SECURITIES AND EXCHANGE COMMISSION

(Release No. 35-28071; 70-10122)

FirstEnergy Corp., et al.

Supplemental Order Authorizing an Extension of the Existing Investment and Financing Authority of a Registered Holding Company and Certain of its Subsidiary Companies

December 5, 2005

FirstEnergy Corp. ("FirstEnergy"), a registered holding company, and the following subsidiaries of FirstEnergy (together with FirstEnergy, "Applicants"), Ohio Edison Company, a wholly-owned public-utility company subsidiary of FirstEnergy, its nonutility company subsidiaries, The Cleveland Electric Illuminating Company, a wholly-owned public-utility company subsidiary of FirstEnergy, its nonutility subsidiary companies, The Toledo Edison Company, a wholly-owned public-utility company subsidiary of FirstEnergy, its nonutility subsidiary companies, Pennsylvania Power Company ("Penn Power"), a wholly-owned public-utility company subsidiary of FirstEnergy, American Transmission Systems, Incorporated ("ATSI"), a wholly-owned public-utility company subsidiary of FirstEnergy, Jersey Central Power & Light Company ("JCP&L"), a wholly-owned public-utility company subsidiary of FirstEnergy, its nonutility subsidiary companies, Pennsylvania Electric Company ("Penelec"), a wholly-owned public-utility company subsidiary of FirstEnergy, its nonutility subsidiary companies, Metropolitan Edison Company ("Met-Ed"), a wholly-owned public-utility company subsidiary of FirstEnergy, its nonutility subsidiary companies, York Haven Power Company, a wholly-owned public-utility company subsidiary of FirstEnergy, The Waverly Electric Power & Light Company, a wholly-owned public-utility company

subsidiary of FirstEnergy, FE Acquisition Corp., a wholly-owned nonutility subsidiary of FirstEnergy, its nonutility subsidiary companies, FirstEnergy Properties, Inc., a wholly-owned nonutility subsidiary of FirstEnergy, its nonutility subsidiary companies, FirstEnergy Facilities Services Group, LLC, a wholly-owned nonutility subsidiary of FirstEnergy, its nonutility subsidiary companies, FELHC, Inc., a wholly-owned nonutility subsidiary of FirstEnergy, FirstEnergy Securities Transfer Company, a wholly-owned nonutility subsidiary of FirstEnergy, FirstEnergy Nuclear Operating Company, a wholly-owned nonutility subsidiary of FirstEnergy, FirstEnergy Solutions Corp., a wholly-owned nonutility subsidiary of FirstEnergy, its nonutility subsidiary companies, FirstEnergy Ventures Corp., a wholly-owned nonutility subsidiary of FirstEnergy, its nonutility subsidiary companies, Marbel Energy Corporation, a wholly-owned nonutility subsidiary of FirstEnergy, its nonutility subsidiary companies, FirstEnergy Service Company ("Service Company"), a wholly-owned service company subsidiary of FirstEnergy, GPU Capital, Inc., a wholly-owned nonutility subsidiary of FirstEnergy, its nonutility subsidiary companies, GPU Electric, Inc., a wholly-owned nonutility subsidiary of FirstEnergy, its nonutility subsidiary companies, GPU Diversified Holdings, LLC, a wholly-owned nonutility subsidiary of FirstEnergy, its nonutility subsidiary companies, GPU Power, Inc., a wholly-owned nonutility subsidiary of FirstEnergy, its nonutility subsidiary companies, FirstEnergy Telecom Services, Inc., a wholly-owned nonutility subsidiary of FirstEnergy, its nonutility subsidiary companies, GPU Nuclear, Inc., a wholly-owned nonutility subsidiary of FirstEnergy, MYR Group, Inc. ("MYR"), a wholly-owned nonutility subsidiary of FirstEnergy, and its nonutility subsidiary companies, all located in Akron, Ohio have filed a post-effective amendment ("Post-

Effective Amendment") to a previously filed application-declaration under sections 6(a), 7, 9(a), 10, 12 and 13(b) of the Act and rules 42, 43, 45, 46, 53, 54, 87(b), and 90 – 92 under the Act. On November 4, 2005, the Commission issued a notice of the Post-Effective Amendment (Holding Co. Act Release No. 28057).

