used will be the number of Utility customers for the respective Utility Subsidiary receiving the product or service divided by the total number of utility customers.

g. "Number of Shopping Customers Ratio" - A "shopping customer" is defined as a Utility customer who has selected a competitive electric generation supplier. For costs of products and services driven by the number of shopping customers, the allocation method that will be used will be the number of shopping customers for the respective Utility Subsidiary receiving the product or service divided by the total number of shopping customers.

h. "Number of Participating Employees – General" - For costs of products and services driven by all participating employees within the FirstEnergy system, the allocation method that will be used will be the number of participating employees for the respective Subsidiary receiving the product or service divided by the total number of participating employees.

i. "Number of Participating Employees - Utility and Non-Utility" - For costs of products and services driven by participating employees who work for the Utility and Non-Utility Subsidiaries, the Subsidiaries receiving the product or service are first assigned a distribution ratio that is in proportion to the Indirect Costs based on FirstEnergy's equity investment in the respective groups. Costs are further allocated by using the number of participating employees for the respective Subsidiary divided by the total number of participating FirstEnergy employees.

j. "Gigabytes Used Ratio" - Number of gigabytes utilized by a Subsidiary receiving the product or service divided by the total number of gigabytes used by the FirstEnergy system companies applicable to that respective product or service.

k. "Number of Computer Workstations Ratio" - Number of computer workstations utilized by a Subsidiary receiving the product or service divided by the total number of computer workstations in use by the FirstEnergy system companies applicable to that respective product or service.

l. "Number of Billing Inserts Ratio" - Number of billing inserts performed for a Subsidiary receiving the product or service divided by the total number of billing inserts performed for the FirstEnergy system companies applicable to that respective product or service.

m. "Number of Invoices Ratio" - Number of invoices processed for a Subsidiary receiving the product or service divided by the total number of invoices processed for the FirstEnergy system companies applicable to that respective product or service.

n. "Number of Payments Ratio" - Number of monthly payments processed for a Subsidiary divided by the total monthly number of payments processed for the FirstEnergy system companies applicable to that respective product or service. This will not be utilized until some historical information is available out of our new automated system.

o. "Daily Print Volume" - Average daily print volume performed for a Subsidiary receiving the service divided by the total average daily print volume performed for the entire FirstEnergy system.

p. **"Number of Intel Servers"** - Number of Intel servers utilized by a Subsidiary receiving the product or service divided by the total number of Intel servers utilized by the FirstEnergy system.

q. **"Application Development Ratio"** - Number of application development hours budgeted for a Subsidiary receiving the service divided by the total number of budgeted application development hours for the year.

r. **"Server Support Composite"** - The average ratio of unix gigabytes, SAP gigabytes and Intel number of servers for a Subsidiary receiving the service.

3. Descriptions of Products and Services

CALL CENTER

Product or Service	Product / Service Description	Indirect Allocation Methods
Field All Inbound Regulated Calls	Field calls related to billing, credit, new service, service order completion, outages, and other miscellaneous activities.	Multiple Factor – Utility and Non-Utility
Field All Inbound Unregulated Calls	Field calls related to billing, credit, new service, service order completion, outages, and other miscellaneous activities.	Multiple Factor – Utility and Non-Utility

CUSTOMER SERVICE

Product or Service	Product / Service Description	Indirect Allocation Methods
Supplier Services	Provide customer services support to electric generation suppliers, administer and maintain Electronic Data Interface (EDI) functions and invoice suppliers.	Number of Shopping Customers Ratio
Regulatory Interface and Process Improvement: Supplier	Liaison to ensure Customer Choice requirements and develop and execute plans to improve supplier services processes.	Number of Shopping Customers Ratio
Market Support Generation (MSG) Administration	Administer and support MSG supplier functions.	Number of Shopping Customers Ratio
Regulatory Interface and Process Improvement: Regulatory	Respond to regulatory complaints from customers and develop and execute plans to improve regulatory compliance processes.	Number of Customers Ratio
Compliance	Work with regions to communicate and ensure regulatory requirements.	Multiple Factor – Utility
Power Billing	Provide billing functions for large commercial/industrial contract customers.	Number of Customers Ratio
Revenue Reporting	Perform and manage revenue reporting functions.	Number of Customers Ratio
Billing Exception Processing	Process billing exceptions.	Number of Customers Ratio
Remittance Processing	Process customer payments and deposit funds.	Number of Payments Ratio
Human Services	Coordinate and administer the various social services programs.	Number of Customers Ratio

Arrears Management/ Outsourcing Services Incorporated (OSI) Administration	Coordinate and perform arrears, credit and bankruptcy functions. Manage outside collections agencies' performance and OSI credit activities.	Number of Customers Ratio
Revenue Protection Administration	Perform revenue reporting and compliance functions.	Number of Customers Ratio
Metrics and Budget/ Customer Satisfaction Measurement	Manage Customer Services and Call Center Departments' budgets and measure performance and customer satisfaction results.	Number of Customers Ratio
Policy/Procedures Development and Documentation	Develop, document and communicate Customer Services policies and procedures.	Number of Customers Ratio
Bill Administration/ Forms Administration	Design standardized customer bills, envelopes, and forms.	Number of Customers Ratio
Meter Reading Support	Coordinate Meter Reading schedules and routing activities.	Number of Customers Ratio
Customer Information System (CIS) Control	Operate and maintain CIS.	Number of Customers Ratio

ECONOMIC DEVELOPMENT

Product or Service	Product / Service Description	Indirect Allocation Methods
Economic Development Services	Foster economic development to encourage capital investment in FirstEnergy's service areas.	Multiple Factor – Utility

TRANSMISSION & DISTRIBUTION TECHNICAL SERVICES

Product or Service	Product / Service Description	Indirect Allocation Methods
Forestry	Provide forestry services.	Multiple Factor – Utility
Distribution Reliability and Asset Records	Services include Joint User contracts, public works coordination, reliability reporting to regions and Public Utility Commissions, mutual assistance coordination, PowerOn support, cable locate ticket screening and tariff support.	Multiple Factor – Utility

Design Standards	Services include line material and construction standards, distribution line and underground maintenance practices and support, new business process support, and service practices.	Multiple Factor – Utility
Substation Services Support	Services include Substation maintenance plan coordination, practices and support, mobile substation administration and planning, and environmental compliance support.	Multiple Factor – Utility
Equipment Repair/Testing Services	Services include the maintenance, installation, maintenance, testing and repair of utility equipment.	Multiple Factor – Utility
Fleet Services	Develop fleet strategy, and perform fleet maintenance practices and support.	Multiple Factor – Utility
Financial Services	Identify revenue enhancements and cost reductions.	Multiple Factor – Utility
Substation Design and Transmission-Line Maintenance Support	Perform substation and transmission line design and project management and transmission line and substation design and material standards, right-of-way and survey services, transmission line maintenance plan coordination, practices and support, FAA activity coordination.	Multiple Factor – Utility
Planning and Protection	Perform planning and protection support for subtransmission system and overall radial system capacity planning overview, and interconnection coordination for distributed technology applications on distribution system.	Multiple Factor – Utility
Capital Budget and Equipment Support	Capital budget development and support, and major equipment specifications and procurement/repair activities for major equipment.	Multiple Factor – Utility

WORKFORCE DEVELOPMENT

Product or Service	**Product / Service Description**	**Indirect Allocation Methods**
Transmission and Distribution Skills Training	Develop and facilitate technical and safety training for workers associated with distribution activities, including line, substation, meter, fleet, warehouse, field engineering, and dispatch. Provide support through equipment evaluation, training analyses, job assessments, and project coordination.	Number of Participating Employees – General
Customer Service Skills Training	Develop and facilitate skills training for customer service groups.	Multiple Factor – Utility
External Learning Opportunities Through the Power Systems Institute	Develop educational partnerships with colleges to offer two-year degrees in electric utility technology.	Multiple Factor – Utility

ADMINISTRATIVE SERVICES

Product or Service	**Product / Service Description**	**Indirect Allocation Methods**
Provide Administrative Support Services	Provides services in production printing, document imaging, graphic services, food services, corporate mailroom and corporate courier.	Multiple Factor – Utility and Non-Utility or Multiple Factor Utility*
Provide Records Management Services	Provides services in records storage, records retrieval, records retention, records planning and engineering records.	Multiple Factor – Utility and Non-Utility or Multiple Factor Utility*
Provide Business Services	Provides services in convenience copiers, fax machines, pagers, printers, and business information center.	Multiple Factor – Utility and Non-Utility or Multiple Factor Utility*

* For services rendered only to the utilities.

EXECUTIVE

Product or Service	Product / Service Description	Indirect Allocation Methods
Executive Management	Consultation and services in management and administration of all aspects of the business.	Multiple Factor – All

COMMUNICATIONS

Product or Service	Product / Service Description	Indirect Allocation Methods
Public Relations	Provides services in media relations, financial communications, annual reports, executive presentation, public relations counsel, corporate writing, internet support and special projects.	Multiple Factor – All
Employee Communications	Provides services with update, retirees, satellite broadcast, human resource-related communications and special projects.	Number of Participating Employees – Utility and Non-Utility
Production	Provides services related to display, photography, Corporate ID, video and employee merchandise.	Multiple Factor – All
Sponsorship	Provides services related to sports marketing, university support and special projects.	Multiple Factor – All
Non-Utility Advertising	Provides services related to broadcast/print, collateral, direct mail, internet/intranet, display/merchandise, yellow/white pages, production/agency support and special projects.	Multiple Factor – Non-Utility
Utility Advertising	Provides services related to TV, radio, print, outdoors, Internet/Intranet, special projects, production, agency support and creative media placement.	Multiple Factor – Utility
Utility Bill Inserts	Provides services developing regulated bill service to Ohio, Pennsylvania and New Jersey.	Multiple Factor – Utility
Utility : Yellow / White Pages	Provides services with regulated yellow/white pages.	Multiple Factor – Utility
Utility: Research	Provides research services.	Multiple Factor – Utility
Ohio Consumer Education	Provides services related to Ohio Consumer Education statewide and locally.	Multiple Factor – Utility
Ohio Deregulation Education	Provides service related to Deregulation Education.	Multiple Factor – Utility

CORPORATE AFFAIRS AND COMMUNITY INVOLVEMENT

Product or Service	Product / Service Description	Indirect Allocation Methods
Corporate Affairs Activities	Provide administrative support through oversight of the business practices and planning and implementation of staff, senior management and related meetings. Serves as community liaison.	Multiple Factor – Utility
Direct Community Involvement Initiatives	Provides direction in employee volunteerism, supports viable community partnerships and educational initiatives.	Multiple Factor – Utility
Energy Efficiency Programs	Directing and coordinating Ohio Weatherization and Energy Efficiency Programs for Low Income Customers.	Multiple Factor – Utility
Community Initiatives Consulting Services	Consults to regional operations and other business units and client managers for the various community programs.	Multiple Factor – Utility
Contributions Management	Directs, coordinates, monitors, and manages contributions.	Multiple Factor – Utility

CORPORATE

Product or Service	Product / Service Description	Indirect Allocation Methods
Investor Services	Stock administration, perform recordkeeping, transfer agent, registrar, paying agent, reinvestment plan administration and other services for shareholders.	None (All Direct Charge to Holding Co.)
Board of Directors Support	Support and administration of Board of Directors meetings and director compensation.	None (All Direct Charge to Holding Co.)
Annual Meeting Coordination	Coordinate the Annual Meeting of Shareholders, including the preparation and mailing of proxy materials and annual reports and the tabulation of proxies.	None (All Direct Charge to Holding Co.).
Indenture Compliance	Administer the company's indentures	Multiple Factor – Utility

HUMAN RESOURCES

Product or Service	Product / Service Description	Indirect Allocation Methods
Manage Employee Executive Compensation and Benefits	Provide management and supervision for employee and executive compensation and benefits.	Number of Participating Employees – General
Manage Workers Compensation and Disability Management	Provide management and supervision for workers compensation and disability programs.	Number of Participating Employees – General
Provide and Coordinate Human Resources Training	Design, prepare and conduct training.	Number of Participating Employees – General
Provide Employment Services	Provide staffing, relocation and employment expertise.	Number of Participating Employees – General
Provide HRIS Services	Provide and maintain Human Resources information.	Number of Participating Employees – General
Provide Diversity Management Services	Manage Affirmative Action programs, provide EEO/AA consulting services, and respond to charges.	Number of Participating Employees – General
Manage/ Administer Medical Services and Wellness Programs	Establish compliance, develop, implement, and administer medical and wellness programs.	Number of Participating Employees – General

INDUSTRIAL RELATIONS

Product or Service	Product / Service Description	Indirect Allocation Methods
Provide Labor Contract Negotiations	Provide contract negotiation services for all labor agreements.	Number of Participating Employees – General
Provide Labor Consulting Services	Provide labor consulting services.	Number of Participating Employees – General
Manage/Administer Safety Programs	Develop, implement and administer occupational safety programs.	Number of Participating Employees – General

REAL ESTATE

Product or Service	Product / Service Description	Indirect Allocation Methods
Facilities Management	Management and maintenance of office facilities.	Multiple Factor – All or Multiple Factor Utility*
Facilities Planning and Project Management	Manage office design services, furniture, project management and other capital improvements.	Multiple Factor – All or Multiple Factor Utility*
Management of Real Estate Assets	Support internal and external inquiries regarding the acquisition, divestiture and management of real estate assets	Multiple Factor – All or Multiple Factor Utility*
Manage/Administer Security Programs	Administer physical security, special investigations, security audits, security consultation and contract guard services.	Multiple Factor – All or Multiple Factor Utility*

* For services rendered only to the utilities.

FIRSTENERGY TECHNOLOGIES

Product or Service	Product / Service Description	Indirect Allocation Methods
Strategic Technologies	Develop, support and implement EPRI programs, industry initiatives, research and development programs collaboratives and activities with universities, labs and the Department of Energy.	Multiple Factor – Utility
New Technology Assessment	Perform assessment activities for strategic technology pilots, technology assessments, marketing tests, customer pilots and due diligence reviews.	Multiple Factor – Utility and Non-Utility
Technical Application and Product Innovation	Develop, analyze and support strategic alliances, joint ventures, strategic startups, direct investments and Portfolio initiatives.	Multiple Factor – Utility and Non-Utility
New Technology and Product Market Deployment	Develop, support and implement the following initiatives: tailored solutions with existing products, commercial packages, operational efficiencies and business area solutions.	Multiple Factor – Utility and Non-Utility
Demand Response Initiatives	Provide support for corporate demand response initiatives.	Multiple Factor – Utility and Non-Utility
Renewable Energy Program and Strategy	Provide support for various corporate and regulatory initiatives to develop and implement renewable energy programs and products.	Multiple Factor – Utility

Regulated Programs and Services	Develop, support and implement programs and strategies to meet corporate initiatives and regulatory mandates and commitments related to Comprehensive Resource Assessment(CRA), customer end-use technology, distributed generation and load management.	Multiple Factor – Utility
Project Implementation Management Services	Develop and implement end-use and distributed generation technology-based products and services.	Multiple Factor – Utility and Non-Utility

TECHNOLOGY & SUPPORT SERVICES

Product or Service	Product / Service Description	Indirect Allocation Methods
Provide Network Services	Provide Internal Network Services.	Multiple Factor – Utility and Non-Utility
Maintain wireless cell sites and fiber optics network	Maintain internal wireless cell sites and fiber optic network; provide engineering, procurement, and installation services.	Multiple Factor – Utility and Non-Utility

INFORMATION TECHNOLOGY

Product or Service	Product / Service Description	Indirect Allocation Methods
Application Development	Create new or enhance existing applications; including analysis design coding, testing, system integration, and implementation, as well as any required technical writing or project manual development.	Directly Billed
Development Supervision and Tool Support	Supervision of application development employees and the support of development software tools.	Application Development Ratio
Server Support (Unix, SAP)	Create and support the network and server infrastructure to accommodate unix and SAP client server applications.	Gigabytes Used Ratio
Client Server Storage Support	Support of storage requirements for all server applications.	Server Support Composite Ratio
Server Support (Intel)	Create and support the network and server infrastructure to accommodate windows and NT client server applications.	Number of Intel Servers Ratio
Mainframe Processing and Storage Support	Execute mainframe applications, including an appropriate portion of support, started tasks, mainframe backups and microfiche services.	Gigabytes Used Ratio

Desktop Support	Help desk email and end-user tools, remote access, repair services, and general workstation support.	Number of Computer Workstations Ratio
Network Services	Includes voice, data, EMS and radio access.	Direct Charge Ratio
Inserting Services	Provide document bursting, inserting and mailing.	Number of Billing Inserts Ratio
Printing Services	Provide mainframe and client server printing services at the data center.	Daily Print Volume Ratio
Technical Consulting	Provide consulting support to departments and end-users to enable them to leverage their IT capabilities. Provide advice and consultation regarding desktop setups and configurations.	Directly Billed
Training	Provide IT training.	Multiple Factor – Utility and Non–Utility
Business Application Support	Support business application related software licenses and / or hardware maintenance provided by an outside vendor.	Directly Billed
Data Security	Disaster recovery and data security services.	Multiple Factor – Utility and Non-Utility
Project Management Office	Oversee technology projects through benefit.	Multiple Factor – Utility and Non-Utility
Provide Telecommunication Services	Provide telecommunication services and equipment.	Direct Charge Ratio
Portal Support	Support the infrastructure to accommodate internet and intranet application access.	Multiple Factor – Utility and Non-Utility

PERFORMANCE PLANNING

Product or Service	**Product / Service Description**	**Indirect Allocation Methods**
Performance Planning Services	Develop, support and execute performance planning services.	Multiple Factor – All

SUPPLY CHAIN

Product or Service	Product / Service Description	Indirect Allocation Methods
Strategic Planning, Demand management and Procurement Projects	Provide assistance in materials and services planning (demand management) and performs special procurement projects.	Multiple Factor – Utility and Non-Utility
Goods and services procurement	Procure material, equipment and contractor services. Establish, manage and administer programs, which allow internal customers to obtain goods without having to process the need through Procurement. Develop specifications, construction standards, schedules, and bills of materials.	Multiple Factor – Utility and Non-Utility
Materials Management Support	Maintain the computerized purchasing and materials management systems, and material related modules; maintain and/or modify select management reports. Analyze Supply Chain processes and measure performance. Monitor and forecast demand to ensure a continuous supply of materials.	Multiple Factor – Utility and Non-Utility
Investment Recovery Projects	Develop and implement plans for disposition of surplus assets.	Multiple Factor – Utility and Non-Utility
Process, Refurbish and Sell Materials	Perform recovery processing, investment recovery processing, refurbishing and selling materials.	Multiple Factor – Utility and Non-Utility
Provide Warehousing Services - Non-nuclear	Receive and place material into stock, insure quality requirements are met at receipt, maintain inventory counts, and update information systems. Fill customer requests for material from stock.	Multiple Factor – Utility and Non-Utility
Provide Warehousing Services - Nuclear	Receive and place material into stock, insure quality requirements are met at receipt, maintain inventory counts, and update information systems. Fill customer requests for material from stock.	None (All direct charged)
Warehousing Space Charge	Provide warehousing space to internal customers.	Multiple Factor – Utility and Non-Utility

CONTROLLERS

Product or Service	Product / Service Description	Indirect Allocation Methods
Accounting Research	Provide accounting research and consulting to ensure compliance with existing and proposed financial reporting, and regulatory accounting requirements.	Multiple Factor - All
Accounts Payable	Nonpayroll corporate disbursement services including account distribution to the general ledger. Resolve problems associated with invoice processing and maintain the accounts payable system.	Multiple Factor - All
Billing Services	Prepare non-retail electric billings.	Multiple Factor Utility
Infrastructure and Corporate Reporting, Accounting and Budgeting	Prepare Corporate Sustaining reports, subsidiary accounting and corporate budgeting, which includes reporting and support of the ledger, property records and SAP system.	Multiple Factor - All
Due Diligence	Assist value centers to determine whether proposed business acquisitions/combinations and similar transactions are desirable from a financial perspective; extensive review/analysis following preliminary review and firm intent to proceed with transaction through commitment and closing phases.	None (All direct charged)
Value Center Accounting and Budgeting	Maintain the property accounting system and provide value center accounting such as management reporting.	Multiple Factor – Utility and Non-Utility
Property Record Maintenance	Maintain corporate continuing property records.	Multiple Factor – Utility and Non-Utility or Multiple Factor Utility*
Tax Consulting and Research	Conduct tax research and tax consulting to assure compliance with statues, while evaluating alternative tax strategies within the constraints of regulations that provide additional shareholder value to the company. In addition, provide tax-consulting advice to the value centers on tax compliance and reporting issues, which includes business "start-up" support to organizations requiring assistance.	Multiple Factor – All

* For services rendered only to the utilities.

Tax Compliance	Prepare and process all schedules and information associated with corporate and subsidiary tax returns, audits, and tax litigation, assuring compliance with tax regulations and statues.	Multiple Factor – All or Multiple Factor Utility*

* For services rendered only to the utilities.

CREDIT MANAGEMENT

Product or Service	Product / Service Description	Indirect Allocation Methods
Credit Analysis and Supporting Functions	Provide detailed written credit analysis issuing recommendations on counterparty creditworthiness and assigning credit limits.	Multiple Factor – Utility and Non-Utility
Credit Policies and Procedures	Develop and support credit policies and procedures for managing credit risk. Implement and support standardized credit approval processes.	Multiple Factor – Utility and Non-Utility
Credit Management Information System	Develop and support credit management reports and calculate credit exposure on a corporate wide basis.	Multiple Factor - All

ENTERPRISE RISK MANAGEMENT

Product or Service	Product / Service Description	Indirect Allocation Methods
General Risk Management	Develop and maintain an enterprise risk management system.	Multiple Factor - All

INSURANCE SERVICES

Product or Service	Product / Service Description	Indirect Allocation Methods
Insurance Policies	Manage and support insurance policies for all the business units .	Multiple Factor – Utility and Non-Utility
Loss Control Services	Manage and support property inspections to prevent losses.	Multiple Factor – Utility and Non-Utility
Surety Bonds	Manage and support Surety Bonds.	Multiple Factor– Utility and Non-Utility
Risk Transfer and Risk Mitigation Services	Manage and support risk transfer and risk mitigation services.	Multiple Factor – Utility and Non-Utility
Ancillary Coverages	Manage and support ancillary coverages.	None (All direct charged)

INTERNAL AUDIT

Product or Service	Product / Service Description	Indirect Allocation Methods
Audit Services	Perform the following internal audit services based on risk levels and / or requests: financial, performance analysis, safeguarding of assets, computer- related and fraud investigations.	Multiple Factor – All or Multiple Factor – Utility*

INVESTMENT MANAGEMENT

Product or Service	Product / Service Description	Indirect Allocation Methods
Qualified and Non-qualified Pension and Savings Plan	Establish and implement investment policy and asset allocation strategy and monitor investment performance.	Number of Participating Employees – Utility and Non–Utility
FirstEnergy Foundation	Establish and implement investment policy and asset allocation strategy and monitor investment performance.	Multiple Factor - All
Voluntary Employee Benefit Association (VEBA) Trust	Establish and implement investment policy and asset allocation strategy and monitor investment performance.	Number of Participating Employees – Utility and Non–Utility
Nuclear Decommissioning	Establish and implement investment policy and asset allocation strategy and monitor investment performance.	None (All direct charged)
Non-Utility Generator Trust	Establish and implement investment policy and asset allocation strategy and monitor investment performance.	Multiple Factor – Non-Utility
Spent Nuclear Fuel	Establish and implement investment policy and asset allocation strategy and monitor investment performance.	None (All direct charged)
Low-Income Housing Tax Credit Partnership	Establish and implement investment policy and asset allocation strategy and monitor investment performance.	Multiple Factor - All

INVESTOR RELATIONS

Product or Service	Product / Service Description	Indiregct Allocation Methods
Investor Information	Compile and communicate information to investors.	Multiple Factor – Utility* or Direct Charge to Holding Co.
Investor Education	Target and educate potential investors to promote FirstEnergy's valuation characteristics and business strategy.	None (All Direct Charge to Holding Co.)

