

ALLEGHENY GENERATING COMPANY
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

GLOSSARY OF TERMS

The following abbreviations and acronyms may be used in this report to identify Allegheny Generating Company and its current and former affiliated companies:

AE Supply	Allegheny Energy Supply Company, LLC, a wholly owned unregulated generation subsidiary of FE
AGC	Allegheny Generating Company, a wholly owned generation subsidiary of MP
ATSI	American Transmission Systems, Incorporated, a wholly owned transmission subsidiary of FET
CEI	The Cleveland Electric Illuminating Company, a wholly owned Ohio electric power company subsidiary of FE
Electric Companies	OE, CEI, TE, FE PA, JCP&L, MP and PE
FE	FirstEnergy Corp., a public electric power holding company
FE PA	FirstEnergy Pennsylvania Electric Company, a wholly owned Pennsylvania electric power company subsidiary of FirstEnergy Pennsylvania Holding Company LLC, a wholly owned subsidiary of FE
FESC	FirstEnergy Service Company, which provides legal, financial, and other corporate support services
FET	FirstEnergy Transmission, LLC a consolidated VIE of FE, and the parent company of ATSI, MAIT and TrAIL, and having a joint venture in PATH and Valley Link
FirstEnergy	FirstEnergy Corp., together with its consolidated subsidiaries
JCP&L	Jersey Central Power & Light Company, a wholly owned New Jersey electric power company subsidiary of FE
KATCo	Keystone Appalachian Transmission Company, a wholly owned transmission subsidiary of FE
MAIT	Mid-Atlantic Interstate Transmission, LLC, a wholly owned transmission subsidiary of FET
ME	Metropolitan Edison Company, a former wholly owned Pennsylvania electric power company subsidiary of FE, which merged with and into FE PA on January 1, 2024
MP	Monongahela Power Company, a wholly owned West Virginia electric power company subsidiary of FE
OE	Ohio Edison Company, a wholly owned Ohio electric power company subsidiary of FE
Ohio Companies	CEI, OE and TE
PATH	Potomac-Appalachian Transmission Highline, LLC, a joint venture between FE and a subsidiary of AEP
PE	The Potomac Edison Company, a wholly owned Maryland and West Virginia electric power company subsidiary of FE
Penn	Pennsylvania Power Company, a former wholly owned Pennsylvania electric power company subsidiary of OE, which merged with and into FE PA on January 1, 2024
Pennsylvania Companies	ME, PN, Penn and WP, each of which merged with and into FE PA on January 1, 2024
PN	Pennsylvania Electric Company, a former wholly owned Pennsylvania electric power company subsidiary of FE, which merged with and into FE PA on January 1, 2024
TE	The Toledo Edison Company, a wholly owned Ohio electric power company subsidiary of FE
TrAIL	Trans-Allegheny Interstate Line Company, a wholly owned transmission subsidiary of FET
Transmission Companies	ATSI, MAIT, TrAIL and KATCo
Utilities	OE, CEI, TE, Penn, JCP&L, ME, PN, MP, PE and WP
Valley Link	Valley Link Transmission Company, LLC, a holding company formed by FET, DominionHV and Transource on November 24, 2024
WP	West Penn Power Company, a former wholly owned Pennsylvania electric power company subsidiary of FE, which merged with and into FE PA on January 1, 2024

The following abbreviations and acronyms may be used to identify frequently used terms in this report:

A&R FET LLC Agreement	Fourth Amended and Restated Limited Liability Company Operating Agreement of FET
AEP	American Electric Power Company, Inc.
AFSI	Adjusted Financial Statement Income
AFUDC	Allowance for Funds Used During Construction
AMI	Advanced Metering Infrastructure
AMT	Alternative Minimum Tax
AOCI	Accumulated Other Comprehensive Income (Loss)
ARO	Asset Retirement Obligation
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
BRA	Base Residual Auction