By orders dated June 30, 2003 and November 25, 2003 (Holding Co. Act Release Nos. 27694 and 27769, respectively)(collectively, "Current Financing Order"), the Commission authorized FirstEnergy and its subsidiaries to engage in a program of external financing, intrasystem financing, and other related transactions for the period through December 31, 2005 ("Prior Authorization Period"). Applicants request a supplemental order extending through February 8, 2006 ("New Authorization Period"):[1] (1) their existing financing authority under the Current Financing Order; and (2) the Commission's reservations of jurisdiction over various matters, described below.

Generally, by the Current Financing Order, the Commission authorized Applicants to engage in the following transactions during the Prior Authorization Period:

(1) FirstEnergy may issue and sell directly or indirectly through one or more special purpose financing entities ('Financing Subsidiaries"): (a) common stock and/or options, warrants, equity-linked securities or stock purchase contracts convertible into or exercisable for common stock, (b) preferred stock and other forms of preferred securities (including trust preferred securities), (c) new long-term debt securities having maturities of one year or more up to 50 years, and (d) commercial paper, promissory notes and other forms of short-term indebtedness having maturities of less than one year ("Short-term Debt") in an aggregate amount not to exceed $4.5 billion, excluding securities issued for purposes of refunding or replacing other outstanding securities where FirstEnergy's capitalization is not increased as a result thereof, provided that the aggregate amount of Short-term Debt at any time outstanding shall not exceed $1.5 billion;

(2) FirstEnergy may enter into and perform interest rate hedging transactions ("Hedge Instruments") and with respect to anticipated debt offerings

[1] February 8, 2006 is the effective date of repeal of the Act.

("Anticipatory Hedges") to manage volatility of interest rates associated with its and its subsidiaries' outstanding indebtedness and anticipated debt offerings;

(3) FirstEnergy may issue and/or purchase on the open market for purposes of reissuance up to 30 million shares of common stock and/or stock options or other stock-based awards exercisable for common stock pursuant to its dividend reinvestment and stock-based management incentive and employee benefits plans maintained by FirstEnergy for the benefit of shareholders, officers, directors and employees;

(4) FirstEnergy may issue one purchase right together with each new share of common stock issued in accordance with the authority requested;

(5) JCP&L, Penn Power, Met-Ed, Penelec and ATSI may issue and sell Short-term Debt in aggregate principal amounts at any time outstanding not to exceed: (a) in the case of JCP&L and Penn Power, the limitation on short-term indebtedness contained in their respective charters ($414 million and $49 million, respectively, as of June 30, 2005), (b) $250 million in the cases of Penelec and Met-Ed, and (c) $500 million in the case of ATSI;

(6) FirstEnergy may guarantee and provide other forms of credit support on behalf of its subsidiaries in an aggregate amount which, taking into account any guarantees provided by FirstEnergy's nonutility subsidiaries ("Nonutility Subsidiaries"), will not exceed $4.0 billion outstanding at any time;

(7) FirstEnergy may maintain and continue funding a money pool ("Utility Money Pool") for its public-utility company subsidiaries ("Utility Subsidiaries") and a separate money pool ("Nonutility Money Pool") for the benefit of the Nonutility Subsidiaries (together, "Money Pools") and, to the extent not exempt under rule 52, FirstEnergy's subsidiaries may borrow and extend credit to each other through the Money Pools by issuing and acquiring demand notes evidencing those borrowings and extensions of credit;[2]

(8) Applicants are authorized to make loans to Nonutility Subsidiaries that are less than wholly-owned (directly or indirectly) by FirstEnergy at interest rates and maturities designed to provide a return to the lending company of not less than its effective cost of capital;

[2] The Nonutility Subsidiaries and Utility Subsidiaries are referred to collectively as "Subsidiaries."