* For services rendered only to the utilities.

Regulations Compliance	Ensure compliance with SEC Fair Disclosure regulations.	Multiple Factor - All

FirstEnergy Management Education	Provide education to management of business concerns and valuation issues of analyst/investors	Multiple Factor – All
FirstEnergy Employee Education	Actively promote understanding of financial and investor relations' issues.	Multiple Factor – All

RATES AND REGULATORY AFFAIRS

Product or Service	**Product / Service Description**	**Indirect Allocation Methods**
Regulatory Activities and Consulting	Manage regulatory activities and interfaces, including tariff development and interpretation. Monitor and participate in regulatory affairs at the local, state and federal levels.	Multiple Factor – Utility
Customer Pricing and Contracting	Develop pricing programs for regulated electric service for retail and wholesale customers, including "unbundled" costs and prices for generation, transmission and distribution service and support justification to regulators. Provide support in developing pricing for special-purpose customer programs and non-regulated energy services (e.g. prepayment, economic development, interruptible load, conjunctive-billing electric service programs).	Multiple Factor – Utility
Billing Support	Provide assistance calculating customer (external and internal) invoices and operate and maintain systems to render, collect and account for these invoices.	Multiple Factor – Utility
Sales and Load Forecasting	Develop short-term and long-term sales forecast, peak load projections and customer counts	Multiple Factor – Utility and Non-Utility

TREASURY

Product or Service	**Product / Service Description**	**Indirect Allocation Methods**
Capital Structure Management and Administration	Perform all activities related to acquiring capital and establish and administer funding, legal documentation, and record-keeping activities associated with finance programs	Multiple Factor – All
Corporate Funds Management	Plan, manage, and operate the corporate "cash-flow-cycle."	Multiple Factor – All
Corporate Forecasting	Provide regulatory support, strategy support, financial modeling and forecasting, financial and economic analysis and development of annual corporate KPI target.	Multiple Factor – All

Capital Project Evaluation and Support	Provide analytical support in the areas of financing, profitability, capital structure and cash flow.	Multiple Factor – Utility and Non-Utility
Investor Relations Activities	Provide institutional and retail security holder, buy and sell-side analysts, rating agencies, and other key members of the financial community with qualitative and quantitative information.	Multiple Factor – All

BUSINESS DEVELOPMENT

Product or Service	Product / Service Description	Indirect Allocation Methods
Mergers and Acquisitions Support	Support, evaluate and assist in the management of merger, asset acquisition and asset disposition activities.	None (All direct charged)
Internal Consulting	Perform strategic analysis/business fit, and economic analysis. Provide integration and transitional management services as needed.	None (All direct charged)

GOVERNMENTAL AFFAIRS

Product or Service	Product / Service Description	Indirect Allocation Methods
Federal Governmental Affairs Support	Activities associated with developing and maintaining relationships with federal government institutions; includes lobbying, and other support activities.	None (All direct charged)
State Governmental Affairs Support	Activities associated with developing and maintaining relationships with state government institutions; includes lobbying, and other support activities.	None (All direct charged)

LEGAL

Product or Service	Product / Service Description	Indirect Allocation Methods
Provide Governmental Affairs Support	Activities associated with developing and maintaining relationships with government institutions; includes lobbying, litigation, and other support activities.	None (All direct charged)
Nuclear Legal Consultation and Case Management	Provide legal advice for federal and state nuclear matters.	None (All direct charged)
Human Resources Legal Consultation & Case Management	Provide legal advice for human resource matters (including workers compensation, union negotiations, arbitrations, class action lawsuits, etc.).	Multiple Factor – Utility and Non-Utility

Product or Service	Product / Service Description	Indirect Allocation Methods
Employee Benefits Legal Consultation & Case Management	Provide legal advice for employee benefits matters (including health and welfare benefits, tax-qualified and non-tax qualified benefit plans and programs, pension administration, etc.).	Number of Participating Employees – Utility and Non-Utility
Tax Legal Consultation & Case Management	Provide legal advice for tax matters including federal, state & local tax matters (land tax, sales & use tax, IRS, etc.).	Multiple Factor – All
Bankruptcy Legal Consultation & Case Management	Provide legal advice for bankruptcy matters.	Multiple Factor – Utility and Non-Utility
International Legal Consultation & Case Management	Provide legal advice for international matters– contract negotiations, sale/lease agreements.	None (All direct charged)
Non-Utility Legal Consultation & Case Management	Provide legal advice on federal and state matters to Non-Utility Subsidiaries.	Multiple Factor – Non-Utilities
Regulatory Legal Consultation & Case Management	Provide legal advice for federal and state regulatory matters.	Multiple Factor – Utility
Environmental Legal Consultation & Case Management	Provide legal advice for environmental matters (other than PCB – related matters) - federal (EPA) and state (EPA), regulatory/legislative compliance issues.	None (All direct charged)
PCB Environmental Legal Consultation & Case Management	Provide legal advice for PCB-related matters - federal (EPA) and state (EPA), regulatory/legislative compliance issues.	Multiple Factor – Utility
Real Estate Legal Consultation & Case Management	Provide legal advice for real estate matters.	Multiple Factor – Utility and Non-Utility
Corporate Legal Consultation & Case Management	Provide legal advice for general corporate and transactional matters (including SEC filings, Board of Directors matters, PUHCA, Financings, Securities Matters, Intellectual Property, Technology, General Counsel matters, etc.).	Multiple Factor – All
Claims Legal Consultation & Case Management	Provide legal advice for Claims matters.	Multiple Factor - All

CLAIMS

Product or Service	Product / Service Description	Indirect Allocation Methods

Process Receivable Claims	Provide management, supervision, and performance of tasks associated with the resolution and chargeback of receivable claims.	Multiple Factor - All
Provide Corporate Support	Claims support in evaluating claims, and procuring appropriate external/internal legal resources.	Multiple Factor - All

Exhibit No. 6

SERVICE AGREEMENT

This Service Agreement ("Agreement") is entered into as of the ___ day of ______, 20__, by and between each of the associate companies listed on the signature page hereto (each a "Client Company" and collectively the "Client Companies"), and FirstEnergy Service Company ("Service Company"), an Ohio corporation.

WHEREAS, Service Company is a direct wholly-owned subsidiary of FirstEnergy Corp. ("FirstEnergy");

WHEREAS, Service Company provides corporate, administrative, management and other services to FirstEnergy and the Client Companies; and

WHEREAS, Client Company desires to purchase such corporate, administrative, management and other services from Service Company as Client Company may request or require in accordance with this Agreement and as required by the laws, rules, regulations, judgement, and orders of any federal or state regulatory body whose approval and regulation is, pursuant to the laws of said jurisdiction, necessary and a legal prerequisite to Client Company's operations to accomplish Client Company's business purpose (collectively, "Law");

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. <u>DESCRIPTION AND PROVISION OF SERVICES</u>.

(a) Service Company shall perform such corporate, administrative, management and other services for Client Company (the "Basic Operating Services"), including but not limited to, executive services, accounting and finance, internal auditing, risk management, human resources, corporate affairs, corporate communications, information technology, policy and compliance, records management, and legal services. Service Company shall provide such Basic Operating Services to Client Company until this Agreement terminates.

(b) In addition to Basic Operating Services, Service Company shall provide to Client Company such services as Client Company deems necessary to achieve Client Company's business purpose or as required by Law (the "Additional Services", and together with Basic Operating Services, the "Services"). Additional Services include but are not limited to, operations management, construction, maintenance, asset oversight, customer service, rates and regulatory affairs, environmental, corporate real estate, strategic planning and operations, flight operations, performance management, business development, and investment management. Service Company shall provide such Additional Services until such time as Client Company indicates otherwise by written notice.

(c) Exhibit A hereto lists and describes all Services that are available from Service Company, as will be reviewed annually and updated as required by Law or when otherwise deemed appropriate by the parties hereto.

2. PERSONNEL.

Service Company will employ such executive officers, accountants, financial advisers, technical advisers, attorneys and other persons with the qualifications to provide the Services, as appropriate and necessary. Service Company may, at its discretion, also arrange for the services of nonaffiliated experts, consultants, and attorneys in connection with the performance of any of the Services provided under this Agreement.

3. COMPENSATION AND ALLOCATION.

(A) COMPENSATION.

As and to the extent permitted by Law,

(i) any Services provided by Service Company pursuant to this Agreement shall be at cost;

(ii) the costs for Services rendered by Service Company shall cover direct and indirect costs, plus any reasonable expenses and fees incurred by Service Company to provide such Services to Client Company (collectively, "Costs"); and

(iii) Client Company shall pay such Costs as appropriate.

(B) COST ALLOCATION METHODOLOGY.

The Costs of Services provided by Service Company pursuant to this Agreement shall be directly assigned, distributed, or allocated by activity, project, program, work order or other appropriate means, as follows:

(i) a direct charge, whereby Costs are assigned to the Client Company directly benefiting from the Service provided; and/or

(ii) an indirect charge, whereby the appropriate share of the Costs of Services provided by Service Company that are not directly charged to a Client Company will be allocated among Client Companies by utilizing the method that most accurately distributes such Costs. Applicable cost allocation factors, which are included in FirstEnergy's cost allocation manual, will be reviewed annually and updated as required by Law or when otherwise deemed appropriate by the parties hereto.

4. BILLING AND PAYMENT.

Billing and payment for Services provided by Service Company shall be by making appropriate accounting entries on the books of Client Company and Service Company. Monthly reports provided to Client Company will include details of Costs associated with Services provided by Service Company. Financial settlement for Services provided by Service Company will be made on a monthly basis, with billing to occur as soon as practicable after the close of the month, and financial settlement or accounting entries completed within thirty (30) days of billing. Any amount remaining unpaid by Client Company after thirty (30) days following billing shall bear interest thereon from the due date of billing until financial settlement at a rate equal to the prime rate on the due date.

5. APPLICATION OF LAW.

This Agreement shall be subject to the approval of any state electric utility regulatory commission whose approval is, by the laws of the federal government or said state, a legal prerequisite to the execution and delivery or the performance of this Agreement.

6. TERM AND TERMINATION.

(A) INITIAL TERM.

This Agreement shall commence as of the date first indicated above and shall continue thereafter for a period of five (5) years (the “Initial Term”), unless sooner terminated pursuant to this Section 6.

(B) RENEWAL TERM.

Upon expiration of the Initial Term, this Agreement shall automatically renew for successive five (5)-year terms unless either party provides written notice of nonrenewal no later than three hundred and sixty-five (365) days prior to the end of the then-current term (each a “Renewal Term” and together with the Initial Term, the “Term”). If the Term is renewed for one or more Renewal Term, the terms and conditions of this Agreement during each Renewal Term shall be the same as the terms and conditions in effect immediately prior to such renewal. If either party provides timely notice of nonrenewal, this Agreement shall terminate on the expiration of the then-current Term, unless sooner terminated in this Section 6.

(C) VOLUNTARY TERMINATION.

Any party to this Agreement may terminate this Agreement by providing one hundred eighty (180) days written notice of such termination to the other party.

(D) TERMINATION IN COMPLIANCE WITH LAW.

This Agreement is subject to termination or modification at any time to the extent its performance may conflict with any rule, regulation, requirement, or order of the state or federal electric utility regulatory commission with jurisdiction over the Client Company.

(E) AUTOMATIC TERMINATION.

This Agreement shall automatically terminate upon Client Company (i) ceasing to be an affiliate of Service Company; (ii) becoming insolvent or admitting its inability to pay its debt obligations as they come due; (iii) becoming subject, voluntarily or involuntarily, to any proceeding under any bankruptcy or insolvency law, which is not stayed within ten (10) business days or is not dismissed or vacated within thirty (30) business days after filing; (iv) being dissolved or liquidated or taking any corporate action for such purpose; (v) making a general assignment for the benefit of creditors; or (vi) having a receiver, trustee, custodian, or similar agent appointed by order of any court of competent jurisdiction to take charge of or sell any material portion of its property or business. In the event of a termination of this Agreement pursuant to this Section 6(E), there shall be a transition period not to exceed ninety (90) days for which the Service Company will continue to provide Services at cost to Client Company.

7. GENERAL.

(A) ENTIRE AGREEMENT.

This Agreement, together with its exhibits, constitutes the entire understanding and agreement of the parties with respect to its subject matter, and effective upon the execution of this Agreement by the respective parties hereof, any and all prior agreements, understandings or representations with respect to this subject matter are hereby terminated and canceled in their entirety and are of no further force and effect, except to the extent transactions thereunder have taken place prior to such effective date, in which case such agreements will govern the terms of such transactions.

(B) ASSIGNMENT AND BINDING EFFECT.

No assignment of this Agreement or a party's rights, interests or obligations hereunder may be made without the other party's written consent, which shall not be unreasonably withheld, delayed, or conditioned. This Agreement shall inure to the benefit of and shall be binding upon the parties and their respective successors and assigns.

(C) NOTICE.

Where written notice is required by this Agreement, all notices, consents, certificates, or other communications hereunder shall be in writing and shall be deemed given to the persons and at the addresses identified below (or to such other person and address as a party may give in a notice given in accordance with the provisions hereof) only as follows: (i) if given by personal delivery, upon such personal delivery, (ii) if sent for next day delivery by United States registered, certified or express mail, or overnight delivery service, on the date of delivery as confirmed by written confirmation of delivery, or (iii) if sent by electronic mail, upon electronic confirmation of receipt, except that if such confirmation occurs on a day that is not a business day, then such notice or other communication will not be deemed effective or given until the next succeeding business day. Notices sent in any other manner will not be effective.

To Client Company: c/o President
76 South Main St.
Akron, OH 44308
[President Email]

To Service Company: c/o Vice President and Controller
76 South Main St.
Akron, OH 44308
[Controller Email]

(D) <u>EXTENSION OF TIME; WAIVER</u>.

A party may (i) extend the time for the performance of any of the obligations of the other party under this Agreement, and/or (ii) waive compliance with any of the agreements or conditions for the other party's benefit contained herein. Any such extension or waiver will be valid only if set forth in a writing signed by the acting party. No waiver by a party of any default, misrepresentation, or breach hereunder, whether intentional or not, may be deemed to extend to any prior or subsequent default, misrepresentation, or breach hereunder or affect in any way any rights arising because of any prior or subsequent occurrence. No failure or delay of a party to exercise any right or remedy under this Agreement will operate as a waiver thereof, and no single or partial exercise of any right or remedy will preclude any other or further exercise of the same, or of any other, right or remedy.

(E) <u>GOVERNING LAW</u>.

This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, without regard to its conflict of law provisions.

(F) <u>HEADINGS</u>.

The headings contained in this Agreement are inserted for convenience only and will not affect in any way the meaning or interpretation of this Agreement.

(G) <u>SEVERABILITY</u>.

The provisions of this Agreement will be deemed severable, and the invalidity or unenforceability of any provision will not affect the validity or enforceability of the other provisions hereof.

(H) <u>MODIFICATION</u>.

This Agreement may not be amended or modified except by a writing signed by each of Service Company and Client Company.

(I) <u>COUNTERPARTS</u>.

This Agreement may be executed in two or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument. This

Agreement will become effective when one or more counterparts have been signed by each party and delivered to the other party, it being understood that the parties need not sign the same counterpart. The exchange of copies of this Agreement and of executed signature pages by electronic mail in "portable document format" (".pdf") or by a combination of such means, will constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of an original Agreement for all purposes. Signatures of the parties transmitted by electronic mail or by .pdf shall be deemed to be original signatures for all purposes.

(J) THIRD PARTY BENEFICIARIES.

Nothing in this Agreement shall be deemed to create any right in any creditor or other person or entity not a party hereto. This Agreement shall not be construed in any respect to be a contract in whole or in part for the benefit of any third party.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed effective as of date first above written.

FirstEnergy Service Company

By: ___________________________________
Name:
Title: Vice President and Controller

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed effective as of date first above written.

[Client Company][, on its own behalf and on behalf of its subsidiaries [•]]

By: ________________________________
Name:
Title: [Officer]

EXHIBIT A

DESCRIPTION OF SERVICES

Service	Description
Executive Management	Provide strategic, financial, and operational leadership for all aspects of the business.
Accounting and Tax Support	Various accounting and tax services, including but not limited to: financial reporting; utility reporting and billing; property, general, regulatory, and tax accounting; accounts payable; accounting research; utility and transmission business services; finance transformation; tax planning; federal, state, and local tax and rates; and return on Service Company assets.
Investor Relations, Corporate Responsibility and Communications Support	Various services, including but not limited to: investor relations; corporate responsibility and rating agencies; internal, external, and customer communications; and graphic and document production.
Treasury Support	Various treasury services, including but not limited to: pension and investment management; business development; and capital markets, cash, and e-commerce.
Risk Support	Various risk-related services, including but not limited to: insurance and credit risk; enterprise risk management and risk control; and operational risk management.
Rates and Regulatory Affairs Support	Various regulatory services, including but not limited to: load forecasting and rate initiatives; distribution and transmission rates; and state and federal regulatory affairs.
Strategy, Planning & Business Performance Support	Various services, including but not limited to: business planning and performance; and long-term planning.
Supply Chain Support	Various supply chain services, including but not limited to: supply chain solutions/standards; material operations; and strategic category management.
Human Resources & Corporate Services Support	Various services, including but not limited to: talent management; total rewards; pension and other post-employment benefits; labor/employee relations and corporate safety; diversity, equity, and inclusion; and HR technology.

Service	**Description**
Corporate Services	Various services, including but not limited to: administrative services; real estate; and flight operations.
Legal Support	Various services, including but not limited to: legal services; records and information compliance; claims; and corporate secretary.
Ethics & Compliance Support	Perform investigations and risk assessments on compliance matters; provide policy management and compliance training and communication.
Internal Auditing Support	Provide risk-based independent assurance and consulting internal audit services; evaluate risk management, control, and governance processes, and administer the program for management's testing of internal controls.
Corporate Affairs and Community Involvement Support	Coordinate community partnerships and employee volunteer opportunities; administer contributions for charitable, social and community welfare programs.
Compliance & Regulated Services Support	Various regulatory compliance services, including but not limited to: regulated commodity sourcing; FERC and RTO technical support; NERC compliance; FERC and state compliance reporting; regulated settlements.
External Affairs Support	Various external affairs services; including but not limited to: regional external affairs; state and federal government affairs; and legislative and regulatory policy and administration.
Information Technology & Corporate Security	Various IT and security services, including but not limited to: IT innovation and enablement; cyber security and transmission security operations center; compliance field support and physical security; and physical security compliance and technology.
Transmission Support	Various transmission-related services, including but not limited to: operations; planning and protection; substation services; and assets and records control.
Utility Operations	Various utility-related services, including but not limited to: state executive management; engineering services; distribution engineering and customer accounts support; work management operations; and operational strategy and alignment.

Service	**Description**
Safety & Human Performance	Various services, including but not limited to: human performance and governance; safety data analytics, training and work practices, and operations.
Operations Support	Various services, including but not limited to: regional workforce development; metering and support systems; central electric lab and BETA lab support; work management and process improvement; distribution system operations; vegetation management; emergency preparedness; and ADMS/GIS Project.
Utility Services	Various services, including but not limited to: environmental support; generation services; and fuels and generation commercial operations.
Construction & Design Services	Various services, including but not limited to: transmission and substation design; transmission project management; portfolio management; and transmission program support.
Transformation Support	Various services, including but not limited to: emerging technology programs and strategy; and transformation office and program.
Competitive Products & Services	Various services, including but not limited to: FirstEnergy sales; and consumer products and marketing.
Customer Engagement	Various customer-related services, including but not limited to: national accounts and customer support; economic development; energy efficiency implementation, compliance and reporting; and customer analytics and reporting.
Customer Care	Various customer services, including but not limited to: customer contact centers, management, and care support; and revenue operations.
Customer Policy & Solutions	Various customer-related services, including but not limited to: FEP operations; and customer policy, advocacy, and solutions.

Exhibit No. 7

Service Company Agreement ~~Utility~~

~~Execution Copy~~ – Form SERVICE AGREEMENT

This Service Agreement ("Agreement") is entered into as of the ~~31st~~ ___ day of_ ~~January~~, ~~2017~~ 20__,
by and between each of the associate companies listed on the signature page hereto (each a "Client Company" and collectively the "Client Companies"), and FirstEnergy Service Company ("Service Company"), an Ohio corporation ~~("Service Company")~~.

WHEREAS, Service Company is a direct wholly-owned subsidiary of FirstEnergy Corp.~~, a holding company under the Public Utility Holding Company Act of 2005, as amended (the "Act~~ ("FirstEnergy");

WHEREAS, Service Company ~~has been formed for the purpose of providing~~ provides corporate, administrative, management and other services to FirstEnergy ~~Corp. and its associate companies, including Client Company (together, the "Client Companies")~~and the Client Companies; and

WHEREAS, Client Company ~~believes that it is in its interest to enter into an arrangement whereby Client Company may agree~~ desires to purchase such corporate, administrative, management and other services from Service Company as Client Company may ~~choose at cost as determined~~ request or require in accordance with this Agreement and ~~the Act~~as required by the laws, rules, regulations, judgement, and orders of any federal or state regulatory body whose approval and regulation is, pursuant to the laws of said jurisdiction, necessary and a legal prerequisite to Client Company's operations to accomplish Client Company's business purpose (collectively, "Law");

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. DESCRIPTION AND PROVISION OF SERVICES.

(a) Service Company shall perform such corporate, administrative, management and other services for Client Company (the "Basic Operating Services"), including but not limited to, executive services, accounting and finance, internal auditing, risk management, human resources, corporate affairs, corporate communications, information technology, policy and compliance, records management, and legal services. Service Company shall provide such Basic Operating Services to Client Company until this Agreement terminates.

