

matter. After June 27, 2003, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

FirstEnergy Corp. et al. (70–10122)

FirstEnergy Corp. (“FirstEnergy”), a registered holding company, its utility subsidiaries: Ohio Edison Company (“Ohio Edison”), American Transmission Systems, Incorporated (“ATSI”), The Cleveland Electric Illuminating Company (“Cleveland Electric”), The Toledo Edison Company (“Toledo Edison”), Pennsylvania Power Company (“Penn Power”), Northeast Ohio Natural Gas Corp. (“NONGC”), Jersey Central Power & Light Company (“JCP&L”), Pennsylvania Electric Company (“Penelec”), Metropolitan Edison Company (“Met-Ed”), York Haven Power Company (“York Haven”), and Waverly Electric Power & Light Company (“Waverly Electric”), and their respective subsidiaries; and FirstEnergy’s nonutility subsidiaries: FE Acquisition Corp. (“FE Acquisition”), FirstEnergy Properties, Inc. (“FE Properties”), FirstEnergy Facilities Services Group, LLC (“FEFSG”), FE Holdings, LLC (“FE Holdings”), FELHC, Inc. (“FELHC”), FirstEnergy Securities Transfer Company (“FirstEnergy Transfer”), FirstEnergy Nuclear Operating Company (“FENOC”), FirstEnergy Solutions Corp. (“FirstEnergy Solutions”), FirstEnergy Generation Corp. (“GenCo”), FirstEnergy Ventures Corp. (“FirstEnergy Ventures”), MARBEL Energy Corporation (“MARBEL”), Centrior Indemnity Trust (“CIT”), Centrior Service Company (“Centrior Service”), FirstEnergy Service Company (“ServeCo”), GPU Capital, Inc. (“GPU Capital”), GPU Electric, Inc. (“GPU Electric”), GPU Diversified Holdings, LLC (“GPUDH”), GPU EnerTech Holdings, Inc. (“GPU EnerTech”), GPU Power, Inc. (“GPU Power”), GPU Advanced Resources, Inc. (“GPUAR”), GPU Telcom Services, Inc. (“GPU Telcom”), GPU Nuclear, Inc. (“GPU Nuclear”), and MYR Group, Inc. (“MYR”), and their respective subsidiaries; all based at 76 South Main Street, Akron, Ohio, 44308; (collectively, “Applicants”), have filed an application-declaration, as amended (“Application”), under sections 6(a), 7, 9(a), 10, 12, and 13(b) of the Act and rules 26(c), 42, 43, 45, 46, 53, 54, and 80–92 under the Act.

Applicants request authority to engage in various financing transactions, credit support arrangements, and other related proposals, as more fully discussed below, commencing on the effective

date of an order issued in this proceeding and ending December 31, 2005 (“Authorization Period”).

I. Introduction

FirstEnergy is authorized under its Amended Articles of Incorporation to issue 375,000,000 shares of common stock, par value \$.10 per share (“Common Stock”), of which 297,636,276 shares were issued and outstanding as of March 24, 2003. FirstEnergy is also authorized under its Amended Articles of Incorporation to issue 5,000,000 shares of preferred stock, par value \$100 per share (“Preferred Stock”), of which none are currently issued and outstanding. In addition, at December 31, 2002, FirstEnergy had outstanding \$4,300,000,000 principal amount of senior unsecured notes having various maturity dates through 2032, and \$395 million of unsecured borrowings under a \$500 million revolving credit facility that expires in November 2004.

FirstEnergy’s senior unsecured debt is currently rated BBB-by Standard & Poor’s Inc. (“S&P”) and Baa2 by Moody’s Investor Service (“Moody’s”). For the twelve months ended December 31, 2002, FirstEnergy had total operating revenues of \$12,151,997,000, of which \$9,165,805,000 (75.4%) were derived from electric utility operations and \$2,986,192,000 (24.6%) from unregulated businesses. At December 31, 2002, FirstEnergy had total consolidated assets of \$33,580,773,000, including net utility plant of \$11,820,797,000.

FirstEnergy’s electric and gas utility subsidiaries are referred to collectively as the “Utility Subsidiaries.” Ohio Edison, Cleveland Electric, Toledo Edison, JCP&L, Penelec, Penn Power and Met-Ed are sometimes referred to in the Application as the “Primary Utility Subsidiaries.” As used in this Application, the term “Nonutility Subsidiaries” includes the nonutility subsidiaries named above and their respective subsidiaries, as well as any other nonutility company later acquired or formed, directly or indirectly, by FirstEnergy under rule 58 or pursuant to an order of the Commission (including the order approving this Application). The Utility Subsidiaries and Nonutility Subsidiaries are referred to collectively as the “Subsidiaries.” FirstEnergy and the Subsidiaries are referred to collectively as the “Applicants.”

II. Current and Requested Financing Authority

By order dated October 29, 2001, in File No. 70–9793 (Holding Co. Act Release No. 27459), as supplemented by

supplemental orders dated November 8, 2001 (Holding Co. Act Release No. 27463) and December 23, 2002 (Holding Co. Act Release No. 27628) (as so supplemented, the “Merger Order”), the Commission authorized the merger between FirstEnergy Corp. (“FirstEnergy”), and GPU, Inc. (“GPU”). The merger became effective on November 7, 2001, with FirstEnergy as the surviving entity, and FirstEnergy registered under the Act as a holding company on the same day. The Merger Order also authorized FirstEnergy and its subsidiaries to engage in a program of external financing, intrasystem financing, and other related transactions for the period through and including June 30, 2003.

In the Merger Order, the Commission authorized, through June 30, 2003, among other things:

- (i) FirstEnergy to issue and sell common stock, preferred securities, long-term debt, short-term debt and other securities;
- (ii) FirstEnergy to issue one purchase right (a “Right”) together with each share of common stock issued in accordance with FirstEnergy’s existing Rights Agreement (“Rights Agreement”);
- (iii) FirstEnergy to issue shares of common stock under its dividend reinvestment and stock-based management incentive and employee benefit plans (“Stock Plans”);
- (iv) FirstEnergy to enter into and perform interest rate hedging transactions (“Hedge Instruments”) to manage volatility of interest rates associated with its outstanding indebtedness and with respect to anticipated debt offerings (“Anticipatory Hedges”) (collectively, “Hedging Transactions”);
- (v) ATSI and NONGC to issue and sell additional debt or preferred securities on the same terms and conditions as FirstEnergy;
- (vi) the Utility Subsidiaries to enter into Hedge Instruments and Anticipatory Hedges subject to the same limitations as FirstEnergy;
- (vii) FirstEnergy to issue guarantees and provide other forms of credit support with respect to obligations of its Subsidiaries (“FirstEnergy Guarantees”) and Nonutility Subsidiaries (“Nonutility Subsidiary Guarantees”);
- (viii) FirstEnergy to establish and fund a money pool (“Utility Money Pool”) for the Utility Subsidiaries and the Utility Subsidiaries to make borrowings and extend credit to each other through the Utility Money Pool;
- (ix) FirstEnergy to establish and fund a separate money pool (“Nonutility Money Pool”) for the benefit of the Nonutility Subsidiaries;