(9) FirstEnergy and the Subsidiaries may enter into a tax allocation agreement with respect to tax year 2002 and later years that does not conform in all respects to the requirements of rule 45(c) in that it provides for FirstEnergy to retain the benefit (in the form of the reduction in consolidated tax) that is attributable to the interest expense on certain indebtedness ("Acquisition Debt") incurred by FirstEnergy in order to finance, in part, FirstEnergy's acquisition of GPU, Inc. ("GPU") in 2001, rather than reallocate such tax savings to its Subsidiaries, as required by rule 45(c);

(10) FirstEnergy and the Subsidiaries may change the capitalization of any Subsidiary 50% or more of whose stock is held by FirstEnergy or any other intermediate parent company;

(11) Nonutility Subsidiaries may declare and pay dividends out of capital or unearned surplus, subject to certain restrictions;

(12) FirstEnergy may acquire interests in certain companies ("Energy Related Companies") that would qualify as "energy-related companies," as defined in rule 58, but for the fact that a substantial portion of their revenues are derived from activities outside the United States,[3] subject to certain reservations of jurisdiction described below;

(13) FirstEnergy may invest, directly or through Nonutility Subsidiaries, up to $300 million at any time on preliminary development activities relating to potential new investments in nonutility businesses;

(14) FirstEnergy may consolidate the direct and indirect ownership interests in certain existing nonutility businesses and former subsidiaries of GPU under one or more existing or future nonutility holding companies; and

(15) To the extent not exempt under rule 90(d), Nonutility Subsidiaries may provide services and sell goods to certain specified types of Nonutility Subsidiaries at market prices determined without regard to cost.

The authorized securities are subject to numerous terms, conditions, and limitations, including: limitations on interest rate, maturity, issuance expenses, and use of

[3] More specifically, Energy Related Companies may engage in energy management and consulting activities anywhere outside the United States and energy marketing and related activities in Canada and Mexico, and in the sale of infrastructure services in Canada. Under the Current Financing Order, investments in Energy Related Companies count toward FirstEnergy's limit under rule 58 on investments in "energy-related companies."

proceeds; commitments by FirstEnergy and each of the Utility Subsidiaries to maintain common equity equal to at least 30% of consolidated capitalization; and certain investment grade rating criteria as applicable to securities (other than common stock of FirstEnergy and Money Pool borrowings) to be issued pursuant to the authority granted under the Current Financing Order and to other outstanding securities of the issuer and of FirstEnergy.

By the Current Financing Order, the Commission reserved jurisdiction, pending completion of the record, over: (1) issuances of securities in those circumstances where FirstEnergy or a Utility Subsidiary does not comply with the 30% common equity criteria (described above); (2) issuances of securities where one or more of investment grade ratings criteria are not met; (3) entering into Hedge Instruments and Anticipatory Hedges by FirstEnergy that do not qualify for hedge accounting treatment by the Financial Accounting Standards Board; (4) issuances by FirstEnergy of guarantees on behalf of its Subsidiaries for the benefit of non-affiliated third parties; (5) the ability of FirstEnergy to make certain additional investments in "exempt wholesale generators" and "foreign utility companies," as those terms are defined by sections 32 and 33 of the Act, respectively, in an amount over $1.5 billion; (6) the ability of Energy Related Companies to engage in energy marketing outside of the United States, Canada and Mexico; and (7) the ability of Energy Related Companies to engage in the sale of infrastructure services anywhere outside the United States and Canada (collectively, "Reservations of Jurisdiction").