(b) In addition to Basic Operating Services, Service Company shall provide to Client Company such services as Client Company deems necessary to achieve Client Company's business purpose or as required by Law (the "Additional Services", and together with Basic Operating Services, the "Services"). Additional Services include but are not limited to, operations management, construction, maintenance, asset oversight, customer service, rates and regulatory affairs, environmental, corporate real estate, strategic planning and operations, flight operations, performance management, business development, and investment management. Service Company shall provide such Additional Services until such time as Client Company indicates otherwise by written notice.

~~Service Company agrees to provide certain administrative, management or other services (the "Services") to Client Company similar to those supplied to other Client Companies of Service Company. Such services are and will be provided to Client Company only at the request of Client Company.~~ (c) Exhibit A hereto lists and describes all ~~of the~~ Services that are available from Service Company, as will be reviewed annually and updated as required by Law or when otherwise deemed appropriate by the parties hereto.

2. PERSONNEL.

~~In order to provide the Services,~~ Service Company will employ such executive officers, accountants, financial advisers, technical advisers, attorneys and other persons with the ~~necessary~~ qualifications to provide the Services, as appropriate and necessary. ~~If necessary,~~ Service Company may~~,~~, at its discretion, also arrange for the services of nonaffiliated experts, consultants , and attorneys in connection with the performance of any of the Services provided under this Agreement.

3. COMPENSATION AND ALLOCATION.

~~As and to the extent required by law, Service Company provides and will provide such services at fully allocated cost, determined in accordance with the Act. Exhibit A hereof contains rules for determining and allocating such costs.~~

~~4. TERMINATION AND MODIFICATION.~~

~~Either party to this Agreement may terminate this Agreement by providing 60 days written notice of such termination to the other party. This Agreement is subject to termination or modification at any time to the extent its performance may conflict with the provisions of the Act or with any rule, regulation or order of the Federal Regulatory Energy Commission (the "Commission") adopted before or after the making of this Agreement. This Agreement shall be subject to the approval of any state commission or other state regulatory body whose approval is, by the laws of said state, a legal prerequisite to the execution and delivery or the performance of this Agreement.~~

~~5. SERVICE REQUESTS.~~

~~Client Company and Service Company will prepare a Service Request on or before September 30th of each year listing Services to be provided to Client Company by Service Company and any special arrangements related to the provision of such Services for the corning year, based on Services provided during the preceding year. Client Company and Service Company may supplement the Service Request during the year to reflect any additional or special Services that Client Company wishes to obtain from Service Company, and the arrangements relating thereto.~~

(A) COMPENSATION.

As and to the extent permitted by Law,

(i) any Services provided by Service Company pursuant to this Agreement shall be at cost;

(ii) the costs for Services rendered by Service Company shall cover direct and indirect costs, plus any reasonable expenses and fees incurred by Service Company to provide such Services to Client Company (collectively, "Costs"); and

(iii) Client Company shall pay such Costs as appropriate.

(B) COST ALLOCATION METHODOLOGY.

The Costs of Services provided by Service Company pursuant to this Agreement shall be directly assigned, distributed, or allocated by activity, project, program, work order or other appropriate means, as follows:

(i) a direct charge, whereby Costs are assigned to the Client Company directly benefiting from the Service provided; and/or

(ii) an indirect charge, whereby the appropriate share of the Costs of Services provided by Service Company that are not directly charged to a Client Company will be allocated among Client Companies by utilizing the method that most accurately distributes such Costs. Applicable cost allocation factors, which are included in FirstEnergy's cost allocation manual, will be reviewed annually and updated as required by Law or when otherwise deemed appropriate by the parties hereto.

~~6~~4. BILLING AND PAYMENT.

~~Unless otherwise set forth in a Service Request,~~ Billing and payment for Services provided by Service Company shall be ~~by making remittance of the amount billed or~~ by making appropriate accounting entries on the books of Client Company and Service Company. ~~Billing~~ Monthly reports provided to Client Company will include details of Costs associated with Services provided by Service Company. Financial settlement for Services provided by Service Company will be made on a monthly basis, with ~~the bill to be rendered~~ billing to occur as soon as practicable after the close of the month, and ~~remittance~~ financial settlement or accounting entries completed within ~~30~~ thirty (30) days of billing. Any amount remaining unpaid by Client Company after ~~30~~ thirty (30) days following ~~receipt of the bill~~ billing shall bear interest thereon from the due date of ~~the bill~~ billing until ~~payment~~ financial settlement at a rate equal to the prime rate on the due date.

~~Where written notice is required by this Agreement, all notices, consents, certificates, or other communications hereunder shall be in writing and shall be deemed given when mailed by United States registered or certified mail, postage prepaid, return receipt requested, addressed as follows:~~

~~To Client Company:~~	~~c/o President~~ ~~76 South Main St.~~ ~~Akron, Ohio 44308~~
~~To Service Company:~~	~~c/o Vice President and Controller~~ ~~76 South Main Street~~ ~~Akron, Ohio 44308~~

~~8. GOVERNING LAW.~~

~~This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, without regard to its conflict of law's provisions.~~

~~9. MODIFICATION.~~

~~No amendment, change or modification to this Agreement shall be valid, unless made in writing and signed by both parties hereto.~~

~~7. NOTICE.~~

5. APPLICATION OF LAW.

This Agreement shall be subject to the approval of any state electric utility regulatory commission whose approval is, by the laws of the federal government or said state, a legal prerequisite to the execution and delivery or the performance of this Agreement.

6. TERM AND TERMINATION.

(A) INITIAL TERM.

This Agreement shall commence as of the date first indicated above and shall continue thereafter for a period of five (5) years (the "Initial Term"), unless sooner terminated pursuant to this Section 6.

(B) RENEWAL TERM.

Upon expiration of the Initial Term, this Agreement shall automatically renew for successive five (5)-year terms unless either party provides written notice of nonrenewal no later than three hundred and sixty-five (365) days prior to the end of the then-current term (each a

"Renewal Term" and together with the Initial Term, the "Term"). If the Term is renewed for one or more Renewal Term, the terms and conditions of this Agreement during each Renewal Term shall be the same as the terms and conditions in effect immediately prior to such renewal. If either party provides timely notice of nonrenewal, this Agreement shall terminate on the expiration of the then-current Term, unless sooner terminated in this Section 6.

(C) VOLUNTARY TERMINATION.

Any party to this Agreement may terminate this Agreement by providing one hundred eighty (180) days written notice of such termination to the other party.

(D) TERMINATION IN COMPLIANCE WITH LAW.

This Agreement is subject to termination or modification at any time to the extent its performance may conflict with any rule, regulation, requirement, or order of the state or federal electric utility regulatory commission with jurisdiction over the Client Company.

(E) AUTOMATIC TERMINATION.

This Agreement shall automatically terminate upon Client Company (i) ceasing to be an affiliate of Service Company; (ii) becoming insolvent or admitting its inability to pay its debt obligations as they come due; (iii) becoming subject, voluntarily or involuntarily, to any proceeding under any bankruptcy or insolvency law, which is not stayed within ten (10) business days or is not dismissed or vacated within thirty (30) business days after filing; (iv) being dissolved or liquidated or taking any corporate action for such purpose; (v) making a general assignment for the benefit of creditors; or (vi) having a receiver, trustee, custodian, or similar agent appointed by order of any court of competent jurisdiction to take charge of or sell any material portion of its property or business. In the event of a termination of this Agreement pursuant to this Section 6(E), there shall be a transition period not to exceed ninety (90) days for which the Service Company will continue to provide Services at cost to Client Company.

7. GENERAL.

~~10.~~(A) ENTIRE AGREEMENT.

This Agreement, together with its exhibits, constitutes the entire understanding and agreement of the parties with respect to its subject matter, and effective upon the execution of this Agreement by the respective parties hereof, any and all prior agreements, understandings or representations with respect to this subject matter are hereby terminated and canceled in their entirety and are of no further force and effect, except to the extent transactions thereunder have taken place prior to such effective date~~-~~, in which case such agreements will govern the terms of such transactions.

~~11. WAIVER.~~

~~No waiver by either party hereto of a breach of any provision of this Agreement shall constitute a waiver of any preceding or succeeding breach of the same or any other provision hereof.~~

~~12.~~(B) ASSIGNMENT~~.~~ AND BINDING EFFECT.

~~This Agreement shall inure to the benefit and shall be binding upon the parties and their respective successors and assigns.~~ No assignment of this Agreement or ~~either~~ a party's rights, interests or obligations hereunder may be made without the other party's written consent, which shall not be unreasonably withheld, delayed~~,~~, or conditioned. This Agreement shall inure to the benefit of and shall be binding upon the parties and their respective successors and assigns.

(C) NOTICE.

Where written notice is required by this Agreement, all notices, consents, certificates, or other communications hereunder shall be in writing and shall be deemed given to the persons and at the addresses identified below (or to such other person and address as a party may give in a notice given in accordance with the provisions hereof) only as follows: (i) if given by personal delivery, upon such personal delivery, (ii) if sent for next day delivery by United States registered, certified or express mail, or overnight delivery service, on the date of delivery as confirmed by written confirmation of delivery, or (iii) if sent by electronic mail, upon electronic confirmation of receipt, except that if such confirmation occurs on a day that is not a business day, then such notice or other communication will not be deemed effective or given until the next succeeding business day. Notices sent in any other manner will not be effective.

To Client Company: c/o President
76 South Main St.
Akron, OH 44308
[President Email]

To Service Company: c/o Vice President and Controller
76 South Main St.
Akron, OH 44308
[Controller Email]

(D) EXTENSION OF TIME; WAIVER.

A party may (i) extend the time for the performance of any of the obligations of the other party under this Agreement, and/or (ii) waive compliance with any of the agreements or conditions for the other party's benefit contained herein. Any such extension or waiver will be valid only if set forth in a writing signed by the acting party. No waiver by a party of any default, misrepresentation, or breach hereunder, whether intentional or not, may be deemed to extend to any prior or subsequent default, misrepresentation, or breach hereunder or affect in any way any rights arising because of any prior or subsequent occurrence. No failure or delay of a party to exercise any right or remedy under this Agreement will operate as a waiver thereof, and no single or partial exercise of any right or remedy will preclude any other or further exercise of the same, or of any other, right or remedy.

(E) GOVERNING LAW.

This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, without regard to its conflict of law provisions.

(F) HEADINGS.

The headings contained in this Agreement are inserted for convenience only and will not affect in any way the meaning or interpretation of this Agreement.

~~13.~~(G) SEVERABILITY.

~~If any provision or provisions of this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired thereby.~~

~~**[Remainder of this page intentionally left blank.]**~~

The provisions of this Agreement will be deemed severable, and the invalidity or unenforceability of any provision will not affect the validity or enforceability of the other provisions hereof.

(H) MODIFICATION.

This Agreement may not be amended or modified except by a writing signed by each of Service Company and Client Company.

(I) COUNTERPARTS.

This Agreement may be executed in two or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument. This Agreement will become effective when one or more counterparts have been signed by each party and delivered to the other party, it being understood that the parties need not sign the same counterpart. The exchange of copies of this Agreement and of executed signature pages by electronic mail in "portable document format" (".pdf") or by a combination of such means, will constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of an original Agreement for all purposes. Signatures of the parties transmitted by electronic mail or by .pdf shall be deemed to be original signatures for all purposes.

(J) THIRD PARTY BENEFICIARIES.

Nothing in this Agreement shall be deemed to create any right in any creditor or other person or entity not a party hereto. This Agreement shall not be construed in any respect to be a contract in whole or in part for the benefit of any third party.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed effective as of ~~the 31' day of January, 2017. This Agreement supersedes any previous agreement between the Service Company and the Client Companies~~date first above written.

~~B~~

FirstEnergy Service Company
~~Steven R. Staub~~

By: ____________________________
Name:
Title: Vice President and ~~Treasurer~~Controller

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed effective as of date first above written.

~~**[Remainder of this page intentionally left blank.]**~~

~~**Client Companies:**~~

~~**Ohio Edison Company**~~
~~**The Cleveland Electric Illuminating Company**~~
~~**The Toledo Edison Company Pennsylvania Power Company American Transmission Systems, Incorporated**~~

[Client Company][, on its own behalf and on behalf of its subsidiaries [•]]

By: _________
Name:
Title: [Officer]

~~**Pennsylvania Electric Company Waverly Electric Power & Light Company**~~
~~**Metropolitan Edison Company Monongahela Power Company The Potomac Edison Company West Penn Power Company**~~
~~**PATH-Allegheny Land Acquisition Company**~~
~~**PATH-Allegheny Maryland Transmission Company, LLC PATH Allegheny Transmission Company, LLC**~~
~~**PATH Allegheny Virginia Transmission Corporation**~~
~~**AYE Series, Potomac-Appalachian Transmission Highline, LLC Trans-Allegheny Interstate Line Company**~~
~~**Mid-Atlantic Interstate Transmission, LLC**~~

~~**[Remainder of this page intentionally left blank.]**~~

~~By:~~ ~~ktolor-LeL~~
S ~~teven E. Strah~~
~~President~~

~~7~~

EXHIBIT A

DESCRIPTION OF SERVICES

~~**AND ALLOCATION METHODOLOGY1.**~~

~~**Description Of Services**~~

~~**Overview**~~

~~This Exhibit provides a description of all services provided by Service Company departments and the cost allocation methodologies to be used in connection therewith. All products and services are subject to Service Level Standards as negotiated between the Service Company department and Client Company. Each Client Company is classified as either a “Utility Subsidiary” or a “Non-Utility Subsidiary”.~~

~~**2. Cost Allocation Methodology**~~

~~**Overview**~~

~~The costs of services provided by Service Company will be directly assigned, distributed or allocated by activity, project, program, work order or other appropriate basis. The primary basis for charges to affiliates is the direct charge method. The methodologies listed below pertain to all other costs which are not directly assigned but which make up the fully allocated cost of providing the product or service. The costs of product and services provided by the ServeCo that cannot be charged directly to the Subsidiary receiving the product or service will be allocated among the associate companies by utilizing one of the methods described below that most accurately distributes the costs. The method of cost allocation varies based on the department rendering the service. The allocation methods used by Service Company are as follows:~~

~~**a. "Multiple Factor — All"** - For the Indirect Costs for products or services benefiting the entire FirstEnergy system, FirstEnergy and all Subsidiaries will bear a fair and equitable portion of such costs. FirstEnergy will bear 5% of these Indirect Costs. The remaining Indirect Costs will be allocated among the Utility Subsidiaries and the Non-Utility Subsidiaries benefiting from the services provided based on FirstEnergy's equity investment in the respective groups. A subsequent allocation step will then occur. Among the Utility Subsidiaries, allocations will be based upon the **"Multiple Factor - Utility"** method. Among the Non-Utility Subsidiaries, allocations will be based upon the **"Multiple Factor - Non-Utility"** method.~~

~~**b. "Multiple Factor — Utility"** - For the Indirect Costs for a product or service solely benefiting one or more of the Utility Subsidiaries, each such Utility Subsidiary so benefiting will be charged a portion of the Indirect Costs based on the sum of the weighted averages of the following factors:~~

1. ~~Gross transmission and/or distribution plant~~
2. ~~Operating and maintenance expense excluding purchase power and fuel costs~~

3. ~~Transmission and/or distribution revenues, excluding transactions with affiliates~~

~~These three (3) factors have been determined to be the most appropriate for the Utility Subsidiaries in the FirstEnergy system. Each factor will be weighted equally so that no one facet of the electric utility operations inordinately influences the distribution of Indirect Costs.~~

~~**c. "Multiple Factor - Non-Utility" - For** the Indirect Costs for products or services solely benefiting the Non-Utility Subsidiaries, each Non-Utility Subsidiary so benefiting receiving the product or service will be charged a proportion of the Indirect Costs based upon the total assets of each Non-Utility Subsidiary, including the generating assets under operating leases from the Utility Subsidiaries.~~

~~**d. "Multiple Factor - Utility and Non-Utility"** - For the Indirect Costs for a product or service benefiting one or more of the Utility and Non-Utility Subsidiaries, each such Subsidiary so benefiting **is** first assigned a distribution ratio that is in proportion to the Indirect Costs based on FirstEnergy' s equity investment in such Subsidiaries. Following this distribution, a subsequent allocation step will then occur. Among the Utility Subsidiaries, allocations will be based upon the **"Multiple Factor-Utility."** Among the Non-Utility Subsidiaries, allocations will be based upon **"Multiple Factor - Non-Utility"**~~

~~**e. "Direct Charge Ratio"** - The ratio of direct charges for a particular product or service to an individual Subsidiary as a percentage of the total direct charges for a particular product or service to all Subsidiaries benefiting from such services. Indirect Costs are then allocated to each Subsidiary based on the calculated ratios.~~

~~**f. "Number of Customers Ratio"** - For costs of products and services driven by the number of Utility customers, the allocation method that will be used will be the~~

~~number of Utility customers for the respective Utility Subsidiary receiving the product or service divided by the total number of utility customers.~~

~~**g. "Number of Shopping Customers Ratio"** - A "shopping customer" is defined as a Utility customer who has selected a competitive electric generation supplier. For costs of products and services driven by the number of shopping customers, the allocation method that will be used will be the number of shopping customers for the respective Utility Subsidiary receiving the product or service divided by the total number of shopping customers.~~

~~**h. "Number of Participating Employees – General"** - For costs of products and services driven by all participating employees within the FirstEnergy system, the allocation method that will be used will be the number of participating employees for the respective Subsidiary receiving the product or service divided by the total number of participating employees.~~

~~**i. "Number of Participating Employees - Utility and Non-Utility"** - For costs of products and services driven by participating employees who work for the Utility and Non-Utility Subsidiaries, the Subsidiaries receiving the product or service are first assigned a distribution ratio that is in proportion to the Indirect Costs based on FirstEnergy's equity investment in the respective groups. Costs are further allocated by using the number of participating employees for the respective Subsidiary divided by the total number of participating FirstEnergy employees.~~

~~**j. "Gigabytes Used Ratio"** - Number of gigabytes utilized by a Subsidiary receiving the product or service divided by the total number of gigabytes used by the FirstEnergy system companies applicable to that respective product or service.~~

~~**k. "Number of Computer Workstations Ratio"** - Number of computer workstations utilized by a Subsidiary receiving the product or service divided by the total number of computer workstations in use by the FirstEnergy system companies applicable to that respective product or service.~~

~~**l. "Number of Billing Inserts Ratio"** - Number of billing inserts performed for a Subsidiary receiving the product or service divided by the total number of billing inserts performed for the FirstEnergy system companies applicable to that respective product or service.~~

~~**m. "Number of Invoices Ratio"** - Number of invoices processed for **a** Subsidiary receiving the product or service divided by the total number of invoices processed for the FirstEnergy system companies applicable to that respective product or service.~~

~~**n. "Number of Payments Ratio"** - Number of monthly payments processed for a Subsidiary divided by the total monthly number of payments processed for the~~

~~FirstEnergy system companies applicable to that respective product or service. This will not be utilized until some historical information is available out of our new automated system.~~

~~**o. ”Daily Print Volume”** - Average daily print volume performed for a Subsidiary receiving the service divided by the total average daily print volume performed for the entire FirstEnergy system.~~

~~**p. ”Number of Intel Servers”** - Number of Intel servers utilized by a Subsidiary receiving the product or service divided by the total number of Intel servers utilized by the FirstEnergy system.~~

~~**q. “Application Development Ratio”** - Number of application development hours budgeted for a Subsidiary receiving the service divided by the total number of budgeted application development hours for the year.~~

~~**r. “Server Support Composite”** - The average ratio of unix gigabytes, SAP gigabytes and Intel number of servers for a Subsidiary receiving the service.~~

~~**3. Descriptions of Products and Services**~~

~~**CALL CENTER**~~

~~**Product or Service**~~	~~**Product / Service Description**~~	~~**Indirect Allocation**~~
~~Field All Inbound Regulated Calls~~	~~Field calls related to billing, credit, new service, service order completion, outages, and other miscellaneous~~	~~Multiple Factor — Utility and Non-Utility~~
~~Field All Inbound Unregulated Calls~~	~~Field calls related to billing, credit, new service, service order completion, outages, and other miscellaneous~~	~~Multiple Factor — Utility and Non-Utility~~

~~**CUSTOMER SERVICE**~~

~~**Product or Service**~~	~~**Product / Service Description**~~	~~**Indirect Allocation Methods**~~
~~Supplier Services~~	~~Provide customer services support to electric generation suppliers, administer and maintain Electronic Data Interface (EDI) functions and invoice suppliers.~~	~~Number of Shopping Customers Ratio~~

~~Regulatory Interface and Process Improvement: Supplier~~	~~Liaison to ensure Customer Choice requirements and develop and execute plans to improve supplier services processes.~~	~~Number of Shopping Customers Ratio~~
~~Market Support Generation (MSG) Administration~~	~~Administer and support MSG supplier functions.~~	~~Number of Shopping Customers Ratio~~
~~Regulatory Interface and Process Improvement: Regulatory~~	~~Respond to regulatory complaints from customers and develop and execute plans to improve regulatory compliance processes.~~	~~Number of Customers Ratio~~
~~Compliance~~	~~Work with regions to communicate and ensure regulatory requirements.~~	~~Multiple Factor — Utility~~
~~Power Billing~~	~~Provide billing functions for large commercial/industrial contract~~	~~Number of Customers Ratio~~
~~Revenue Reporting~~	~~Perform and manage revenue reporting functions.~~	~~Number of Customers Ratio~~
~~Billing Exception Processing~~	~~Process billing exceptions.~~	~~Number of Customers Ratio~~
~~Remittance Processing~~	~~Process customer payments and deposit funds.~~	~~Number of Payments Ratio~~
~~Human Services~~	~~Coordinate and administer the various social services programs.~~	~~Number of Customers Ratio~~

~~Arrears Management/ Outsourcing Services Incorporated (OSI)~~	~~Coordinate and perform arrears, credit and bankruptcy functions. Manage outside collections agencies' performance and OSI credit activities.~~	~~Number of Customers Ratio~~
~~Revenue Protection Administration~~	~~Perform revenue reporting and compliance functions.~~	~~Number of Customers Ratio~~
~~Metrics and Budget/ Customer Satisfaction Measurement~~	~~Manage Customer Services and Call Center Departments' budgets and measure performance and customer satisfaction results.~~	~~Number of Customers Ratio~~
~~Policy/Procedures Development and Documentation~~	~~Develop, document and communicate Customer Services policies and procedures.~~	~~Number of Customers Ratio~~
~~Bill Administration/ Forms Administration~~	~~Design standardized customer bills, envelopes, and forms.~~	~~Number of Customers Ratio~~
~~Meter Reading Support~~	~~Coordinate Meter Reading schedules and routing activities.~~	~~Number of Customers Ratio~~