Brookfield	North American Transmission Company II L.P., a controlled investment vehicle entity of Brookfield Infrastructure Partners
CAA	Clean Air Act
CCR	Coal Combustion Residual
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act of 1980
CO ₂	Carbon Dioxide
COVID-19	Coronavirus disease
DCR	Delivery Capital Recovery
DMR	Distribution Modernization Rider
DominionHV	Dominion High Voltage Mid-Atlantic, Inc., an affiliate of VEPCO
DPA	Deferred Prosecution Agreement entered into on July 21, 2021 between FE and the U.S. Attorney's Office for the S.D. Ohio
EEl	The Edison Electric Institute
EmPOWER Maryland	EmPOWER Maryland Energy Efficiency Act
ENEC	Expanded Net Energy Cost
EPA	U.S. Environmental Protection Agency
ERO	Electric Reliability Organization
ESP	Electric Security Plan
Exchange Act	Securities and Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FET Board	FET Board of Directors
FET LLC Agreement	Third Amended and Restated Limited Liability Company Operating Agreement of FET
FET P&SA II	Purchase and Sale Agreement entered into on February 2, 2023, by and between FE, FET, Brookfield, and the Brookfield Guarantors
FMB	First Mortgage Bond
FPA	Federal Power Act
GAAP	Generally Accepted Accounting Principles in the United States
GHG	Greenhouse Gas
HB 6	House Bill 6, as passed by Ohio's 133rd General Assembly
IRS	Internal Revenue Service
kV	Kilovolt
LOC	Letter of Credit
LTIIP	Long-Term Infrastructure Improvement Plan
MDPSC	Maryland Public Service Commission
Moody's	Moody's Investors Service, Inc.
MW	Megawatt
NERC	North American Electric Reliability Corporation
NOL	Net Operating Loss
NUG	Non-Utility Generation
OBABA	One Big Beautiful Bill Act of 2025, as signed into law on July 4, 2025
OCC	Ohio Consumers' Counsel
ODSA	Ohio Development Service Agency
OPEB	Other Postemployment Benefits
OVEC	Ohio Valley Electric Corporation
PJM	PJM Interconnection, LLC, an RTO serving the PJM Region
PJM Tariff	PJM Open Access Transmission Tariff
PP&E	Property, Plant and Equipment
PPUC	Pennsylvania Public Utility Commission
PUCO	Public Utilities Commission of Ohio

RFC	ReliabilityFirst Corporation
ROE	Return on Equity
RTO	Regional Transmission Organization
S.D. Ohio	Federal District Court, Southern District of Ohio
SOFR	Secured Overnight Financing Rate
SOS	Standard Offer Service
SPE	Special Purpose Entity
TCJA	Tax Cuts and Jobs Act adopted December 22, 2017
U.S.	United States
VEPCO	Virginia Electric and Power Company, a subsidiary of Dominion Energy, Inc.
VIE	Variable Interest Entity
VSCC	Virginia State Corporation Commission
WVPSC	Public Service Commission of West Virginia

Report of Independent Auditors

To Management and the Board of Directors of Allegheny Generating Company

Opinion

We have audited the accompanying financial statements of Allegheny Generating Company (the "Company"), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of income, of common stockholder's equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ PricewaterhouseCoopers LLP
Cleveland, Ohio
March 31, 2026

**ALLEGHENY GENERATING COMPANY
STATEMENTS OF INCOME**

<i>(In thousands)</i>	For the Years Ended December 31,	
	2025	2024
REVENUES	\$ 19,637	\$ 20,391
OPERATING EXPENSES:		
Other operating expenses	7,486	8,302
Provision for depreciation	5,394	5,293
General taxes	1,154	1,122
Total operating expenses	14,034	14,717
OPERATING INCOME	5,603	5,674
OTHER INCOME (EXPENSE):		
Miscellaneous income, net	892	1,023
Interest expense	(2,273)	(2,544)
Total other expense	(1,381)	(1,521)
INCOME BEFORE INCOME TAX BENEFITS	4,222	4,153
INCOME TAX BENEFITS	(995)	(1,012)
NET INCOME	\$ 5,217	\$ 5,165

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**ALLEGHENY GENERATING COMPANY
BALANCE SHEETS**

<i>(In thousands, except share amounts)</i>	December 31, 2025	December 31, 2024
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 20,000	\$ —
Receivables -		
Affiliated companies	3,622	3,438
Other	4	—
Notes receivable from affiliated companies	—	15,793
Materials and supplies, at average cost	2,643	2,644
Prepaid taxes and other	866	1,001
	<u>27,135</u>	<u>22,876</u>
PROPERTY, PLANT AND EQUIPMENT:		
In service	208,075	206,448
Less — Accumulated provision for depreciation	72,765	67,374
	<u>135,310</u>	<u>139,074</u>
Construction work in progress	6,328	3,184
	<u>141,638</u>	<u>142,258</u>
TOTAL ASSETS	<u>\$ 168,773</u>	<u>\$ 165,134</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Short-term borrowings - affiliated companies	\$ 3,566	\$ —
Accounts payable -		
Affiliated companies	1,776	599
Other	886	1,206
Accrued taxes	1,329	472
Accrued interest	99	99
Other	116	107
	<u>7,772</u>	<u>2,483</u>
NONCURRENT LIABILITIES:		
Long-term debt and other long-term obligations	49,870	49,833
Accumulated deferred income taxes, net	18,079	18,394
Accumulated deferred investment tax credits	10,873	12,193
Regulatory liabilities	26,585	27,859
Other	22	17
	<u>105,429</u>	<u>108,296</u>
TOTAL LIABILITIES	<u>113,201</u>	<u>110,779</u>
COMMON STOCKHOLDER'S EQUITY:		
Common stock, \$1 par value, 5,000 shares authorized - 451 shares outstanding	1	1
Other paid-in capital	43,241	43,241
Retained earnings	12,330	11,113
TOTAL COMMON STOCKHOLDER'S EQUITY	<u>55,572</u>	<u>54,355</u>
COMMITMENTS AND CONTINGENCIES (NOTE 8.)		
TOTAL LIABILITIES AND COMMON STOCKHOLDER'S EQUITY	<u>\$ 168,773</u>	<u>\$ 165,134</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