Rule 54 provides that the Commission shall not consider the effect of the capitalization or earnings of subsidiaries of a registered holding company that are exempt

wholesale generators (“EWGs”) or foreign utility companies ("FUCOs") in determining whether to approve other transactions if rule 53(a), (b) and (c) are satisfied. Currently, FirstEnergy meets all of the conditions of rules 53(b) and 53(a), except for clause (1).[4] As of September 30, 2005, FirstEnergy's aggregate investment in EWGs and FUCOs was approximately $2.5 billion, an amount significantly below the $5 billion amount authorized in the Merger Order. Additionally, as of September 30, 2005, FirstEnergy's consolidated retained earnings were $2.1 billion. By way of comparison, FirstEnergy's consolidated retained earnings as of December 31, 2001 were $1.52 billion.

Even taking into account the capitalization of and earnings from EWGs and FUCOs in which FirstEnergy currently has an interest, there is no basis for withholding approval of the proposed transactions. With respect to capitalization, since the date of the Merger Order, there has been no material adverse impact on FirstEnergy's consolidated capitalization resulting from FirstEnergy's investments in EWGs and FUCOs.[5] The proposed transactions will not have any impact on FirstEnergy's consolidated

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[4] By orders dated June 30, 2003 (Holding Co. Act Release No. 27694) and October 29, 2001 (Holding Co. Act Release No. 27459, “Merger Order”) (approving the merger of FirstEnergy and GPU, Inc.), the Commission authorized (among other things) FirstEnergy to invest in EWGs and FUCOs so long as its "aggregate investment," as defined in rule 53(a)(1), in those companies does not exceed $5 billion. In the orders, the Commission specified that this $5 billion amount may include amounts invested in EWGs and FUCOs by FirstEnergy and GPU, Inc. ("GPU") at the time of the Merger Order ("Current Investments") and amounts relating to possible transfers to EWGs of certain generating facilities owned by certain of FirstEnergy's operating utilities ("GenCo Investments"). FirstEnergy has made the commitment that through December 31, 2005, its aggregate investment in EWGs and FUCOs other than the Current Investments and GenCo Investments ("Other Investments") will not exceed $1.5 billion ("Modified Rule 53 Test").

[5] As of September 30, 2005, FirstEnergy’s consolidated capitalization consisted of 44.9% common equity, 0.9% cumulative preferred stock, 52.9% long-term debt and 1.3% notes payable. As of December 31, 2001, those ratios were as follows: 30.3% common equity,

capitalization. Further, since the date of the Merger Order, FirstEnergy's investments in EWGs and FUCOs have contributed positively to its level of earnings, except for the negative impact on earnings due to FirstEnergy's writedowns of its investments in Avon Energy Partners Holdings ("Avon") and GPU Empresa Distribuidora Electrica Regional S.A. ("Emdersa").

Applicants state that the fees, commissions and expenses to be incurred in connection with the proposed financing transactions will be within the parameters approved under the Current Financing Order. They estimate that the fees, commissions and expenses associated with the preparation and filing of the Post-Effective Amendment will not exceed $5,000. Applicants state that, except as described below, no State or federal commission, other than this Commission, has jurisdiction over any of the proposed transactions. The Pennsylvania Public Utility Commission has authorized Penelec, Met-Ed and Penn Power to become parties to the Tax Allocation Agreement.

Due notice of the filing of the Application has been given in the manner prescribed, and no hearing has been requested of or ordered by the Commission. Upon the basis of the facts in the record, it is found that the applicable standards of the Act and rules are satisfied, and that no adverse findings are necessary.

IT IS ORDERED, that this Post-Effective Amendment, as amended, is granted and permitted to become effective immediately, subject to the terms and conditions contained in rule 24 under the Act, and;

3.1% cumulative preferred stock, 2.2% subsidiary-obligated mandatorily redeemable preferred securities, 60.9% long term debt and 3.5% notes payable.

IT IS FURTHER ORDERED, that jurisdiction is reserved, in the Application of FirstEnergy Corp. et al. (70-10122), over all the above described Reservations of Jurisdiction, pending completion of the record.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Jonathan G. Katz
Secretary