~~Customer Information System (CIS) Control~~	~~Operate and maintain CIS.~~	~~Number of Customers Ratio~~

~~**ECONOMIC DEVELOPMENT**~~

~~**Product or Service**~~	~~**Product / Service Description**~~	~~**Indirect Allocation Methods**~~
~~Economic Development Services~~	~~Foster economic development to encourage capital investment in FirstEnergy's service areas.~~	~~Multiple Factor — Utility~~

~~**TRANSMISSION & DISTRIBUTION TECHNICAL SERVICES**~~

~~**Product or Service**~~	~~**Product / Service Description**~~	~~**Indirect Allocation Methods**~~
~~Forestry~~	~~Provide forestry services.~~	~~Multiple Factor — Utility~~
~~Distribution Reliability and Asset Records~~	~~Services include Joint User contracts, public works coordination, reliability reporting to regions and Public Utility Commissions, mutual assistance coordination, PowerOn support, cable locate ticket screening and tariff support.~~	~~Multiple Factor — Utility~~
~~Design Standards~~	~~Services include line material and construction standards, distribution line and underground maintenance practices and support, new business process support, and service practices.~~	~~Multiple Factor — Utility~~
~~Substation Services Support~~	~~Services include Substation maintenance plan coordination, practices and support, mobile substation administration and planning, and environmental compliance support.~~	~~Multiple Factor — Utility~~
~~Equipment Repair/Testing Services~~	~~Services include the maintenance, installation, maintenance, testing and repair of utility equipment.~~	~~Multiple Factor — Utility~~
~~Fleet Services~~	~~Develop fleet strategy, and perform fleet maintenance practices and support.~~	~~Multiple Factor — Utility~~
~~Financial Services~~	~~Identify revenue enhancements and cost reductions.~~	~~Multiple Factor — Utility~~
~~Substation Design and Transmission-Line Maintenance Support~~	~~Perform substation and transmission line design and project management and transmission line and substation design and material standards, right-of-way and survey services, transmission line maintenance plan coordination, practices and support, FAA activity coordination.~~	~~Multiple Factor — Utility~~

~~Planning and Protection~~	~~Perform planning and protection support for subtransmission system and overall radial system capacity planning overview, and interconnection coordination for distributed technology applications on distribution system.~~	~~Multiple Factor — Utility~~
~~Capital Budget and Equipment Support~~	~~Capital budget development and support, and major equipment specifications and procurement/repair activities for major equipment.~~	~~Multiple Factor — Utility~~

~~WORKFORCE DEVELOPMENT~~

~~Product or Service~~	**~~Product / Service Description~~**	**~~Indirect Allocation Methods~~**
~~Transmission and Distribution Skills Training~~	~~Develop and facilitate technical and safety training for workers associated with distribution activities, including line, substation, meter, fleet, warehouse, field engineering, and dispatch. Provide support through equipment evaluation, training analyses, job assessments, and project coordination.~~	~~Number of Participating Employees — General~~
~~Customer Service Skills Training~~	~~Develop and facilitate skills training for customer service groups.~~	~~Multiple Factor — Utility~~
~~External Learning Opportunities Through the Power Systems~~	~~Develop educational partnerships with colleges to offer two-year degrees in electric utility technology.~~	~~Multiple Factor — Utility~~

~~ADMINISTRATIVE SERVICES~~

~~Product or Service~~	**~~Product / Service Description~~**	**~~Indirect Allocation Methods~~**
~~Provide Administrative Support Services~~	~~Provides services in production printing, document imaging, graphic services, food services, corporate mailroom and corporate courier.~~	~~Multiple Factor — Utility and Non-Utility or Multiple Factor Utility*~~
~~Provide Records Management Services~~	~~Provides services in records storage, records retrieval, records retention, records planning and engineering records.~~	~~Multiple Factor — Utility and Non-Utility or Multiple Factor Utility*~~

~~Provide Business Services~~	~~Provides services in convenience copiers, fax machines, pagers, printers, and business information center.~~	~~Multiple Factor — Utility and Non-Utility or Multiple Factor Utility*~~

~~* For services rendered only to the utilities.~~

~~EXECUTIVE~~

~~Desktop Support~~	~~Help desk email and end-user tools, remote access, repair services, and general workstation support.~~	~~Number of Computer Workstations Ratio~~
~~Network Services~~	~~Includes voice, data, EMS and radio access.~~	~~Direct Charge Ratio~~
~~Inserting Services~~	~~Provide document bursting, inserting and mailing.~~	~~Number of Billing Inserts Ratio~~
~~Printing Services~~	~~Provide mainframe and client server printing services at the data center.~~	~~Daily Print Volume Ratio~~
~~Technical Consulting~~	~~Provide consulting support to departments and end-users to enable them to leverage their IT capabilities. Provide advice and consultation regarding desktop setups and~~	~~Directly Billed~~
~~Training~~	~~Provide IT training.~~	~~Multiple Factor — Utility and Non — Utility~~
~~Business Application Support~~	~~Support business application related software licenses and / or hardware maintenance provided by an outside vendor.~~	~~Directly Billed~~
~~Data Security~~	~~Disaster recovery and data security services.~~	~~Multiple Factor — Utility and Non-Utility~~
~~Project Management Office~~	~~Oversee technology projects through benefit.~~	~~Multiple Factor — Utility and Non-Utility~~
~~Provide Telecommunication Services~~	~~Provide telecommunication services and equipment.~~	~~Direct Charge Ratio~~
~~Portal Support~~	~~Support the infrastructure to accommodate internet and intranet~~	~~Multiple Factor — Utility and Non-Utility~~

~~Product or Service~~	**~~Product / Service Description~~**	**~~Indirect Allocation Methods~~**
~~Strategic Planning, Demand management and Procurement~~	**~~Provide assistance in materials and services planning (demand management) and performs special procurement projects.~~**	**~~Multiple Factor — Utility and Non-Utility~~**

~~Goods and services procurement~~	~~Procure material, equipment and contractor services. Establish, manage and administer programs, which allow internal customers to obtain goods without having to process the need through Procurement. Develop specifications, construction standards,~~	~~Multiple Factor – Utility and Non-Utility~~
~~Materials Management Support~~	~~Maintain the computerized purchasing and materials management systems, and material related modules; maintain and/or modify select management reports. Analyze Supply Chain processes and measure performance. Monitor and forecast demand to ensure a continuous~~	~~Multiple Factor – Utility and Non-Utility~~
~~Investment Recovery Projects~~	~~Develop and implement plans for disposition of surplus assets.~~	~~Multiple Factor – Utility and Non-Utility~~
~~Process, Refurbish and Sell Materials~~	~~Perform recovery processing, investment recovery processing, refurbishing and selling materials.~~	~~Multiple Factor – Utility and Non-Utility~~
~~Provide Warehousing Services - Non-nuclear~~	~~Receive and place material into stock, insure quality requirements are met at receipt, maintain inventory counts, and update information systems. Fill customer requests for material from~~	~~Multiple Factor – Utility and Non-Utility~~
~~Provide Warehousing Services - Nuclear~~	~~Receive and place material into stock, insure quality requirements are met at receipt, maintain inventory counts, and update information systems. Fill customer requests for material from stock.~~	~~None (All direct charged)~~
~~Warehousing Space Charge~~	~~Provide warehousing space to internal customers.~~	~~Multiple Factor – Utility and Non-Utility~~

~~Product or Service~~	~~Product / Service Description~~	~~Indirect Allocation Methods~~
~~Accounting Research~~	~~Provide accounting research and consulting to ensure compliance with existing and proposed financial reporting, and regulatory accounting requirements.~~	~~Multiple Factor – All~~
~~Accounts Payable~~	~~Nonpayroll corporate disbursement services including account distribution to the general ledger. Resolve problems associated with invoice processing and maintain the accounts payable system.~~	~~Multiple Factor – All~~
~~Billing Services~~	~~Prepare non-retail electric billings.~~	~~Multiple Factor Utility~~

~~Infrastructure and Corporate Reporting, Accounting and Budgeting~~	~~Prepare Corporate Sustaining reports, subsidiary accounting and corporate budgeting, which includes reporting and support of the ledger, property records and SAP system.~~	~~Multiple Factor - All~~
~~Due Diligence~~	~~Assist value centers to determine whether proposed business acquisitions/combinations and similar transactions are desirable from a financial perspective; extensive review/analysis following preliminary review and firm intent to proceed with transaction through commitment and closing~~	~~None (All direct charged)~~
~~Value Center Accounting and Budgeting~~	~~Maintain the property accounting system and provide value center accounting such as management reporting.~~	~~Multiple Factor — Utility and Non-Utility~~
~~Property Record Maintenance~~	~~Maintain corporate continuing property records.~~	~~Multiple Factor — Utility and Non-Utility or Multiple Factor~~
~~Tax Consulting and Research~~	~~Conduct tax research and tax consulting to assure compliance with statues, while evaluating alternative tax strategies within the constraints of regulations that provide additional shareholder value to the company. In addition, provide tax-consulting advice to the value centers on tax compliance and reporting issues, which includes business "start-up" support to organizations requiring assistance.~~	~~Multiple Factor — All~~

~~**Product or Service**~~	~~**Product / Service Description**~~	~~**Indirect Allocation Methods**~~
~~Investor Services~~	~~Stock administration, perform recordkeeping, transfer agent, registrar, paying agent, reinvestment plan administration and other services for~~	~~None (All Direct Charge to Holding Co.)~~
~~Board of Directors Support~~	~~Support and administration of Board of Directors meetings and director compensation.~~	~~None (All Direct Charge to Holding Co.)~~
~~Annual Meeting Coordination~~	~~Coordinate the Annual Meeting of Shareholders, including the preparation and mailing of proxy materials and annual reports and the tabulation of proxies.~~	~~None (All Direct Charge to Holding Co.).~~
~~Indenture Compliance~~	~~Administer the company's indentures~~	~~Multiple Factor — Utility~~

~~**Product or Service**~~	~~**Product / Service Description**~~	~~**Indirect Allocation Methods**~~
~~Application Development~~	~~Create new or enhance existing applications; including analysis design coding, testing, system integration, and implementation, as well as any required technical writing or project manual~~	~~Directly Billed~~
~~Development Supervision and Tool Support~~	~~Supervision of application development employees and the support of development software tools.~~	~~Application Development Ratio~~
~~Server Support (Unix, SAP)~~	~~Create and support the network and server infrastructure to accommodate unix and SAP client server applications.~~	~~Gigabytes Used Ratio~~
~~Client Server Storage Support~~	~~Support of storage requirements for all server applications.~~	~~Server Support Composite Ratio~~
~~Server Support (Intel)~~	~~Create and support the network and server infrastructure to accommodate windows and NT client server applications.~~	~~Number of Intel Servers Ratio~~
~~Mainframe Processing and Storage Support~~	~~Execute mainframe applications, including an appropriate portion of support, started tasks, mainframe backups and microfiche services.~~	~~Gigabytes Used Ratio~~

~~**Product or**~~ **Service**	~~**Product / Service**~~ **Description**	~~**Indirect Allocation Methods**~~
Executive Management	~~Consultation and services **in** management and administration of~~ Provide strategic, financial, and operational leadership for all aspects of the business.	
Accounting and Tax Support	Various accounting and tax services, including but not limited to: financial reporting; utility reporting and billing; property, general, regulatory, and tax accounting; accounts payable; accounting research; utility and transmission business services; finance transformation; tax planning; federal, state, and local tax and rates; and return on Service Company assets.	
Investor Relations, Corporate Responsibility and Communications Support	Various services, including but not limited to: investor relations; corporate responsibility and rating agencies; internal, external, and customer communications; and graphic and document production.	

Treasury Support	Various treasury services, including but not limited to: pension and investment management; business development; and capital markets, cash, and e-commerce.
Risk Support	Various risk-related services, including but not limited to: insurance and credit risk; enterprise risk management and risk control; and operational risk management.
Rates and Regulatory Affairs Support	Various regulatory services, including but not limited to: load forecasting and rate initiatives; distribution and transmission rates; and state and federal regulatory affairs.
Strategy, Planning & Business Performance Support	Various services, including but not limited to: business planning and performance; and long-term planning.
Supply Chain Support	Various supply chain services, including but not limited to: supply chain solutions/standards; material operations; and strategic category management.
Human Resources & Corporate Services Support	Various services, including but not limited to: talent management; total rewards; pension and other post-employment benefits; labor/employee relations and corporate safety; diversity, equity, and inclusion; and HR technology.
Corporate Services	Various services, including but not limited to: administrative services; real estate; and flight operations.
Legal Support	Various services, including but not limited to: legal services; records and information compliance; claims; and corporate secretary.
Ethics & Compliance Support	Perform investigations and risk assessments on compliance matters; provide policy management and compliance training and communication.
~~Support~~ Internal Auditing Support	Provide risk-based independent assurance and consulting internal audit services; evaluate risk management, control, and governance processes, and administer the program for management's testing of internal controls.
Corporate Affairs and Community Involvement Support	Coordinate community partnerships and employee volunteer opportunities; administer contributions for charitable, social and community welfare programs.

Compliance & Regulated Services Support	Various regulatory compliance services, including but not limited to: regulated commodity sourcing; FERC and RTO technical support; NERC compliance; FERC and state compliance reporting; regulated settlements.
External Affairs Support	Various external affairs services; including but not limited to: regional external affairs; state and federal government affairs; and legislative and regulatory policy and administration.
Information Technology & Corporate Security	Various IT and security services, including but not limited to: IT innovation and enablement; cyber security and transmission security operations center; compliance field support and physical security; and physical security compliance and technology.
Transmission Support	Various transmission-related services, including but not limited to: operations; planning and protection; substation services; and assets and records control.
Utility Operations	Various utility-related services, including but not limited to: state executive management; engineering services; distribution engineering and customer accounts support; work management operations; and operational strategy and alignment.
Safety & Human Performance	Various services, including but not limited to: human performance and governance; safety data analytics, training and work practices, and operations.
Operations Support	Various services, including but not limited to: regional workforce development; metering and support systems; central electric lab and BETA lab support; work management and process improvement; distribution system operations; vegetation management; emergency preparedness; and ADMS/GIS Project.
Utility Services	Various services, including but not limited to: environmental support; generation services; and fuels and generation commercial operations.
Construction & Design Services	Various services, including but not limited to: Transmission and substation design; transmission project management; portfolio management; and transmission program support.

Transformation Support	Various services, including but not limited to: emerging technology programs and strategy; and transformation office and program.	
Competitive Products & Services	Various services, including but not limited to: FirstEnergy sales; and consumer products and marketing.	
Customer Engagement	Various customer-related services, including but not limited to: national accounts and customer support; economic development; energy efficiency implementation, compliance and reporting; and customer analytics and reporting.	
Customer Care	Various customer services, including but not limited to: customer contact centers, management, and care support; and revenue operations.	
Customer Policy & Solutions	Various customer-related services, including but not limited to: FEP operations; and customer policy, advocacy, and solutions.	~~Multiple Factor — All~~

~~**COMMUNICATIONS**~~

~~**Product or Service**~~	~~**Product / Service Description**~~	~~**Indirect Allocation Methods**~~
~~Public Relations~~	~~Provides services in media relations, financial communications, annual reports, executive presentation, public relations counsel, corporate writing, internet support and special projects.~~	~~Multiple Factor — All~~
~~Employee Communications~~	~~Provides services with update, retirees, satellite broadcast, human resource-related communications and special~~	~~Number of Participating Employees — Utility and Non-Utility~~
~~Production~~	~~Provides services related to display, photography, Corporate ID, video and employee merchandise.~~	~~Multiple Factor — All~~
~~Sponsorship~~	~~Provides services related to sports marketing, university support and special projects.~~	~~Multiple Factor — All~~
~~Non-Utility Advertising~~	~~Provides services related to broadcast/print, collateral, direct mail, internet/intranet, display/merchandise, yellow/white pages, production/agency support and special projects.~~	~~Multiple Factor — Non-Utility~~

~~Utility Advertising~~	~~Provides services related to TV, radio, print, outdoors, Internet/Intranet, special projects, production, agency support and creative media placement.~~	~~Multiple Factor — Utility~~
~~Utility Bill Inserts~~	~~Provides services developing regulated bill service to Ohio, Pennsylvania and New Jersey.~~	~~Multiple Factor — Utility~~
~~Utility : Yellow / White Pages~~	~~Provides services with regulated yellow/white pages.~~	~~Multiple Factor — Utility~~
~~Utility: Research~~	~~Provides research services.~~	~~Multiple Factor — Utility~~
~~Ohio Consumer Education~~	~~Provides services related to Ohio Consumer Education statewide and locally.~~	~~Multiple Factor — Utility~~
~~Ohio Deregulation Education~~	~~Provides service related to Deregulation Education.~~	~~Multiple Factor — Utility~~

~~CORPORATE AFFAIRS AND COMMUNITY INVOLVEMENT~~

~~Product or Service~~	**~~Product / Service Description~~**	**~~Indirect Allocation Methods~~**
~~Corporate Affairs Activities~~	~~Provide administrative support through oversight of the business practices and planning and implementation of staff, senior management and related meetings. Serves as community liaison.~~	~~Multiple Factor — Utility~~
~~Direct Community Involvement Initiatives~~	~~Provides direction in employee volunteerism, supports viable community partnerships and educational initiatives.~~	~~Multiple Factor — Utility~~
~~Energy Efficiency Programs~~	~~Directing and coordinating Ohio Weatherization and Energy Efficiency Programs for Low Income Customers.~~	~~Multiple Factor — Utility~~
~~Community Initiatives Consulting Services~~	~~Consults to regional operations and other business units and client managers for the various community programs.~~	~~Multiple Factor — Utility~~
~~Contributions Management~~	~~Directs, coordinates, monitors, and manages contributions.~~	~~Multiple Factor — Utility~~

~~CORPORATE~~

~~**HUMAN RESOURCES**~~

~~**Product or Service**~~	~~**Product / Service Description**~~	~~**Indirect Allocation Methods**~~
~~Manage Employee Executive Compensation and Benefits~~	~~Provide management and supervision for employee and executive compensation and benefits.~~	~~Number of Participating Employees — General~~
~~Manage Workers Compensation and Disability Management~~	~~Provide management and supervision for workers compensation and disability programs.~~	~~Number of Participating Employees — General~~
~~Provide and Coordinate Human Resources Training~~	~~Design, prepare and conduct training.~~	~~Number of Participating Employees — General~~
~~Provide Employment Services~~	~~Provide staffing, relocation and employment expertise.~~	~~Number of Participating Employees — General~~
~~Provide HRIS Services~~	~~Provide and maintain Human Resources information.~~	~~Number of Participating Employees — General~~
~~Provide Diversity Management Services~~	~~Manage Affirmative Action programs, provide EEO/AA consulting services, and respond to charges.~~	~~Number of Participating Employees — General~~
~~Manage/ Administer Medical Services and Wellness Programs~~	~~Establish compliance, develop, implement, and administer medical and wellness programs.~~	~~Number of Participating Employees — General~~

~~**INDUSTRIAL RELATIONS**~~

~~**Product or Service**~~	~~**Product / Service Description**~~	~~**Indirect Allocation Methods**~~
~~Provide Labor Contract Negotiations~~	~~Provide contract negotiation services for all labor agreements.~~	~~Number of Participating Employees — General~~
~~Provide Labor Consulting Services~~	~~Provide labor consulting services.~~	~~Number of Participating Employees — General~~
~~Manage/Administer Safety Programs~~	~~Develop, implement and administer occupational safety programs.~~	~~Number of Participating Employees — General~~

~~**REAL ESTATE**~~

~~**Product or Service**~~	~~**Product / Service Description**~~	~~**Indirect Allocation Methods**~~

~~Facilities Management~~	~~Management and maintenance of office facilities.~~	~~Multiple Factor – All or Multiple Factor Utility*~~
~~Facilities Planning and Project Management~~	~~Manage office design services, furniture, project management and other capital improvements.~~	~~Multiple Factor – All or Multiple Factor Utility*~~
~~Management of Real Estate Assets~~	~~Support internal and external inquiries regarding the acquisition, divestiture and management of real estate assets~~	~~Multiple Factor – All or Multiple Factor Utility*~~
~~Manage/Administer Security Programs~~	~~Administer physical security, special investigations, security audits, security consultation and contract guard~~	~~Multiple Factor – All or Multiple Factor Utility*~~

~~* For services rendered only to the utilities.~~

~~FIRSTENERGY TECHNOLOGIES~~

~~Product or Service~~	**~~Product / Service Description~~**	**~~Indirect Allocation Methods~~**
~~Strategic Technologies~~	~~Develop, support and implement EPRI programs, industry initiatives, research and development programs collaboratives and activities with universities, labs and the Department of Energy.~~	~~Multiple Factor – Utility~~
~~New Technology Assessment~~	~~Perform assessment activities for strategic technology pilots, technology assessments, marketing tests, customer pilots and due diligence reviews.~~	~~Multiple Factor – Utility and Non-Utility~~
~~Technical Application and Product Innovation~~	~~Develop, analyze and support strategic alliances, joint ventures, strategic startups, direct investments and Portfolio~~	~~Multiple Factor – Utility and Non-Utility~~
~~New Technology and Product Market Deployment~~	~~Develop, support and implement the following initiatives: tailored solutions with existing products, commercial packages, operational efficiencies and business area solutions.~~	~~Multiple Factor – Utility and Non-Utility~~
~~Demand Response Initiatives~~	~~Provide support for corporate demand response initiatives.~~	~~Multiple Factor – Utility and Non-Utility~~
~~Renewable Energy Program and Strategy~~	~~Provide support for various corporate and regulatory initiatives to develop and implement renewable energy programs and products.~~	~~Multiple Factor – Utility~~
~~Regulated Programs and Services~~	~~Develop, support and implement programs and strategies to meet corporate initiatives and regulatory mandates and commitments related to Comprehensive Resource~~	~~Multiple Factor – Utility~~

	~~Assessment(CRA), customer end-use technology, distributed generation and load management.~~	
~~Project Implementation Management Services~~	~~Develop and implement end-use and distributed generation technology-based products and services.~~	~~Multiple Factor — Utility and Non-Utility~~

~~**TECHNOLOGY & SUPPORT SERVICES**~~

~~**Product or Service**~~	~~**Product / Service Description**~~	~~**Indirect Allocation Methods**~~
~~Provide Network Services~~	~~Provide Internal Network Services.~~	~~Multiple Factor — Utility and Non-Utility~~
~~Maintain wireless cell sites and fiber optics~~	~~Maintain internal wireless cell sites and fiber optic network; provide engineering, procurement, and installation services.~~	~~Multiple Factor — Utility and Non-Utility~~

~~**INFORMATION TECHNOLOGY**~~
~~**PERFORMANCE PLANNING**~~

~~**Product or Service**~~	~~**Product / Service Description**~~	~~**Indirect Allocation Methods**~~
~~Performance Planning~~	~~Develop, support and execute performance planning services.~~	~~Multiple Factor — All~~

~~**SUPPLY CHAIN**~~

~~**CONTROLLERS**~~
~~* For services rendered only to the utilities.~~

~~Tax Compliance~~	~~Prepare and process all schedules and information associated with corporate and subsidiary tax returns, audits, and tax litigation, assuring compliance with tax regulations and statues.~~	~~Multiple Factor — All or Multiple Factor Utility*~~

~~* For services rendered only to the utilities.~~

~~CREDIT MANAGEMENT~~

~~**Product or Service**~~	~~**Product / Service Description**~~	~~**Indirect Allocation Methods**~~
~~Credit Analysis and Supporting Functions~~	~~Provide detailed written credit analysis issuing recommendations on counterparty creditworthiness and assigning credit~~	~~Multiple Factor – Utility and Non-Utility~~
~~Credit Policies and Procedures~~	~~Develop and support credit policies and procedures for managing credit risk. Implement and support standardized credit approval processes.~~	~~Multiple Factor – Utility and Non-Utility~~
~~Credit Management Information System~~	~~Develop and support credit management reports and calculate credit exposure on a corporate wide basis.~~	~~Multiple Factor - All~~

~~ENTERPRISE RISK MANAGEMENT~~

~~**Product or Service**~~	~~**Product / Service Description**~~	~~**Indirect Allocation Methods**~~
~~General Risk Management~~	~~Develop and maintain an enterprise risk management system.~~	~~Multiple Factor - All~~

~~INSURANCE SERVICES~~

~~**Product or Service**~~	~~**Product / Service Description**~~	~~**Indirect Allocation Methods**~~
~~Insurance Policies~~	~~Manage and support insurance policies for all the business units .~~	~~Multiple Factor – Utility and Non-Utility~~
~~Loss Control Services~~	~~Manage and support property inspections to prevent losses.~~	~~Multiple Factor – Utility and Non-Utility~~
~~Surety Bonds~~	~~Manage and support Surety Bonds.~~	~~Multiple Factor – Utility and Non-Utility~~
~~Risk Transfer and Risk Mitigation~~	~~Manage and support risk transfer and risk mitigation services.~~	~~Multiple Factor – Utility and Non-Utility~~
~~Ancillary Coverages~~	~~Manage and support ancillary coverages.~~	~~None (All direct charged)~~

~~INTERNAL AUDIT~~

~~**Product or Service**~~	~~**Product / Service Description**~~	~~**Indirect Allocation Methods**~~

~~Audit Services~~	~~Perform the following internal audit services based on risk levels and / or requests: financial, performance analysis, safeguarding of assets, computer- related and fraud investigations.~~	~~Multiple Factor — All or Multiple Factor — Utility*~~

~~**INVESTMENT MANAGEMENT**~~

~~**Product or Service**~~	~~**Product / Service Description**~~	~~**Indirect Allocation Methods**~~
~~Qualified and Non- qualified Pension and~~	~~Establish and implement investment policy and asset allocation strategy and monitor investment performance.~~	~~Number of Participating Employees — Utility and Non — Utility~~
~~FirstEnergy Foundation~~	~~Establish and implement investment policy and asset allocation strategy and monitor investment performance.~~	~~Multiple Factor - All~~
~~Voluntary Employee Benefit Association (VEBA) Trust~~	~~Establish and implement investment policy and asset allocation strategy and monitor investment performance.~~	~~Number of Participating Employees — Utility and Non — Utility~~
~~Nuclear Decommissioning~~	~~Establish and implement investment policy and asset allocation strategy and monitor investment performance.~~	~~None (All direct charged)~~
~~Non-Utility Generator Trust~~	~~Establish and implement investment policy and asset allocation strategy and monitor investment performance.~~	~~Multiple Factor — Non-Utility~~
~~Spent Nuclear Fuel~~	~~Establish and implement investment policy and asset allocation strategy and monitor investment performance.~~	~~None (All direct charged)~~
~~Low-Income Housing Tax Credit Partnership~~	~~Establish and implement investment policy and asset allocation strategy and monitor investment performance.~~	~~Multiple Factor - All~~

~~**INVESTOR RELATIONS**~~

~~**Product or Service**~~	~~**Product / Service Description**~~	~~**Indiregct Allocation Methods**~~
~~Investor Information~~	~~Compile and communicate information to investors.~~	~~Multiple Factor — Utility* or Direct Charge to Holding Co.~~
~~Investor Education~~	~~Target and educate potential investors to promote FirstEnergy's valuation characteristics and business strategy.~~	~~None (All Direct Charge to Holding Co.)~~

~~* For services rendered only to the utilities.~~

~~Regulations Compliance~~	~~Ensure compliance with SEC Fair Disclosure regulations.~~	~~Multiple Factor - All~~

~~FirstEnergy Management Education~~	~~Provide education to management of business concerns and valuation issues of analyst/investors~~	~~Multiple Factor — All~~

~~FirstEnergy Employee Education~~	~~Actively promote understanding of financial and investor relations' issues.~~	~~Multiple Factor — All~~

~~**RATES AND REGULATORY AFFAIRS**~~

~~**Product or Service**~~	~~**Product / Service Description**~~	~~**Indirect Allocation Methods**~~
~~Regulatory Activities and Consulting~~	~~Manage regulatory activities and interfaces, including tariff development and interpretation. Monitor and participate in regulatory affairs at the local, state and federal levels.~~	~~Multiple Factor — Utility~~
~~Customer Pricing and Contracting~~	~~Develop pricing programs for regulated electric service for retail and wholesale customers, including "unbundled" costs and prices for generation, transmission and distribution service and support justification to regulators. Provide support in developing pricing for special-purpose customer programs and non-regulated energy services (e.g. prepayment, economic development, interruptible load, conjunctive-billing electric service programs).~~	~~Multiple Factor — Utility~~
~~Billing Support~~	~~Provide assistance calculating customer (external and internal) invoices and operate and maintain systems to render, collect and account for these invoices.~~	~~Multiple Factor — Utility~~
~~Sales and Load Forecasting~~	~~Develop short-term and long-term sales forecast, peak load projections and customer counts~~	~~Multiple Factor — Utility and Non-Utility~~

~~**TREASURY**~~

~~**Product or Service**~~	~~**Product / Service Description**~~	~~**Indirect Allocation Methods**~~
~~Capital Structure Management and Administration~~	~~Perform all activities related to acquiring capital and establish and administer funding, legal documentation, and record-keeping activities associated with finance~~	~~Multiple Factor — All~~
~~Corporate Funds Management~~	~~Plan, manage, and operate the corporate "cash-flow-cycle."~~	~~Multiple Factor — All~~
~~Corporate Forecasting~~	~~Provide regulatory support, strategy support, financial modeling and forecasting, financial and economic analysis and development of annual corporate KPI target.~~	~~Multiple Factor — All~~

~~Capital Project Evaluation and~~	~~Provide analytical support in the areas of financing, profitability, capital structure and~~	~~Multiple Factor — Utility and Non-Utility~~

~~Support~~	~~cash flow.~~	
~~Investor Relations Activities~~	~~Provide institutional and retail security holder, buy and sell-side analysts, rating agencies, and other key members of the financial community with qualitative and quantitative information.~~	~~Multiple Factor — All~~

~~**BUSINESS DEVELOPMENT**~~

~~**Product or Service**~~	~~**Product / Service Description**~~	~~**Indirect Allocation Methods**~~
~~Mergers and Acquisitions Support~~	~~Support, evaluate and assist in the management of merger, asset acquisition and asset disposition activities.~~	~~None (All direct charged)~~
~~Internal Consulting~~	~~Perform strategic analysis/business fit, and economic analysis. Provide integration and transitional management services as needed.~~	~~None (All direct charged)~~

~~**GOVERNMENTAL AFFAIRS**~~

~~**Product or Service**~~	~~**Product / Service Description**~~	~~**Indirect Allocation Methods**~~
~~Federal Governmental Affairs Support~~	~~Activities associated with developing and maintaining relationships with federal government institutions; includes lobbying, and other support activities.~~	~~None (All direct charged)~~
~~State Governmental Affairs Support~~	~~Activities associated with developing and maintaining relationships with state government institutions; includes lobbying, and other support activities.~~	~~None (All direct charged)~~

~~**LEGAL**~~

~~**Product or Service**~~	~~**Product / Service Description**~~	~~**Indirect Allocation Methods**~~
~~Provide Governmental Affairs Support~~	~~Activities associated with developing and maintaining relationships with government institutions; includes lobbying, litigation, and other support activities.~~	~~None (All direct charged)~~
~~Nuclear Legal Consultation and Case~~	~~Provide legal advice for federal and state nuclear matters.~~	~~None (All direct charged)~~
~~Human Resources Legal Consultation & Case Management~~	~~Provide legal advice for human resource matters (including workers compensation, union negotiations, arbitrations, class action lawsuits, etc.).~~	~~Multiple Factor — Utility and Non-Utility~~

~~**Product or Service**~~	~~**Product / Service Description**~~	~~**Indirect Allocation Methods**~~

~~Employee Benefits Legal Consultation & Case Management~~	~~Provide legal advice for employee benefits matters (including health and welfare benefits, tax-qualified and non-tax qualified benefit plans and programs, pension administration, etc.).~~	~~Number of Participating Employees – Utility and Non-Utility~~
~~Tax Legal Consultation & Case Management~~	~~Provide legal advice for tax matters including federal, state & local tax matters (land tax, sales & use tax, IRS,~~	~~Multiple Factor – All~~
~~Bankruptcy Legal Consultation & Case Management~~	~~Provide legal advice for bankruptcy matters.~~	~~Multiple Factor – Utility and Non-Utility~~
~~International Legal Consultation & Case Management~~	~~Provide legal advice for international matters – contract negotiations, sale/lease agreements.~~	~~None (All direct charged)~~
~~Non-Utility Legal Consultation & Case Management~~	~~Provide legal advice on federal and state matters to Non-Utility Subsidiaries.~~	~~Multiple Factor – Non-Utilities~~
~~Regulatory Legal Consultation & Case Management~~	~~Provide legal advice for federal and state regulatory matters.~~	~~Multiple Factor – Utility~~
~~Environmental Legal Consultation & Case Management~~	~~Provide legal advice for environmental matters (other than PCB – related matters) - federal (EPA) and state (EPA), regulatory/legislative compliance issues.~~	~~None (All direct charged)~~
~~PCB Environmental Legal Consultation & Case Management~~	~~Provide legal advice for PCB-related matters - federal (EPA) and state (EPA), regulatory/legislative compliance issues.~~	~~Multiple Factor – Utility~~
~~Real Estate Legal Consultation & Case Management~~	~~Provide legal advice for real estate matters.~~	~~Multiple Factor – Utility and Non-Utility~~
~~Corporate Legal Consultation & Case Management~~	~~Provide legal advice for general corporate and transactional matters (including SEC filings, Board of Directors matters, PUHCA, Financings, Securities Matters, Intellectual Property, Technology, General Counsel matters, etc.).~~	~~Multiple Factor – All~~
~~Claims Legal Consultation & Case Management~~	~~Provide legal advice for Claims matters.~~	~~Multiple Factor - All~~

~~CLAIMS~~

~~Product or Service~~	**~~Product / Service Description~~**	**~~Indirect Allocation Methods~~**
~~Process Receivable~~	~~Provide management, supervision, and~~	~~Multiple Factor - All~~

~~Claims~~	~~performance of tasks associated with the resolution and chargeback of receivable claims.~~	
~~Provide Corporate Support~~	~~Claims support in evaluating claims, and procuring appropriate external/internal legal resources.~~	~~Multiple Factor - All~~

Exhibit No. 8

REVISED AMENDED AND RESTATED MUTUAL ASSISTANCE AGREEMENT

THIS REVISED AMENDED AND RESTATED MUTUAL ASSISTANCE AGREEMENT, dated as of January 31, 2017, between and among JERSEY CENTRAL POWER & LIGHT COMPANY ("***JCP&L***"), METROPOLITAN EDISON COMPANY ("***Met-Ed***"), PENNSYLVANIA ELECTRIC COMPANY ("***Penelec***"), PENNSYLVANIA POWER COMPANY ("***Penn Power***"), OHIO EDISON COMPANY ("***Ohio Ed***"), THE CLEVELAND ELECTRIC ILLUMINATING COMPANY ("***CEI***"), THE TOLEDO EDISON COMPANY ("***Toledo Ed***"), FIRSTENERGY SERVICE COMPANY ("***FESC***"), GPU NUCLEAR, INC. [1] ("***GPUN***"), FIRSTENERGY NUCLEAR OPERATING COMPANY ("***FENOC***"), AMERICAN TRANSMISSION SYSTEMS, INCORPORATED ("**ATSI**"), FIRSTENERGY PROPERTIES, INC. ("***FE Properties***"), BAY SHORE POWER COMPANY ("***Bay Shore***"), FIRSTENERGY GENERATION, LLC ("***GenCo***"), WEST PENN POWER COMPANY ("***West Penn***"), MONONGAHELA POWER COMPANY ("***Mon Power***"), THE POTOMAC EDISON COMPANY ("***Potomac Ed***"), TRANS-ALLEGHENY INTERSTATE LINE COMPANY ("***TrAILCo***"), MID-ATLANTIC INTERSTATE TRANSMISSION, LLC ("**MAIT**") AND FIRSTENERGY TRANSMISSION, LLC, and its subsidiaries ("***FirstEnergy Transmission***") (each individually a "***Company***" or a "Party" and collectively the "***Companies***" or "Parties"), each a subsidiary of FirstEnergy Corp. ("***FirstEnergy***"), a public utility holding company under the Public Utility Holding Company Act of 2005 (the "***PUHCA 2005***"), and their subsidiaries.

RECITALS

WHEREAS, on October 1, 1982, the Pennsylvania Public Utility Commission ("***PaPUC***" or "**Commission**") at Docket No. G-820167 approved pursuant to the then Section 701.1 of the Pennsylvania Public Utility Law – now Section 2102 of the Pennsylvania Public Utility Code an agreement between Met-Ed and Penelec with respect to the exchange of services and goods by and between them and their affiliated companies such as, by way of example: (a) design, engineering, construction, operation, maintenance and fuel procurement for coal-fired generating stations; (b) other fossil fuel generation services; (c) lab testing, research and development, engineering and support services for generation, transmission and distribution, construction and maintenance; (d) microfilming; (e) records retention and storage; and (f) goods incidental to such services (the "***1982 Agreement***"); and

WHEREAS, on December 17, 1993, the PaPUC at Docket No. G-00930355 approved, as a supplement to the 1982 Agreement, an agreement between Met-Ed, Penelec, JCP&L, GPU Service Corporation ("***GPUS***") and GPU Nuclear Corporation (collectively Met-Ed, Penelec, JCP&L, GPUS and GPU Nuclear Corporation are referred to as the "***GPU Companies***") pursuant to Section 2102 of

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[1] GPU Nuclear Corporation was renamed GPU Nuclear, Inc. in 1996.

the Pennsylvania Public Utility Code, 66 Pa.C.S. § 2102, with respect to the exchange of services and goods by and between them such as: (a) reprographics services; (b) restoration, maintenance and repair services for generation, transmission and distribution facilities; (c) remittance processing services; (d) treasury services; (e) accounts payable services; (f) use of office, warehouse, storage and other space or facilities; (g) data processing and other computer services; (h) legal services; and (i) goods, including, electric generation, other production, transmission, distribution, office, administrative and general plant materials, supplies and equipment not "in place" or "installed" (the "***1993 MAA***"); and **WHEREAS**, as a result of the FirstEnergy/GPU merger in November 2001 (the "***FirstEnergy/GPU Merger***"), FirstEnergy became a registered holding company under the Public Utility Holding Company Act of 1935 and FESC was formed to replace GPUS as the primary provider of various corporate, managerial and administrative support services within the FirstEnergy holding company system, and the PaPUC on February 4, 2003, in Docket No. G-00020987 approved Met-Ed, Penelec and Penn Power entering into a new service agreement with FESC (the "***Existing FESC Service Agreement***"), which is not altered, modified or changed by this Amended and Restated Mutual Assistance Agreement; and

WHEREAS, as a result of the FirstEnergy/GPU Merger, FESC provides services within the FirstEnergy holding company system under the Existing FESC Service Agreement that include the following services (or the management of such services): executive services, accounting and finance, internal auditing, various treasury functions, risk management, human resources, corporate affairs, government affairs, environmental, corporate communications, operations management, supply chain, information technology, construction, maintenance, customer service, regulated commodity sourcing, FERC policy and compliance, energy efficiency, corporate real estate, records management, asset oversight, strategic planning and operations, rates and regulatory affairs, flight operations, performance management, business development, investment management and legal services; and

WHEREAS, as a result of the FirstEnergy/GPU Merger, Ohio Ed, CEI, Toledo Ed and Penn Power became affiliates of Met-Ed and Penelec in the same relationship, as affiliated operating companies within the FirstEnergy holding company system, that Met-Ed, Penelec and JCP&L theretofore had with each other within the GPU holding company system as public utility companies engaged in the transmission, distribution and sale of electricity to and for the public in their respective service territories; and

WHEREAS, as a result of the merger of Allegheny Energy, Inc. ("***Allegheny***") and a subsidiary of FirstEnergy on February 25, 2011 (the "***FirstEnergy/Allegheny Merger***"), West Penn, Mon Power, Potomac Ed, and the Trans Allegheny Interstate Line Company also became affiliated operating companies in the same relationship as other affiliated operating companies within the FirstEnergy holding system; and

WHEREAS, FirstEnergy Transmission and Penelec, Met-Ed, and JCP&L have entered into operating and capital contribution agreements regarding the formation, operation and their respective membership interests in, MAIT and, as a result of which MAIT has also become an affiliated operating company in the same relationship as other affiliated operating companies within the FirstEnergy holding system (collectively, Ohio Ed, CEI, Toledo Ed, Penn Power, JCP&L, Met-Ed, Penelec, West

Penn, Mon Power, Potomac Ed, ATSI, TrAILCo, and MAIT are referred to herein as the "***Operating Companies***");

WHEREAS, from time to time, the Operating Companies may request and/or may require non-power goods and services from one or more of the other Operating Companies ; and

WHEREAS, from time to time, GPUN, FESC, and FirstEnergy Transmission may request and/or may require goods and services from the Operating Companies and, to the degree not addressed in another agreement, GPUN, and FirstEnergy Transmission may provide non-power goods and services to the Operating Companies; and

WHEREAS, in light of changes outlined above and because from time to time various opportunities arise for the Companies to effect economies and better utilization of available resources through transfers of a broader range of goods and services by, between and among the Companies, the Companies desire to enter into this Amended and Restated Mutual Assistance Agreement, which supersedes any other agreements that may have existed between the parties hereto related to the matters covered by this Amended and Restated Mutual Assistance Agreement, as applicable, for providing mutual services by and between them.

NOW, THEREFORE, the Companies, intending to be legally bound, agree as follows:

1. **SERVICES**. As used herein "***Services***" refers to the list of services set forth in Attachment I hereto. Additional services sought to be included within this Amended and Restated Mutual Assistance Agreement will first be filed with the PaPUC for Commission review.

2. **GOODS**. As used herein "***Goods***" refers to goods incidental to the Services, electric transmission, distribution, office, administrative and general plant materials, supplies and equipment not "in place" or "installed." As contemplated hereunder, transactions in Goods may, but need not be, incidental to the provision of Services.

3. **REQUESTS FOR GOODS AND SERVICES**. From time to time, each Company, in its sole discretion may determine, may request, or, upon the request of another Company, may furnish to such other Company, upon the terms and conditions set forth herein, one or more of the Goods or Services (including, in the case of Goods, those which at the time are inadequate, obsolete, unfit, or unnecessary or unadapted for use in the operations of the Company to which such request is made).

4. **PRICING**.

(a) All transactions carried out pursuant hereto shall be effected as follows:

(i) if an Operating Company furnishes Goods or Services to an Operating Company, then such furnishing Company shall be paid for such Goods or Services at cost in the case of the performance of Services (including all applicable direct and indirect costs of the furnishing Company), or cost less accumulated depreciation in the case of the sale of Goods (including all applicable direct and indirect costs of the furnishing Company);

(ii) if an Operating Company furnishes Goods or Services to FESC , the Operating Company shall be paid for such Goods or Services at the higher of (A) cost in the case of the performance of Services (including all applicable direct and indirect costs of the furnishing Company), or cost less depreciation in the case of the sale of Goods (including all applicable direct and indirect costs of the furnishing Company) or (B) market price; and

(iii) (A) if an Operating Company furnishes Goods or Services to GPUN, FENOC, FE Properties, Bay Shore or GenCo, then the furnishing Company shall be paid for such Goods or Services at a price that is the higher of cost or market price; or (B) if GPUN, FENOC, FE Properties, Bay Shore or GenCo furnishes Goods or Services to an Operating Company, then the furnishing Company shall be paid for such Goods or Services at a price that is no higher than market price. (b) Costs include, as applicable, wages and salaries of employees and related fringe benefit expenses (such as health care, life insurance, payroll taxes, pensions and other employee welfare expenses), equipment, tooling, materials, subcontract costs, overheads, cost of capital, and taxes.

5. **BILLING, PAYMENT AND ACCOUNTING.**

(a) Costs are accumulated within the Companies' integrated accounting system related to the Services and Goods provided hereunder in order to support the inter-company billing, which shall be performed monthly. Details supporting each transaction are contained within the integrated accounting system, in accordance with applicable FirstEnergy procedures and processes, as amended from time to time.

(b) Direct charges to a Company shall be made so far as charges can be identified and related to the particular transactions involved without excessive effort or expense. Whenever possible, charges for Services rendered hereunder between the Companies, including personnel and non-personnel costs and expenses and related costs and expenses that relate to a particular requesting Company, shall be billed by the providing Company directly to such requesting Company. For those charges that cannot be direct billed either because the Services giving rise to those charges are provided to, or on behalf of, more than one recipient Company or the charges themselves are not easily susceptible to precise identification with a particular or specific transaction, the providing Company shall allocate such costs in accordance with an allocation method recommended and provided by FESC from among its approved allocation methods (which is attached hereto as Attachment II) as such methods may be amended, modified or changed from time to time.

(c) To the extent a Company is required to pay cost for Goods or Services, as provided in Section 4 of this Agreement, such costs:

(i) shall not exceed a fair and equitable allocation of expenses (including the price paid for goods) plus reasonable compensation for necessary capital procured through the issuance of capital stock (or similar securities);

(ii) for Services rendered by a providing Company shall be determined and calculated based upon the time records of employees, and records of related expenses, including out-of-pocket expenses that are billed at cost;

(iii) may include taxes, interest, other overhead, and compensation for the use of capital procured by the issuance of capital stock (or similar securities), which shall be fairly and equitably allocated. Interest on borrowed capital and compensation for the use of capital shall represent a reasonable return on only the amount of capital reasonably necessary for the performance of services or construction for, or the selling of goods to, customers for whom transactions are performed at cost. Such amount shall not include the cost of assignment of, or any capitalization of, any service, sales, or construction contract; and

(iv) shall not include any expense (including the price paid for goods) incurred in a transaction with an affiliated Company of the providing Company, to the extent that it exceeds the cost of such transaction to such affiliated Company.

(d) Inter-Company billing is performed with the close of each month and will be payable within thirty days following such monthly closing. For the sale of Goods, asset transfer documentation is completed and the transaction is included in the monthly intercompany billing. The detailed records, related to the rendering of, and payment for, the Goods or Services, supporting the inter-company bills are available within the integrated system, so that the receiving Company can reasonably determine the nature and extent of the Services or Goods provided by the providing Company, including the rates, hours and related cost elements applicable to such Service or Good.

(e) Payments shall be made by cash remittance from the receiving Company to the providing Company or by appropriate accounting transfer entries on the books of both Companies, which are reconciled daily, in accordance with applicable FirstEnergy policies and procedures.

(f) Any amount remaining unpaid after thirty (30) days following receipt of the bill shall bear interest thereon from the date of the bill until payment at such rate as would apply in accordance with applicable FirstEnergy policies and procedures.

(g) Inter-Company billings hereunder shall be reconciled each month to assure that all expenses have been billed, and also in order to detect and correct over- or under-billings.

(h) The Internal Auditing Department shall periodically audit inter-Company transactions and billings hereunder. The audits shall also include an evaluation of the work order process in order to assure that transactions and charges have been properly authorized, calculated, allocated, if applicable, invoiced, recorded, paid and tracked.

(i) The supporting records and details related to all inter-company billings, including direct charges and allocated charges, and applicable allocation methods (in order to enable testing with respect to cost allocations to and from affiliates), will be retained for auditing purposes in accordance with applicable law and regulation.

6. **WAIVER**. To the extent that the Goods and Services are furnished at cost, or cost less depreciation, if any pursuant to Section 4, and to facilitate the undertaking of this Agreement, each Company expressly waives any right it may have to recover from the other Companies for any losses, damages, penalties, liabilities, claims or expenses (including damage to its own property or liabilities to third parties) for any cause whatsoever including without limitation the negligence of the other Companies, its employees and agents in connection with the provision of Goods and Services that are furnished at cost.

7. **TERMINATION**. This Amended and Restated Mutual Assistance Agreement shall be effective on the date of execution, or such later date as approved by the applicable regulatory authority, and will remain in effect until December 31, 2016. This initial term will be automatically extended for successive periods of one year unless any Party gives sixty days' notice of termination to the other Parties prior to the end of the calendar year then in effect. Unless otherwise agreed by the Parties, such termination shall not affect or excuse the performance of transactions entered into on behalf of either Party prior to notice of termination. This Agreement shall remain in effect until all Parties have fully performed their obligations under said transactions.

8. **MODIFICATION OR AMENDMENT**. No amendment, change or modification to this Amended and Restated Mutual Assistance Agreement shall be valid, unless made in writing and signed by the Parties hereto, and upon the receipt of any required regulatory approvals as described in Paragraph 9 below.

9. **REGULATORY APPROVALS; STATE LAW**. The provision of Goods or Services hereunder by, and for, any Operating Company hereto shall be subject to the receipt of any other regulatory approvals which may pertain to, or be necessary for, a particular Operating Company or transaction involving a particular Operating Company.. This Amended and Restated Mutual Assistance Agreement, and any amendments thereto, shall be subject to the approval of any state commission or other regulatory body whose approval is, by the laws of said jurisdiction, a legal prerequisite to an Operating Company's execution, delivery and/or performance of this Amended and Restated Mutual Assistance Agreement for any particular Operating Company hereunder, and any transactions hereunder shall be in compliance with applicable state laws and regulations.

10. **GOVERNING LAW**. For purposes of providing Goods or Services hereunder, in the case of each transaction hereunder, this Amended and Restated Mutual Assistance Agreement shall be governed by, and construed under, the laws of the state in which are located the principal offices of the Company providing the Goods or Services hereunder, without regard to its conflict of laws provisions.

11. **ASSIGNMENT**. This Amended and Restated Mutual Assistance Agreement shall inure to the benefit and shall be binding upon the undersigned parties and their respective successors and assigns. No assignment of this Amended and Restated Mutual Assistance Agreement or of any Party's rights, interests or obligations hereunder, may be made without the other Parties' consent, which shall not be unreasonably withheld, delayed or conditioned.

12. **ENTIRE AGREEMENT**. This Amended and Restated Mutual Assistance Agreement together with its attachments, constitutes the entire understanding and agreement of the Parties with respect to its subject matter, and effective upon the execution of this Amended and Restated Mutual Assistance Agreement by the respective Parties hereof, any and all prior agreements, understandings or representations with respect to this subject matter are hereby terminated and canceled in their entirety and are of no further force and effect, except to the extent (a) the transactions thereunder have taken place prior to the effective date in which case such agreements will govern the terms of such transactions, and (b) the Existing FESC Service Agreement is considered an agreement with respect to this subject matter, it shall not be terminated. In the event of any conflict between the provisions of this Agreement and the Existing FESC Agreement, the provisions of the Existing FESC Agreement will control.

13. **SEVERABILITY**. If any provision of this Amended and Restated Mutual Assistance Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

IN WITNESS WHEREOF, the Parties have executed this Amended and Restated Mutual Assistance Agreement on of the date first above written:

JERSEY CENTRAL POWER & LIGHT COMPANY

By: ______________________
James V. Fakult
President

[Remainder of this page intentionally left blank.]

METROPOLITAN EDISON COMPANY
PENNSYLVANIA ELECTRIC COMPANY
PENNSLVANIA POWER COMPANY
OHIO EDISON COMPANY
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
THE TOLEDO EDISON COMPANY
WEST PENN POWER COMPANY
MONONGAHELA POWER COMPANY
THE POTOMAC EDISON COMPANY
MID-ATLANTIC INTERSTATE TRANSMISSION, LLC
TRANS-ALLEGHENY INTERSTATE LINE COMPANY
FIRSTENERGY TRANSMISSION, LLC
AMERICAN TRANSMISSION SYSTEMS, INCORPORATED

By: Steven E Strah
Steven E. Strah
President

[Remainder of this page intentionally left blank.]

GPU NUCLEAR, INC.

By: ______________________________
Steven R. Staub
Vice President and Treasurer

[Remainder of this page intentionally left blank.]

FIRSTENERGY SERVICE COMPANY

By: James F. Pearson

James F. Pearson
Executive Vice President and Chief Financial Officer

[Remainder of this page intentionally left blank.]

FIRSTENERGY NUCLEAR OPERATING COMPANY

By: ______________________
Jason L. Lisowski
Controller and Treasurer

[Remainder of this page intentionally left blank.]

FIRSTENERGY PROPERTIES, INC.

By: James F. Pearson
James F. Pearson
President and Chief Financial Officer

[Remainder of this page intentionally left blank.]

BAY SHORE POWER COMPANY

By: James F. Pearson
James F. Pearson
Executive Vice President and Chief Financial Officer

[Remainder of this page intentionally left blank.]

FIRSTENERGY GENERATION LLC

By: ______________________________
Jason J. Lisowski
Controller and Treasurer

ATTACHMENT I

SERVICES

As used herein "***Services***" refers to the following list of services, which a Company may request, or, upon the request of another Company, may furnish to such other Company:

Product or Service	Product / Service Description	Indirect Allocation Methods
Engineering, Operating, Maintenance and Management Services	Design, engineering, commission, construction, operation, restoration, corrective and preventative maintenance, repair, testing and nonpower services incidental to transmission and distribution facilities (including substation and line maintenance), generation facilities operations and maintenance (including personnel to perform such services), and asset management services.	Multiple Factor - Utility Multiple Factor – Non-Utility Multiple Factor – Utility and Non-Utility Direct Charge Ratio
Engineering Support Services	Lab testing, research and development, engineering and support services for transmission and distribution, construction and maintenance facilities, functions and activities.	Multiple Factor - Utility Multiple Factor – Non-Utility Multiple Factor – Utility and Non-Utility Direct Charge Ratio
Use of Space	Use or lease of office, warehouse, storage and other space or facilities, and associated warehousing and storage services.	Multiple Factor - Utility Multiple Factor – Non-Utility Multiple Factor – Utility Direct Charge Ratio
Regional Support Services	Utilize utility operations level experience to provide regional support related to utility operations functions including in connection with providing Engineering Services, Human Resource Services, Facilities Services, Regional Claim Services, Labor Contract Negotiation Services, Area Managers, and related utility operations' functions.	Multiple Factor - Utility Multiple Factor – Non-Utility Multiple Factor – Utility Direct Charge Ratio

Product or Service	Product / Service Description	Indirect Allocation Methods
Storm Support Services	Utilize utility operations level experience to provide storm support services including storm-related construction and reconstruction, operations and line restoration services to address storm-related conditions	Multiple Factor - Utility Multiple Factor – Non-Utility Multiple Factor – Utility Direct Charge Ratio
Environmental Services	Provide services and assistance related to identifying, managing and remediating environmental threats or risks.	Multiple Factor - Utility Multiple Factor – Non-Utility Multiple Factor – Utility Direct Charge Ratio
Communications/Software Services	Services include pagers, cell phones, computers, radios, I-Pads, laptops, software and hardware.	Multiple Factor – Utility Direct Charge Ratio
Meter Services	Provide services related to maintenance, operation, engineering, testing and repair of meters and related equipment.	Multiple Factor – Utility Direct Charge Ratio
Transportation and Garage Services	Provide services related to transportation maintenance practices and support.	Multiple Factor - Utility Multiple Factor – Non-Utility Multiple Factor – Utility Direct Charge Ratio
Forestry and Vegetation Management Services	Provide services related to forestry and vegetation management such as routine pruning, controlling or removing of vegetation as required to maintain line reliability, maintain access, make repairs, or restore service.	Multiple Factor - Utility Multiple Factor – Non-Utility Multiple Factor – Utility Direct Charge Ratio
Microfilming Services	Provide services related to microfilm storage and retrieval.	Multiple Factor – Utility Direct Charge Ratio
Records Retention and Storage	Provide services related to records storage, records retrieval, records retention and records planning.	Multiple Factor – Utility Direct Charge Ratio
Reprographics Services	Provide services related to production printing, document imaging and graphic services.	Multiple Factor – Utility Direct Charge Ratio

Product or Service	Product / Service Description	Indirect Allocation Methods
Remittance Processing	Provide services related to processing customer payments and depositing funds.	Number of Payments Ratio
Transmission and Distribution Skills Training	Develop and facilitate technical and safety training for workers associated with distribution activities, including line, substation, meter, fleet, warehouse, field engineering, and dispatch. Provide support through equipment evaluation, training analyses, job assessments, and project coordination.	Number of Participating Employees – General

ATTACHMENT II

List of FirstEnergy Service Company Allocation Methods as approved by the Securities and Exchange Commission as of as of June 1, 2003.

METHODS OF ALLOCATION

1. Multiple Factor – All

   A. FirstEnergy will bear 5% of these Indirect Allocations. The remaining Indirect Allocations will be allocated among the Utility and the Non-Utility Subsidiaries based on FirstEnergy's equity investment in the respective groups.

   B. A subsequent allocation step will then occur. Among the Utility Subsidiaries, allocations will be based upon the "Multiple Factor - Utility" method. Among the Non-Utility Subsidiaries, allocations will be based upon the "Multiple Factor - NonUtility" method.

2. Multiple Factor – Utility

   Based on the sum of the weighted averages of the following factors:

   A. Gross transmission and/or distribution plant

   B. Operating and maintenance expense excluding purchased power and fuel costs

   C. Transmission and/or distribution revenues, excluding transactions with affiliates

   Each of the above factors will be weighted equally so that no one facet of the utility operations inordinately influences the distribution of costs

3. Multiple Factor - Non-Utility

   Based upon the total assets of each Non-Utility Subsidiary, including the generating assets under operating leases to the Utility Subsidiaries.

4. Multiple Factor - Utility and Non-Utility

   A. First assign a distribution ratio that is in proportion to the Indirect Costs based on FirstEnergy's equity investment in the respective groups.

   B. Among the Utility Subsidiaries, allocations will be based upon the "Multiple Factor - Utility" method. Among the Non-Utility Subsidiaries, allocations will be based upon the "Multiple Factor - Non-Utility" method.

5. Direct Charge Ratio

The ratio of direct charges for a particular product or service to an individual Subsidiary as a percentage of the total direct charges for a particular product or service to all Subsidiaries benefiting from such services. Indirect Costs are then allocated to each Subsidiary based on the calculated ratios.

6. Number of Customers Ratio

Based on the number of Utility distribution customers for the respective Utility Subsidiary receiving the product or service divided by the total number of Utility distribution customers.

7. Number of Shopping Customers Ratio

Based on the number of shopping customers for the respective Utility Subsidiary receiving the product or service divided by the total number of shopping customers.

8. Number of Participating Employees – General

Based on the number of participating employees for the respective Subsidiary receiving the product or service divided by the total number of participating employees.

9. Number of Participating Employees - Utility and Non-Utility

A. First assign a distribution ratio that is in proportion to the Indirect Costs based on FirstEnergy's equity investment in the respective groups.

B. Costs are further allocated by using the number of participating employees for the respective Subsidiary divided by the total number of participating FirstEnergy employees.

10. Gigabytes Used Ratio

Based on the number of gigabytes utilized by a Subsidiary receiving the product or service divided by the total number of gigabytes used by the FirstEnergy system companies applicable to that respective product or service.

11. Number of Computer Workstations Ratio

Based on the number of computer workstations utilized by a Subsidiary receiving the product or service divided by the total number of computer workstations in use by the FirstEnergy system companies applicable to that respective product or service.

12. Number of Billing Inserts Ratio

Based on the number of billing inserts performed for a Subsidiary receiving the product or service divided by the total number of billing inserts performed for the FirstEnergy system companies applicable to that respective product or service.

13. Number of Invoices Ratio

Based on the number of invoices processed for a Subsidiary receiving the product or service divided by the total number of invoices processed for the FirstEnergy system companies applicable to that respective product or service.

14. Number of Payments Ratio

Based on the number of monthly payments processed for a Subsidiary divided by the total monthly number of payments processed for the FirstEnergy system companies applicable to that respective product or service.

15. Daily Print Volume

Based on the average daily print volume performed for a Subsidiary receiving the service divided by the total average daily print volume performed for the entire FirstEnergy system.

16. Number of Intel Servers

Based on the number of Intel servers utilized by a Subsidiary receiving the product or service divided by the total number of Intel servers utilized by the FirstEnergy system.

17. Application Development Ratio

Based on the number of application development hours budgeted for a Subsidiary receiving the service divided by the total number of budgeted application development hours for the year.

18. Server Support Composite

Based on the average ratio of UNIX gigabytes, SAP gigabytes and Intel number of servers for a Subsidiary receiving the service.

Exhibit No. 9

SECOND REVISED, AMENDED AND RESTATED MUTUAL ASSISTANCE AGREEMENT

This Second, Revised, Amended and Restated Mutual Assistance Agreement ("***Mutual Assistance Agreement***" or "***Agreement***") is entered into as of the ___ day of ______, 20__, by and among the companies listed on the signature page hereto (each a "***Company***" and collectively the "***Companies***").

WHEREAS, each Company is a subsidiary of FirstEnergy Corp. ("***FirstEnergy***");

WHEREAS, FirstEnergy Service Company ("***Service Company***") provides corporate, administrative, management and other services within the FirstEnergy holding company system under Service Company agreements;

WHEREAS, from time to time, the Companies may request and/or may require non-power goods and services from one or more of their affiliated companies (individually, "***Affiliate***" and collectively, "***Affiliates***") within the FirstEnergy holding company system; and

WHEREAS, from time to time various opportunities arise for the Companies to effect economies of scale and better utilization of available resources through transfers of a broader range of goods and services by, between and among the Companies, such that the Companies desire to enter into this Mutual Assistance Agreement, which supersedes any other agreements that may have existed between the parties hereto related to the matters covered by this Mutual Assistance Agreement, as applicable, for providing goods and services between them;

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. DESCRIPTION AND PROVISION OF SERVICES.

(A) SERVICES.

As used herein, "***Services***" refers to the list of services set forth in Attachment I hereto, as will be reviewed annually and updated as required by law or when otherwise deemed appropriate by the parties hereto.

(B) GOODS.

As used herein, "***Goods***" refers to goods incidental to the Services, electric transmission, distribution, office, administrative and general plant materials, supplies and equipment not "in place" or "installed". As contemplated hereunder, transactions in Goods may be, but need not be, incidental to the provision of Services.

(C) **REQUESTS FOR GOODS AND SERVICES**.

From time to time each Company, in its sole discretion, may determine, request or, upon the request of another Company, furnish to such other Company, upon the terms and conditions set forth herein, one or more of the Goods and Services (including, in the case of Goods, those which at the time are inadequate, obsolete, unfit, or unnecessary or unadapted for use in the operations of the Company to which such request is made).

2. **PRICING**.

(a) All transactions carried out pursuant hereto shall be affected as follows:

(i) if a regulated Company furnishes Goods or Services to a regulated Affiliate, then such furnishing Company shall be paid for such Goods or Services at cost in the case of the performance of Services (including all applicable direct and indirect costs of the furnishing Company), or cost less accumulated depreciation in the case of the sale of Goods (including all applicable direct and indirect costs of the furnishing Company);

(ii) if a regulated Company furnishes Goods or Services to Service Company, the Company shall be paid for such Goods or Services at the higher of (A) cost in the case of the performance of Services (including all applicable direct and indirect costs of the furnishing Company), or cost less depreciation in the case of the sale of Goods (including all applicable direct and indirect costs of the furnishing Company) or (B) the price at arm's length for similar goods and services in the markets in which such goods and services are being provided ("***Market Price***"); and

(iii) (A) if a regulated Company furnishes Goods or Services to a non-regulated Affiliate, then the furnishing Company shall be paid for such Goods or Services at a price that is the higher of cost or Market Price; or (B) if a non-regulated Company furnishes Goods or Services to a regulated Company, then the furnishing Company shall be paid for such Goods or Services at a price that is, in the case of Goods, the lesser of cost less accumulated depreciation or Market Price, and, in the case of Services not made generally available to the public by the non-regulated Company, the lesser of fully allocated cost and Market Price.

(b) Costs include, as applicable, wages and salaries of employees and related fringe benefit expenses (such as health care, life insurance, payroll taxes, pensions, and other employee welfare expenses), equipment, tooling, materials, subcontract costs, overheads, cost of capital, and taxes.

3. **BILLING, PAYMENT, AND ACCOUNTING**.

(a) Costs are accumulated within the Companies' integrated accounting system related to the Services and Goods provided hereunder in order to support the inter-company billing, which shall be performed monthly by Service Company. Details supporting each transaction are contained within the integrated accounting system, in accordance with applicable FirstEnergy procedures and processes, as amended from time to time, and supporting documentation shall be provided upon reasonable request of the Company to which Goods or Services were furnished.

(b) Direct charges to a Company shall be made so far as charges can be identified and related to the particular transactions involved without excessive effort or expense. Whenever possible, charges for Services rendered hereunder between the Companies, including personnel and non-personnel costs and expenses and related costs and expenses that relate to a particular requesting Company, shall be billed by the providing Company directly to such requesting Company. For those charges that cannot be direct billed either because the Services giving rise to those charges are provided to, or on behalf of, more than one recipient Company or the charges themselves are not easily susceptible to precise identification with a particular or specific transaction, the providing Company shall allocate such costs in accordance with an allocation method recommended and provided by Service Company from among its approved allocation methods, as such methods may be amended from time to time as required by law or when otherwise deemed appropriate by the parties to the Service Company agreements.

(c) To the extent a Company is required to pay cost for Goods or Services, as provided in Section 2 of this Agreement, such costs:

(i) shall not exceed a fair and equitable allocation of expenses (including the price paid for goods) plus reasonable compensation for necessary capital procured through the issuance of capital stock (or similar securities);

(ii) for Services rendered by a providing Company, shall be determined and calculated based upon the time records of employees, and records of related expenses, including out-of-pocket expenses that are billed at cost;

(iii) may include taxes, interest, other overhead, and compensation for the use of capital procured by the issuance of capital stock (or similar securities), which shall be fairly and equitably allocated. Interest on borrowed capital and compensation for the use of capital shall represent a reasonable return on only the amount of capital reasonably necessary for the performance of services or construction for, or the selling of goods to, customers for whom transactions are performed at cost. Such amount shall not include the cost of assignment of, or any capitalization of, any service, sales, or construction contract; and

(iv) shall not include any expense (including the price paid for goods) incurred in a transaction with an affiliated Company of the providing Company, to the extent that it exceeds the cost of such transaction to such affiliated Company.

(d) Billing and payment for Goods and Services provided shall be by making appropriate accounting entries on the books of the affected Companies. Financial settlement for Goods and Services provided will be made on a monthly basis, with billing to occur as soon as practicable after the close of the month, and financial settlement or accounting entries completed within thirty (30) days of billing. Any amount remaining unpaid by a Company after thirty (30) days following billing shall bear interest thereon from the due date of billing until financial settlement at a rate equal to the prime rate on the due date.

(e) FirstEnergy's Internal Auditing Department shall periodically audit inter-Company transactions and billings hereunder. The audits shall also include an evaluation of the work order process in order to assure that transactions and charges have been properly authorized, calculated, allocated (if applicable), invoiced, recorded, paid and tracked.

(f) The supporting records and details related to all inter-company billings, including direct charges and allocated charges, and applicable allocation methods (in order to enable testing with respect to cost allocations to and from affiliates), will be retained for auditing purposes in accordance with applicable law and regulation.

4. WAIVER.

To the extent that the Goods and Services are furnished at cost, or cost less depreciation, if any pursuant to Section 2, and to facilitate the undertaking of this Mutual Assistance Agreement, each Company expressly waives any right it may have to recover from the other Companies for any losses, damages, penalties, liabilities, claims or expenses (including damage to its own property or liabilities to third parties) for any cause whatsoever including without limitation the negligence of the other Companies, its employees and agents in connection with the provision of Goods and Services that are furnished at cost.

5. TERM AND TERMINATION.

(A) INITIAL TERM.

This Agreement shall commence as of the date first indicated above and shall continue thereafter for a period of five (5) years (the "***Initial Term***"), unless sooner terminated pursuant to this Section 5.

(B) RENEWAL TERM.

Upon expiration of the Initial Term, this Agreement shall automatically renew for successive five (5)-year terms unless either party provides written notice of nonrenewal no later than three hundred and sixty-five (365) days prior to the end of the then-current term (each a "***Renewal Term***" and together with the Initial Term, the "***Term***"). If the Term is renewed for one or more Renewal Term, the terms and conditions of this Agreement during each Renewal Term shall be the same as the terms and conditions in effect immediately prior to such renewal. If either party provides timely notice of nonrenewal, this Agreement shall terminate on the expiration of the then-current Term, unless sooner terminated pursuant to this Section 5.

(C) VOLUNTARY TERMINATION.

Any party to this Agreement may withdraw from this Agreement, and this Agreement shall be terminated with respect to such party, by providing one hundred eighty (180) days written notice of such termination to the other parties.

(D) AUTOMATIC TERMINATION OF A PARTY.

A Company shall automatically withdraw from this Agreement, and this Agreement shall be terminated with respect to such party upon a Company (i) ceasing to be an Affiliate; (ii) becoming insolvent or admitting its inability to pay its debt obligations as they come due; (iii) becoming subject, voluntarily or involuntarily, to any proceeding under any bankruptcy or insolvency law, which is not stayed within ten (10) business days or is not dismissed or vacated within thirty (30) business days after filing; (iv) being dissolved or liquidated or taking any corporate action for such purpose; (v) making a general assignment for the benefit of creditors; or (vi) having a receiver, trustee, custodian, or similar agent appointed by order of any court of competent jurisdiction to take charge of or sell any material portion of its property or business. In the event of a termination of a party to this Agreement pursuant to this Section 5(E), there shall be a transition period not to exceed ninety (90) days for which the providing Company will continue to provide Goods and Services at cost to its Affiliates.

6. NOTICE.

Where written notice is required by this Mutual Assistance Agreement, all notices, consents, certificates, or other communications hereunder shall be in writing and shall be deemed given to the persons and at the addresses identified on the signature pages (or to such other person and address as a party may give in a notice given in accordance with the provisions hereof) only as follows: (i) if given by personal delivery, upon such personal delivery, (ii) if sent for next day delivery by United States registered, certified or express mail, or overnight delivery service, on the date of delivery as confirmed by written confirmation of delivery, or (iii) if sent by electronic mail, upon electronic confirmation of receipt, except that if such confirmation occurs on a day that is not a business day, then such notice or other communication will not be deemed effective or given until the next succeeding business day. Notices sent in any other manner will not be effective.

7. MODIFICATION OR AMENDMENT.

No amendment, change or modification to this Mutual Assistance Agreement shall be valid unless made in writing and signed by the parties hereto, and upon the receipt of any required regulatory approvals as described in Section 8 below. This Agreement is subject to modification at any time to the extent its performance may conflict with any rule, regulation, requirement, or order of the state or federal electric utility regulatory commission with jurisdiction over a Company.

8. <u>REGULATORY APPROVALS, STATE LAW</u>.

This Agreement, and any amendments thereto, shall be subject to the approval of any state electric utility regulatory commission whose approval is, by the laws of the federal government or said state, a legal prerequisite to the execution and delivery or the performance of this Agreement; and any transactions hereunder shall be in compliance with applicable state laws and regulations.

9. <u>GOVERNING LAW</u>.

For purposes of providing Goods or Services hereunder, in the case of each transaction hereunder, this Mutual Assistance Agreement shall be governed by, and construed under, the laws of the state in which the principal offices of the Company providing the Goods or Services hereunder are located, without regard to its conflict of laws provisions.

10. <u>ASSIGNMENT</u>.

This Mutual Assistance Agreement shall inure to the benefit and shall be binding upon the undersigned parties and their respective successors and assigns. No assignment of this Agreement or of any party's rights, interests or obligations hereunder, may be made without the other parties' consent, which shall not be unreasonably withheld, delayed or conditioned.

11. <u>ENTIRE AGREEMENT</u>.

This Agreement, together with its exhibits, constitutes the entire understanding and agreement of the parties with respect to its subject matter, and effective upon the execution of this Agreement by the respective parties hereof, any and all prior agreements, understandings or representations with respect to this subject matter are hereby terminated and canceled in their entirety and are of no further force and effect, except to the extent transactions thereunder have taken place prior to such effective date, in which case such agreements will govern the terms of such transactions.

12. <u>LEGAL RESPONSIBILITY</u>.

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.

13. <u>HEADINGS</u>.

The headings contained in this Mutual Assistance Agreement are inserted for convenience only and will not affect in any way the meaning or interpretation of this Mutual Assistance Agreement.

14. <u>SEVERABILITY</u>.

The provisions of this Mutual Assistance Agreement will be deemed severable, and the invalidity or unenforceability of any provision will not affect the validity or enforceability of the other provisions hereof.

15. <u>COUNTERPARTS</u>.

This Agreement may be executed in two or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument. This Agreement will become effective when one or more counterparts have been signed by each party and delivered to the other party, it being understood that the parties need not sign the same counterpart. The exchange of copies of this Agreement and of executed signature pages by electronic mail in "portable document format" (".pdf") or by a combination of such means, will constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of an original Agreement for all purposes. Signatures of the parties transmitted by electronic mail or by .pdf shall be deemed to be original signatures for all purposes.

16. <u>THIRD PARTY BENEFICIARIES</u>.

Nothing in this Mutual Assistance Agreement shall be deemed to create any right in any creditor or other person or entity not a party hereto. This Mutual Assistance Agreement shall not be construed in any respect to be a contract in whole or in part for the benefit of any third party.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed effective as of date first above written.

AMERICAN TRANSMISSION SYSTEMS, INCORPORATED	**By:** ______________________________ **Name:** ____________________________ **Title:** _____________________________ **Notice:**
ALLEGHENY ENERGY SUPPLY COMPANY, LLC	**By:** ______________________________ **Name:** ____________________________ **Title:** _____________________________ **Notice:**
FIRSTENERGY PENNSYLVANIA CORPORATION	**By:** ______________________________ **Name:** ____________________________ **Title:** _____________________________ **Notice:**
FIRSTENERGY PROPERTIES, INC.	**By:** ______________________________ **Name:** ____________________________ **Title:** _____________________________ **Notice:**

FIRSTENERGY SERVICE COMPANY	**By:** ______________________ **Name:** ______________________ **Title:** ______________________ **Notice:**
FIRSTENERGY TRANSMISSION, LLC	**By:** ______________________ **Name:** ______________________ **Title:** ______________________ **Notice:**
GPU NUCLEAR, INC.	**By:** ______________________ **Name:** ______________________ **Title:** ______________________ **Notice:**
JERSEY CENTRAL POWER & LIGHT COMPANY	**By:** ______________________ **Name:** ______________________ **Title:** ______________________ **Notice:**
KEYSTONE APPALACHIAN TRANSMISSION COMPANY	**By:** ______________________ **Name:** ______________________ **Title:** ______________________ **Notice:**

MID-ATLANTIC INTERSTATE TRANSMISSION, LLC	**By:** __________________________ **Name:** ________________________ **Title:** _________________________ **Notice:**
MONONGAHELA POWER COMPANY	**By:** __________________________ **Name:** ________________________ **Title:** _________________________ **Notice:**
OHIO EDISON COMPANY	**By:** __________________________ **Name:** ________________________ **Title:** _________________________ **Notice:**
SUVON, LLC	**By:** __________________________ **Name:** ________________________ **Title:** _________________________ **Notice:**
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY	**By:** __________________________ **Name:** ________________________ **Title:** _________________________ **Notice:**

THE POTOMAC EDISON COMPANY

By: ______________________________
Name: ______________________________
Title: ______________________________

Notice:

THE TOLEDO EDISON COMPANY

By: ______________________________
Name: ______________________________
Title: ______________________________

Notice:

TRANS-ALLEGHENY INTERSTATE LINE COMPANY

By: ______________________________
Name: ______________________________
Title: ______________________________

Notice:

ATTACHMENT I

DESCRIPTION OF SERVICES

Service	Description
Engineering, Operating Maintenance and Management Services	Design, engineering, commission, construction, operation, restoration, corrective and preventative maintenance, repair, testing and nonpower services incidental to transmission and distribution facilities (including substation and line maintenance), generation facilities operations and maintenance (including personnel to perform such services), and asset management services.
Engineering Support Services	Lab testing, research and development, engineering and support services for transmission and support services for transmission and distribution, construction and maintenance facilities, functions, and activities.
Use of Space	Use or lease of office, warehouse, storage and other space or facilities, and associated warehousing and storage services.
Regional Support Services	Utilize utility operations level experience to provide regional support related to utility operations functions including in connection with providing Engineering Services, Human Resources Services, Facilities Services, Regional Claims Services, Labor Contract Negotiations Services, Area Managers, and related utility operations functions.
Storm Support Services	Utilize utility operations level experience to provide storm support services including storm-related construction and reconstruction, operations, and line restoration services to address storm-related conditions.
Environmental Services	Provide services and assistance related to identifying, managing, and remediating environmental threats or risks.
Safety & Human Performance	Advising and implementation of safety related training, practices, and policies.
Communications/Software Services	Services include pagers, cell phones, computers, radios, IPads, laptops, software, and hardware.

Service	**Description**
Meter Services	Provide services related to maintenance, operation, engineering, testing, and repair of meters and related equipment.
Transportation and Garage Services	Provide services related to transportation maintenance practices and support.
Forestry and Vegetation Management Services	Provide services related to forestry and vegetation management such as routine pruning, controlling, or removing of vegetation as required to maintain line reliability, maintain access, make repairs, or restore service.
Microfilming Services	Provide services related to microfilm storage and retrieval.
Records Retention and Storage	Provide services related to records storage, retrieval, and planning.
Reprographic Services	Provide services related to production printing, document imaging, and graphic services.
Remittance Processing	Provide services related to processing customer payments and depositing funds.
Transmission and Distribution Skills Training	Develop and facilitate technical and safety training for workers associated with distribution activities, including line, substation, meter, fleet, warehouse, field engineering, and dispatch. Provide support through equipment evaluation, training analyses, job assessments, and project coordination.

Exhibit No. 10

~~EXHIBIT A~~

Mutual Assistance Agreement

SECOND REVISED~~-~~, AMENDED AND RESTATED MUTUAL ASSISTANCE AGREEMENT

~~THIS REVISED AMENDED AND RESTATED MUTUAL ASSISTANCE AGREEMENT, dated as of , 2012, between and among JERSEY CENTRAL POWER & LIGHT COMPANY *("JCP&L")*, METROPOLITAN EDISON COMPANY *("Met-Ed")*, PENNSYLVANIA ELECTRIC COMPANY *("Penelec")*, PENNSYLVANIA POWER COMPANY *("Penn Power")*, OHIO EDISON COMPANY *("Ohio Ed")*, THE CLEVELAND ELECTRIC ILLUMINATING COMPANY *("CEI")*, THE TOLEDO EDISON COMPANY *("Toledo Ed")*, FIRSTENERGY SERVICE COMPANY *("FESC")*, GPU NUCLEAR, INC.[1] *("GPUN")*, FIRSTENERGY NUCLEAR OPERATING COMPANY *("FENOC")*, AMERICAN TRANSMISSION SYSTEMS, INCORPORATED ("ATSI"), FIRSTENERGY PROPERTIES, INC. *("FE Properties")*, BAY SHORE POWER COMPANY *("Bay Shore")*, FIRSTENERGY GENERATION, LLC *("GenCo")*, WEST PENN POWER COMPANY *("West Penn")*, MONONGAHELA POWER COMPANY *("Mon Power")*, THE POTOMAC EDISON COMPANY *("Potomac Ed")*, ALLEGHENY ENERGY SERVICE CORPORATION *("AESC')*, TRANS-ALLEGHENY INTERSTATE LINE COMPANY *("TrAILCo")* AND FIRSTENERGY TRANSMISSION, LLC, and its subsidiaries *("FirstEnemy Transmission")* (each individually a *"Company"* or a "Party" and collectively the *"Companies"* or "Parties"), each a subsidiary of FirstEnergy Corp. *("FirstEnergp")*, a public utility holding company under the Public Utility Holding Company Act of 2005 (the *"PUHCA 2005")*, and their subsidiaries.~~

~~RECITALS~~

~~WHEREAS, on October 1, 1982, the Pennsylvania Public Utility Commission *("PaPUC'* or "Commission") at Docket No, G-820167 approved pursuant to the then Section 701.1 of the Pennsylvania Public Utility Law — now Section 2102 of the Pennsylvania Public Utility Code an agreement between Met-Ed and Penelec with respect to the exchange of services and goods by and between them and their affiliated companies such as, by way of example: (a) design, engineering, construction, operation, maintenance and fuel procurement for coal-fired generating stations; (b) other fossil fuel generation services; (c) lab testing, research and development, engineering and support services for generation, transmission and distribution, construction and maintenance; (d) microfilming; (e) records retention and storage; and (f) goods incidental to such services (the *"1982 Agreement");* and~~

~~WHEREAS, on December 17, 1993, the PaPUC at Docket No. G-00930355 approved, as a supplement to the 1982 Agreement, an agreement between Met-Ed, Penelec, JCP&L, GPU Service Corporation *("GPUS")* and GPU Nuclear Corporation (collectively Met-Ed, Penelec, JCP&L, OPUS and GPU Nuclear Corporation are referred to as the *"GPU Companies")* pursuant to Section 2102 of the Pennsylvania Public Utility Code, 66 Pa.C.S. § 2102, with respect to the exchange of services and goods by and between them such as: (a) reprographics services; (b) restoration, maintenance and repair services for generation, transmission and distribution facilities; (c) remittance processing services; (d) treasury services; (e) accounts~~

~~[1] GPU Nuclear Corporation was renamed GPU Nuclear, Inc. in 1996.~~

~~payable services; (f) use of office, warehouse, storage and other space or facilities; (g) data processing and other computer services; (h) legal services; and (i) goods, including, electric generation, other production, transmission, distribution, office, administrative and general plant materials, supplies and equipment not "in place" or "installed" (the *"1993 MAA")*; and~~

~~WHEREAS, as a result of the FirstEnergy/GPU merger in November 2001 (the *"FirstEnergy/GPU Merger")*, FirstEnergy became a registered holding company under the Public Utility Holding Company Act of 1935 and FESC was formed to replace GPUS as the primary provider of various corporate, managerial and administrative support services within the FirstEnergy holding company system, and the PaPUC on February 4, 2003, in Docket No. G-00020987 approved Met-Ed, Penelec and Penn Power entering into a new service agreement with FESC (the *"Existing FESC Service Agreement")*, which is not altered, modified or changed by this Amended and Restated Mutual Assistance Agreement; and~~

~~WHEREAS, as a result of the FirstEnergy/GPU Merger, FESC provides services within the FirstEnergy holding company system under the Existing FESC Service Agreement that include the following services (or the management of such services): executive services, accounting and finance, internal auditing, various treasury functions, risk management, human resources, corporate affairs, government affairs, environmental, corporate communications, operations management, supply chain, information technology, construction, maintenance, customer service, regulated commodity sourcing, FERC policy and compliance, energy efficiency, corporate real estate, records management, asset oversight, strategic planning and operations, rates and regulatory affairs, flight operations, performance management, business development, investment management and legal services; and~~

~~WHEREAS, as a result of the FirstEnergy/GPU Merger, Ohio Ed, CEI, Toledo Ed and Penn Power became affiliates of Met-Ed and Penelec in the same relationship, as affiliated operating companies within the FirstEnergy holding company system, that Met-Ed, Penelec and JCP&L theretofore had with each other within the GPU holding company system as public utility companies engaged in the transmission, distribution and sale of electricity to and for the public in their respective service territories; and~~

~~WHEREAS, as a result of the merger of Allegheny Energy, Inc. ("Allegheny") and a subsidiary of FirstEnergy on February 25, 2011 (the *"FirstEnergy/Allegheny Merger")*, West Penn, Mon Power, Potomac Ed, and the Trans-Interstate Allegheny Line Company also became affiliated operating companies in the same relationship as other affiliated operating companies within the FirstEnergy holding system (collectively, Ohio Ed, CEI, Toledo Ed, Penn Power, JCP&L, Met-Ed, Penelec, West Penn, Mon Power, Potomac Ed, ATSI and TrAILCo are referred to herein as the *"Operating Companies")*; and~~

This Second, Revised, Amended and Restated Mutual Assistance Agreement ("***Mutual Assistance Agreement***" or "***Agreement***") is entered into as of the ___ day of, 20__, by and among the companies listed on the signature page hereto (each a "***Company***" and collectively the "***Companies***").

WHEREAS, each Company is a subsidiary of FirstEnergy Corp. ("***FirstEnergy***");

WHEREAS, FirstEnergy Service Company ("***Service Company***") provides corporate, administrative, management and other services within the FirstEnergy holding company system under Service Company agreements;

WHEREAS, from time to time, the ~~Operating~~ Companies may request and/or may require non-power goods and services from one or more of ~~the other Operating Companies or from AESC~~their affiliated companies (individually, "***Affiliate***" and collectively, "***Affiliates***") within the FirstEnergy holding company system; and

~~WHEREAS, from time to time, GPUN, FESC, and FirstEnergy Transmission may request and/or may require goods and services from the Operating Companies and, to the degree not addressed in another agreement, GPUN and FirstEnergy Transmission may provide non-power goods and services to the Operating Companies; and~~

~~WHEREAS, in light of changes outlined above and because~~ **WHEREAS,** from time to time various opportunities arise for the Companies to effect economies of scale and better utilization of available resources through transfers of a broader range of goods and services by, between and among the Companies, such that the Companies desire to enter into this ~~Amended and Restated~~ Mutual Assistance Agreement, which supersedes any other agreements that may have existed between the parties hereto related to the matters covered by this ~~Amended and Restated~~ Mutual Assistance Agreement, as applicable, for providing ~~mutual~~ goods and services ~~by and~~ between them~~.~~;

NOW, THEREFORE, the ~~Companies~~parties hereto, intending to be legally bound, hereby agree as follows:

1. DESCRIPTION AND PROVISION OF SERVICES.

~~1.~~(A) SERVICES.

As used herein~~-~~, "***Services***" refers to the list of services set forth in Attachment I hereto, as will be reviewed annually and updated as required by law or when otherwise deemed appropriate by the parties hereto.~~Additional services sought to be included within this Amended and Restated Mutual Assistance Agreement will first be filed with the PaPUC for Commission review.~~

~~2.~~(B) GOODS.

As used herein~~-~~, "***Goods***" refers to goods incidental to the Services, electric transmission, distribution, office, administrative and general plant materials, supplies and equipment not "in place" or "installed~~."~~". As contemplated hereunder, transactions in Goods may be, but need not be, incidental to the provision of Services.

~~3.~~(C) REQUESTS FOR GOODS AND SERVICES.

From time to time~~,~~ each Company, in its sole discretion~~,~~, may determine, ~~may~~ request~~,~~ or, upon the request of another Company, ~~may~~ furnish to such other Company, upon the terms and conditions set forth herein, one or more of the Goods ~~or~~ and Services (including, in the case of Goods, those which at the time are inadequate, obsolete, unfit, or unnecessary or unadapted for use in the operations of the Company to which such request is made).

~~4~~2. **PRICING**.

(a) All transactions carried out pursuant hereto shall be ~~effected~~ affected as follows:

(i) if ~~an Operating~~ a regulated Company ~~or AESC~~ furnishes Goods or Services to ~~an Operating Company or AESC (as applicable)~~a regulated Affiliate, then such furnishing Company shall be paid for such Goods or Services at cost in the case of the performance of Services (including all applicable direct and indirect costs of the furnishing Company), or cost less accumulated depreciation in the case of the sale of Goods (including all applicable direct and indirect costs of the furnishing Company);

(ii) if ~~an Operating~~ a regulated Company ~~or AESC~~ furnishes Goods or Services to ~~FESC or AESC (as applicable)~~Service Company, the ~~Operating~~ Company shall be paid for such Goods or Services at the higher of (A) cost in the case of the performance of Services (including all applicable direct and indirect costs of the furnishing Company), or cost less depreciation in the case of the sale of Goods (including all applicable direct and indirect costs of the furnishing Company) or (B) ~~market price~~the price at arm's length for similar goods and services in the markets in which such goods and services are being provided ("***Market Price***"); and

(iii) (A) if ~~an Operating~~ a regulated Company ~~or AESC (as applicable)~~ furnishes Goods or Services to ~~GPUN, FENOC, FE Properties, Bay Shore or GenCo~~a non-regulated Affiliate, then the furnishing Company shall be paid for such Goods or Services at a price that is the higher of cost or ~~market price~~Market Price; or (B) if ~~GPUN, FENOC, FE Properties, Bay Shore or GenCo~~ a non-regulated Company furnishes Goods or Services to ~~an Operating~~ a regulated Company~~ or AESC~~, then the furnishing Company shall be paid for such Goods or Services at a price that is~~ no higher than market price~~, in the case of Goods, the lesser of cost less accumulated depreciation or Market Price, and, in the case of Services not made generally available to the public by the non-regulated Company, the lesser of fully allocated cost and Market Price.

(b) Costs include, as applicable, wages and salaries of employees and related fringe benefit expenses (such as health care, life insurance, payroll taxes, pensions~~,~~, and other employee welfare expenses), equipment, tooling, materials, subcontract costs, overheads, cost of capital, and taxes.

~~5~~3. **BILLING, PAYMENT~~,~~, AND ACCOUNTING**.

(a) Costs are accumulated within the Companies' integrated accounting system related to the Services and Goods provided hereunder in order to support the inter-company billing, which shall be performed monthly by Service Company. Details supporting each transaction are contained within the integrated accounting system, in accordance with applicable FirstEnergy procedures and processes, as amended from time to time, and supporting documentation shall be provided upon reasonable request of the Company to which Goods or Services were furnished.

(b) Direct charges to a Company shall be made so far as charges can be identified and related to the particular transactions involved without excessive effort or expense. Whenever possible, charges for Services rendered hereunder between the Companies, including personnel and non-personnel costs and expenses and related costs and expenses that relate to a particular requesting Company, shall be billed by the providing Company directly to such requesting Company. For those charges that cannot be direct billed either because the Services giving rise to those charges are provided to, or on behalf of, more than one recipient Company or the charges themselves are not easily susceptible to precise identification with a particular or specific transaction, the providing Company shall allocate such costs in accordance with an allocation method recommended and provided by ~~FESC~~ Service Company from among its approved allocation methods ~~(which is attached hereto as Attachment II)~~ , as such methods may be amended~~, modified or changed~~ from time to time as required by law or when otherwise deemed appropriate by the parties to the Service Company agreements.

(c) To the extent a Company is required to pay cost for Goods or Services, as provided in Section ~~4~~ 2 of this Agreement, such costs:

(i) shall not exceed a fair and equitable allocation of expenses (including the price paid for goods) plus reasonable compensation for necessary capital procured through the issuance of capital stock (or similar securities);

(ii) for Services rendered by a providing Company~~-~~, shall be determined and calculated based upon the time records of employees, and records of related expenses, including out-of-pocket expenses that are billed at cost;

(iii) may include taxes, interest, other overhead, and compensation for the use of capital procured by the issuance of capital stock (or similar securities), which shall be fairly and equitably allocated. Interest on borrowed capital and compensation for the use of capital shall represent a reasonable return on only the amount of capital reasonably necessary for the performance of services or construction for, or the selling of goods to, customers for whom transactions are performed at cost. Such amount shall not include the cost of assignment of, or any capitalization of, any service, sales, or construction contract; and

(iv) shall not include any expense (including the price paid for goods) incurred in a transaction with an affiliated Company of the providing Company, to the extent that it exceeds the cost of such transaction to such affiliated Company.

~~(d) Inter-Company billing is performed with the close of each month and will be payable within thirty days following such monthly closing. For the sale of Goods, asset transfer documentation is completed and the transaction is included in the monthly intercompany billing. The detailed records, related to the rendering of, and payment for,~~

~~the Goods or Services, supporting the inter-company bills are available within the integrated system, so that the receiving Company can reasonably determine the nature and extent of the Services or Goods provided by the providing Company, including the rates, hours and related cost elements applicable to such Service or Good.~~

(d) Billing and payment for Goods and Services provided shall be by making appropriate accounting entries on the books of the affected Companies. Financial settlement for Goods and Services provided will be made on a monthly basis, with billing to occur as soon as practicable after the close of the month, and financial settlement or accounting entries completed

~~(e) Payments shall be made by cash remittance from the receiving Company to the providing Company or by appropriate accounting transfer entries on the books of both Companies, which are reconciled daily, in accordance with applicable FirstEnergy policies and procedures.~~

~~(f)~~within thirty (30) days of billing. Any amount remaining unpaid by a Company after thirty (30) days following ~~receipt of the bill~~billing shall bear interest thereon from the ~~date of the bill until payment at such rate as would apply in accordance with applicable FirstEnergy policies and procedures.~~due date of billing until financial settlement at a rate equal to the prime rate on the due date.

~~(g) Inter-Company billings hereunder shall be reconciled each month to assure that all expenses have been billed, and also in order to detect and correct over- or under-billings.~~

~~(h)The~~ (e) FirstEnergy's Internal Auditing Department shall periodically audit inter-Company transactions and billings hereunder. The audits shall also include an evaluation of the work order process in order to assure that transactions and charges have been properly authorized, calculated, allocated~~,~~ (if applicable), invoiced, recorded, paid and tracked.

(~~i~~f) The supporting records and details related to all inter-company billings, including direct charges and allocated charges, and applicable allocation methods (in order to enable testing with respect to cost allocations to and from affiliates), will be retained for auditing purposes in accordance with applicable law and regulation.

~~6~~4. WAIVER.

To the extent that the Goods and Services are furnished at cost, or cost less depreciation, if any pursuant to Section ~~4~~2, and to facilitate the undertaking of this Mutual Assistance Agreement, each Company expressly waives any right it may have to recover from the other Companies for any losses, damages, penalties, liabilities, claims or expenses (including damage to its own property or liabilities to third parties) for any cause whatsoever including without limitation the negligence of the other Companies, its employees and agents in connection with the provision of Goods and Services that are furnished at cost.

~~7. TERMINATION. This Amended and Restated Mutual Assistance Agreement shall be effective on the date of execution, or such later date as approved by the applicable regulatory authority, and will remain in effect until December 31, 2013. This initial term will~~

~~be automatically extended for successive periods of one year unless any Party gives sixty days' notice of termination to the other Parties prior to the end of the calendar year then in effect. Unless otherwise agreed by the Parties, such termination shall not affect or excuse the performance of transactions entered into on behalf of either Party prior to notice of termination. This Agreement shall remain in effect until all Parties have fully performed their obligations under said transactions.~~

5. TERM AND TERMINATION.

(A) INITIAL TERM.

This Agreement shall commence as of the date first indicated above and shall continue thereafter for a period of five (5) years (the "***Initial Term***"), unless sooner terminated pursuant to this Section 5.

(B) RENEWAL TERM.

Upon expiration of the Initial Term, this Agreement shall automatically renew for successive five (5)-year terms unless either party provides written notice of nonrenewal no later than three hundred and sixty-five (365) days prior to the end of the then-current term (each a "***Renewal Term***" and together with the Initial Term, the "***Term***"). If the Term is renewed for one or more Renewal Term, the terms and conditions of this Agreement during each Renewal Term shall be the same as the terms and conditions in effect immediately prior to such renewal. If either party provides timely notice of nonrenewal, this Agreement shall terminate on the expiration of the then-current Term, unless sooner terminated pursuant to this Section 5.

(C) VOLUNTARY TERMINATION.

Any party to this Agreement may withdraw from this Agreement, and this Agreement shall be terminated with respect to such party, by providing one hundred eighty (180) days written notice of such termination to the other parties.

(D) AUTOMATIC TERMINATION OF A PARTY.

A Company shall automatically withdraw from this Agreement, and this Agreement shall be terminated with respect to such party upon a Company (i) ceasing to be an Affiliate; (ii) becoming insolvent or admitting its inability to pay its debt obligations as they come due; (iii)becoming subject, voluntarily or involuntarily, to any proceeding under any bankruptcy or insolvency law, which is not stayed within ten (10) business days or is not dismissed or vacated within thirty (30) business days after filing; (iv) being dissolved or liquidated or taking any corporate action for such purpose; (v) making a general assignment for the benefit of creditors; or (vi) having a receiver, trustee, custodian, or similar agent appointed by order of any court of competent jurisdiction to take charge of or sell any material portion of its property or business. In the event of a termination of a party to this Agreement pursuant to this Section 5(E), there shall be a transition period not to exceed ninety (90) days for which the providing Company will continue to provide Goods and Services at cost to its Affiliates.

6. NOTICE.

Where written notice is required by this Mutual Assistance Agreement, all notices, consents, certificates, or other communications hereunder shall be in writing and shall be deemed given to the persons and at the addresses identified on the signature pages (or to such other person and address as a party may give in a notice given in accordance with the provisions hereof) only as follows: (i) if given by personal delivery, upon such personal delivery, (ii) if sent for next day delivery by United States registered, certified or express mail, or overnight delivery service, on the date of delivery as confirmed by written confirmation of delivery, or (iii) if sent by electronic mail, upon electronic confirmation of receipt, except that if such confirmation occurs on a day that is not a business day, then such notice or other communication will not be deemed effective or given until the next succeeding business day. Notices sent in any other manner will not be effective.

~~8~~7. MODIFICATION OR AMENDMENT.

No amendment, change or modification to this ~~Amended and Restated~~ Mutual Assistance Agreement shall be valid~~,~~ unless made in writing and signed by the ~~Parties~~ parties hereto, and upon the receipt of any required regulatory approvals as described in ~~Paragraph 9 below.~~Section 8 below. This Agreement is subject to modification at any time to the extent its performance may conflict with any rule, regulation, requirement, or order of the state or federal electric utility regulatory commission with jurisdiction over a Company.

8. REGULATORY APPROVALS, STATE LAW.~~9.REGULATORY APPROVALS; STATE LAW.~~ ~~The provision of Goods or Services hereunder by, and for, any Operating Company hereto shall be subject to the receipt of any other regulatory approvals which may pertain to, or be necessary for, a particular Operating Company or transaction involving a particular Operating Company. In particular, and without limiting the generality of the foregoing, JCP&L shall not enter into transactions under this Amended and Restated Mutual Assistance Agreement for any management, advisory, construction or engineering service that in itself or in connection with another transaction relating to the same work, project, transaction or service involves JCP&L's expenditure of a sum exceeding $25,000.~~

This ~~Amended and Restated Mutual Assistance~~ Agreement, and any amendments thereto, shall be subject to the approval of any state electric utility regulatory commission ~~or other regulatory body~~ whose approval is, by the laws of the federal government or said ~~jurisdiction~~state, a legal prerequisite to ~~an Operating Company's~~ the execution~~,~~ and delivery ~~and/or~~ or the performance of this ~~Amended and Restated Mutual Assistance~~ Agreement ~~for any particular Operating Company hereunder,~~; and any transactions hereunder shall be in compliance with applicable state laws and regulations.

~~10~~9. GOVERNING LAW.

For purposes of providing Goods or Services hereunder, in the case of each transaction hereunder, this ~~Amended and Restated~~ Mutual Assistance Agreement shall be governed by, and construed under, the laws of the state in which ~~are located~~ the principal offices of the Company providing the Goods or Services hereunder are located, without regard to its conflict of laws provisions.

~~11~~10. ASSIGNMENT.

This ~~Amended and Restated~~ Mutual Assistance Agreement shall inure to the benefit and shall be binding upon the undersigned parties and their respective successors and assigns. No assignment of this ~~Amended and Restated Mutual Assistance~~ Agreement or of any ~~Party's~~ party's rights, interests or obligations hereunder, may be made without the other ~~Parties~~parties' consent, which shall not be unreasonably withheld, delayed or conditioned.

~~12~~11. ENTIRE AGREEMENT.

This ~~Amended and Restated Mutual Assistance~~ Agreement~~—~~, together with its ~~attachments~~exhibits, constitutes the entire understanding and agreement of the ~~Parties~~ parties with respect to its subject matter, and effective upon the execution of this ~~Amended and Restated Mutual Assistance~~ Agreement by the respective ~~Parties~~ parties hereof, any and all prior agreements, understandings or representations with respect to this subject matter are hereby terminated and canceled in their entirety and are of no further force and effect, except to the extent ~~(a) the~~ transactions thereunder have taken place prior to ~~the~~ such effective date~~-~~, in which case such agreements will govern the terms of such transactions~~, and **(b)** the Existing FESC Service Agreement is considered an agreement~~.

12. 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.

13. HEADINGS.

The headings contained in this Mutual Assistance Agreement are inserted for convenience only and will not affect in any way the meaning or interpretation of this Mutual Assistance Agreement.

14. SEVERABILITY.

The provisions of this Mutual Assistance Agreement will be deemed severable, and the invalidity or unenforceability of any provision will not affect the validity or enforceability of the other provisions hereof.

15. COUNTERPARTS.

This Agreement may be executed in two or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument. This Agreement will become effective when one or more counterparts have been signed by each party and delivered to the other party, it being understood that the parties need not sign the same counterpart. The exchange of copies of this Agreement and of executed signature pages by electronic mail in "portable document format" (".pdf") or by a combination of such means, will constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of an original Agreement for all purposes. Signatures of the parties transmitted by electronic mail or by .pdf shall be deemed to be original signatures for all purposes.

16. THIRD PARTY BENEFICIARIES.

Nothing in this Mutual Assistance Agreement shall be deemed to create any right in any creditor or other person or entity not a party hereto. This Mutual Assistance Agreement shall not be construed in any respect to be a contract in whole or in part for the benefit of any third party.

~~with respect to this subject matter, it shall not be terminated. In the event of any conflict between the provisions of this Agreement and the Existing FESC Agreement, the provisions of the Existing FESC Agreement will control.~~

~~13. SEVERABILITY. If any provision of this Amended and Restated Mutual Assistance Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired thereby.~~

IN WITNESS WHEREOF, the ~~Parties have executed this Amended and Restated Mutual Assistance Agreement on of the~~ parties have caused this Agreement to be duly executed effective as of date first above written~~:~~.

AMERICAN TRANSMISSION SYSTEMS, INCORPORATED

ALLEGHENY ENERGY SUPPLY COMPANY, LLC

FIRSTENERGY PENNSYLVANIA CORPORATION

FIRSTENERGY PROPERTIES, INC.

FIRSTENERGY SERVICE COMPANY

FIRSTENERGY TRANSMISSION, LLC By:

Name: Title:

Notice:

GPU NUCLEAR, INC.______________________ By:

Name: Title:

Notice:

JERSEY CENTRAL POWER & LIGHT COMPANY

~~By: _____________________________~~

~~METROPOLITAN EDISON COMPANY~~

KEYSTONE APPALACHIAN TRANSMISSION COMPANY

~~By: _____________________________~~

~~PENNSYLVANIA ELECTRIC COMPANY~~

~~By: ____________~~

~~PENNSYLVANIA POWER COMPANY~~

MID-ATLANTIC INTERSTATE TRANSMISSION, LLC **By:___**
Name:
Title:

Notice:

~~OHIO EDISON~~ **MONONGAHELA POWER COMPANY By:**
Name: Title:

Notice:

~~THE CLEVELAND ELECTRIC ILLUMINATING~~ **OHIO EDISON COMPANY** **By:**

~~THE TOLEDO EDISON COMPANY~~

SUVON, LLC **By:___**

~~GPU NUCLEAR, INC.~~
Name: Title:

Notice:

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY **By:___**
Name:
Title:

Notice:

~~FIRSTENERGY SERVICE~~ THE POTOMAC EDISON COMPANY By:
Name: Title:

Notice:

~~WEST PENN POWER~~ THE TOLEDO EDISON COMPANY By:

~~MONONGAHELA POWER COMPANY~~

Name: Title:

Notice:

TRANS-ALLEGHENY INTERSTATE By: __
~~THE POTOMAC EDISON~~ LINE COMPANY Name:

~~By:______________________________~~

~~ALLEGHENY ENERGY SERVICE COMPANY~~

~~By~~Title:

~~FIRSTENERGY TRANSMISSION, LLC,~~

~~By: ______________________________~~

~~FIRSTENERGY NUCLEAR OPERATING COMPANY~~

~~By: ______________________________~~

~~AMERICAN TRANSMISSION SYSTEMS, INCORPORATED~~

~~By:______________________________~~

~~FIRSTENERGY PROPERTIES, INC.~~

~~By:______________________________~~

~~BAY SHORE POWER COMPANY~~

~~By: ____________~~

~~FIRSTENERGY GENERATION CORP.~~

~~By: ______________________________~~

~~TRANS-ALLEGHENY INTERSTATE LINE COMPANY~~

~~By~~Notice:

ATTACHMENT I

DESCRIPTION OF SERVICES~~.~~

~~As used herein *"Services"* refers to the following list of services, which a Company may request, or, upon the request of another Company, may furnish to such other Company:~~

~~Product or~~ **Service**	~~Product / Service~~ **Description**	~~Indirect Allocation Methods~~
Engineering, Operating~~,~~ Maintenance and Management Services	Design, engineering, commission, construction, operation, restoration, ~~(~~corrective and preventative~~)~~ maintenance, repair, testing and ~~non- power~~ nonpower services incidental to transmission and distribution facilities (including substation and line maintenance), generation facilities operations and maintenance (including personnel to perform such services), and asset management services.	~~Multiple Factor - Utility~~ ~~Multiple Factor – Non-Utility~~ ~~Multiple Factor – Utility and Non-Utility~~ ~~Direct Charge Ratio~~
Engineering Support Services	Lab testing, research and development, engineering and support services for transmission and support services for transmission and distribution, construction and maintenance facilities, functions~~-~~, and activities.	~~Multiple Factor - Utility~~ ~~Multiple Factor – Non-Utility~~ ~~Multiple Factor – Utility and Non-Utility~~ ~~Direct Charge Ratio~~
Use of Space	Use or lease of office, warehouse, storage and other space or facilities, and associated warehousing and storage services.	~~Multiple Factor - Utility~~ ~~Multiple Factor – Non-Utility~~ ~~Multiple Factor – Utility~~ ~~Direct Charge Ratio~~
Regional Support Services	Utilize utility operations level experience to provide regional support related to utility operations functions including in connection with providing Engineering Services~~-~~, Human Resources Services, Facilities Services, Regional Claims	~~Multiple Factor - Utility~~ ~~Multiple Factor – Non-Utility~~ ~~Multiple Factor – Utility~~ ~~Direct Charge Ratio~~

	Services, Labor Contract Negotiations Services, Area Managers, and related utility operations~~'~~ functions~~;~~.	
Storm Support Services	Utilize utility operations level experience to provide storm support services including storm-related construction and reconstruction, operations~~-~~, and line restoration services to address ~~storm -~~storm-related conditions.	~~Multiple Factor - Utility Multiple Factor - Non-Utility~~ ~~Multiple Factor - Utility Direct Charge Ratio~~
Environmental Services	Provide services and assistance related to identifying, managing~~-~~, and remediating environmental threats or risks.	
Safety & Human Performance	Advising and implementation of safety related training, practices, and policies.	
~~Product or Service~~Communications/Software Services	~~Product I Service Description~~Services include pagers, cell phones, computers, radios, IPads, laptops, software, and hardware.	~~Indirect Allocation Methods~~
Meter ~~Testing~~ Services	Provide services related to maintenance, operation, engineering, testing~~-~~, and repair of meters and related equipment.	~~Multiple Factor - Utility Direct Charge Ratio~~
Transportation and Garage Services	Provide services related to transportation maintenance practices and support.	~~Multiple Factor - Utility Multiple Factor - Non-Utility Multiple Factor - Utility Direct Charge Ratio~~
Forestry and Vegetation Management Services	Provide services related to forestry and vegetation management such as routine pruning, controlling~~-~~, or removing of vegetation as required to maintain line reliability, maintain access, make repairs, or restore service.	~~Multiple Factor - Utility Multiple Factor - Non-Utility Multiple Factor - Utility Direct Charge Ratio~~
Microfilming Services	Provide services related to microfilm storage and retrieval.	~~Multiple Factor - Utility Direct Charge Ratio~~

Records Retention and Storage	Provide services related to records storage, ~~records~~ retrieval, ~~records retention~~ and ~~records~~ planning.	~~Multiple Factor – Utility Direct Charge Ratio~~
~~Reprographics~~ Reprographic Services	Provide services related to production printing, document imaging~~—~~, and graphic services.	~~Multiple Factor – Utility Direct Charge Ratio~~
Remittance Processing	Provide services related to processing customer payments and depositing funds.	~~Number of Payments Ratio~~
Transmission and Distribution Skills Training	Develop and facilitate technical and safety training for workers associated with distribution activities, including line, substation, meter, fleet, warehouse, field engineering, and dispatch. Provide support through equipment evaluation, training analyses, job assessments, and project coordination.	~~Number of Participating Employees – General~~ ~~Multiple Factor – Utility~~ ~~Multiple Factor – Non-Utility~~ ~~Multiple Factor – Utility Direct Charge Ratio~~

~~ATTACHMENT II~~

~~List of FirstEnergy Service Company Allocation Methods as approved by the Securities and Exchange Commission as of as of June I, 2003.~~

~~METHODS OF ALLOCATION~~

~~1. Multiple Factor – All~~

~~A. FirstEnergy will bear 5% of these Indirect Allocations. The remaining Indirect Allocations will be allocated among the Utility and the Non-Utility Subsidiaries based on FirstEnergy's equity investment in the respective groups.~~

~~B. A subsequent allocation step will then occur. Among the Utility Subsidiaries, allocations will be based upon the "Multiple Factor - Utility" method. Among the Non-Utility Subsidiaries, allocations will be based upon the "Multiple Factor - Non-Utility" method.~~

~~2. Multiple Factor – Utility~~

~~Based on the sum of the weighted averages of the following factors:~~

~~A. Gross transmission and/or distribution plant~~

~~B. Operating and maintenance expense excluding purchased power and fuel costs~~

~~C. Transmission and/or distribution revenues, excluding transactions with affiliates~~

~~Each of the above factors will be weighted equally so that no one facet of the utility operations inordinately influences the distribution of costs~~

~~3. Multiple Factor - Non-Utility~~

~~Based upon the total assets of each Non-Utility Subsidiary, including the generating assets under operating leases to the Utility Subsidiaries.~~

~~4. Multiple Factor - Utility and Non-Utility~~

~~A. First assign a distribution ratio that is in proportion to the Indirect Costs based on FirstEnergy's equity investment in the respective groups.~~

~~B. Among the Utility Subsidiaries, allocations will be based upon the "Multiple Factor - Utility" method. Among the Non-Utility Subsidiaries, allocations will be based upon the "Multiple Factor - Non-Utility" method.~~

~~5. Direct Charge Ratio~~

~~The ratio of direct charges for a particular product or service to an individual Subsidiary as a percentage of the total direct charges for a particular product or service to all Subsidiaries benefiting from such services. Indirect Costs are then allocated to each Subsidiary based on the calculated ratios.~~

~~6. Number of Customers Ratio~~

~~Based on the number of Utility distribution customers for the respective Utility Subsidiary receiving the product or service divided by the total number of Utility distribution customers.~~

~~7. Number of Shopping Customers Ratio~~

~~Based on the number of shopping customers for the respective Utility Subsidiary receiving the product or service divided by the total number of shopping customers.~~

~~8. Number of Participating Employees — General~~

~~Based on the number of participating employees for the respective Subsidiary receiving the product or service divided by the total number of participating employees.~~

~~9. Number of Participating Employees - Utility and Non-Utility~~

~~A. First assign a distribution ratio that is in proportion to the Indirect Costs based on FirstEnergy's equity investment in the respective groups.~~

~~B. Costs are further allocated by using the number of participating employees for the respective Subsidiary divided by the total number of participating FirstEnergy employees.~~

~~10. Gigabytes Used Ratio~~

~~Based on the number of gigabytes utilized by a Subsidiary receiving the product or service divided by the total number of gigabytes used by the FirstEnergy system companies applicable to that respective product or service.~~

~~11. Number of Computer Workstations Ratio~~

~~Based on the number of computer workstations utilized by a Subsidiary receiving the product or service divided by the total number of computer workstations in use by the FirstEnergy system companies applicable to that respective product or service.~~

~~12. Number of Billing Inserts Ratio~~

~~Based on the number of billing inserts performed for a Subsidiary receiving the product or service divided by the total number of billing inserts performed for the FirstEnergy system companies applicable to that respective product or service.~~

~~13. Number of Invoices Ratio~~

~~Based on the number of invoices processed for a Subsidiary receiving the product or service divided by the total number of invoices processed for the FirstEnergy system companies applicable to that respective product or service.~~

~~14. Number of Payments Ratio~~

~~Based on the number of monthly payments processed for a Subsidiary divided by the total monthly number of payments processed for the FirstEnergy system companies applicable to that respective product or service.~~

~~15. Daily Print Volume~~

~~Based on the average daily print volume performed for a Subsidiary receiving the service divided by the total average daily print volume performed for the entire FirstEnergy system.~~

~~16. Number of Intel Servers~~

~~Based on the number of Intel servers utilized by a Subsidiary receiving the product or service divided by the total number of Intel servers utilized by the FirstEnergy system.~~

~~17. Application Development Ratio~~

~~Based on the number of application development hours budgeted for a Subsidiary receiving the service divided by the total number of budgeted application development hours for the year.~~

~~18. Server Support Composite~~

~~Based on the average ratio of UNIX gigabytes, SAP gigabytes and Intel number of servers for a Subsidiary receiving the service.~~