ALLEGHENY GENERATING COMPANY
STATEMENTS OF COMMON STOCKHOLDER'S EQUITY

<i>(In thousands, except share amounts)</i>	<u>Common Stock</u>			<u>Retained Earnings</u>	<u>Total Stockholder's Equity</u>
	<u>Number of Shares</u>	<u>Carrying Value</u>	<u>Other Paid-in Capital</u>		
Balance, January 1, 2024	451	\$ 1	\$ 43,241	\$ 9,948	\$ 53,190
Net income				5,165	5,165
Cash dividends declared on common stock				(4,000)	(4,000)
Balance, December 31, 2024	451	\$ 1	\$ 43,241	\$ 11,113	\$ 54,355
Net income				5,217	5,217
Cash dividends declared on common stock				(4,000)	(4,000)
Balance, December 31, 2025	451	\$ 1	\$ 43,241	\$ 12,330	\$ 55,572

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**ALLEGHENY GENERATING COMPANY
STATEMENTS OF CASH FLOWS**

<i>(In thousands)</i>	For the Years Ended December 31,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 5,217	\$ 5,165
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	5,394	269
Deferred income taxes and investment tax credits, net	(2,909)	(902)
Changes in current assets and liabilities-		
Receivables	(188)	1,183
Materials and supplies	1	(737)
Prepaid taxes and other current assets	135	(206)
Accounts payable	763	(2,525)
Accrued taxes	857	366
Accrued interest	—	(15)
Other current liabilities	9	9
Other	38	38
Net cash provided from operating activities	9,317	2,645
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital investments	(4,676)	(2,392)
Notes receivable from associated companies, net	15,793	(15,793)
Net cash provided from (used for) investing activities	11,117	(18,185)
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Short-term borrowings - affiliated companies, net	3,566	—
Redemptions and repayments-		
Short-term borrowings - affiliated companies, net	—	(1,460)
Common stock dividend payments	(4,000)	(4,000)
Net cash used for financing activities	(434)	(5,460)
Net change in cash, cash equivalents, and restricted cash	20,000	(21,000)
Cash, cash equivalents, and restricted cash at beginning of period	—	21,000
Cash, cash equivalents, and restricted cash at end of period	\$ 20,000	\$ —
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year:		
Interest (net of amounts capitalized)	\$ 2,236	\$ 2,521
Income taxes, net of refunds	\$ 993	\$ 902
Significant non-cash transactions:		
Accrued capital investments	\$ 372	\$ 277

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**ALLEGHENY GENERATING COMPANY
NOTES TO FINANCIAL STATEMENTS**

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**ALLEGHENY GENERATING COMPANY
NOTES TO FINANCIAL STATEMENTS**

1. ORGANIZATION AND BASIS OF PRESENTATION

Unless otherwise indicated, defined terms and abbreviations used herein have the meanings set forth in the accompanying Glossary of Terms.

AGC is incorporated in Virginia. AGC holds an undivided 16.25% interest (487 MWs) in the Bath Power Station. This station is operated by the majority owner, VEPCO, a non-affiliated utility. AGC provides its generation capacity from this station to MP. AGC complies with the regulations, orders, policies and practices prescribed by FERC and the VSCC.

The preparation of financial statements in conformity with GAAP requires management to make periodic estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Actual results could differ from these estimates. The reported results of operations are not necessarily indicative of results of operations for any future period. AGC has evaluated events and transactions for potential recognition or disclosure through March 31, 2026, the date the financial statements were issued.

Economic Conditions

While supply lead times have not fully returned to levels prior to the COVID-19 pandemic, AGC continues to monitor the situation in light of demand increases across the industry, including due to data center usage, and the imposition of tariffs and retaliatory tariffs that have been, and may be, imposed by the U.S. government in response. AGC continues to implement mitigation strategies to address supply constraints and does not expect any corresponding service disruptions or any material impact on its capital investment plan. However, the situation remains fluid, and a prolonged continuation or further increase in demand, or the continuation of uncertain or adverse macroeconomic conditions, including inflationary pressures and new or increased existing tariffs, could lead to an increase in supply chain disruptions that could, in turn, have an adverse effect on AGC's results of operations, cash flow and financial condition.

The U.S. presidential administration has imposed widespread and substantial tariffs on imports, with additional tariffs to potentially be adopted in the future. The imposition of these or any other new or increased tariffs or resultant trade wars, and uncertainties associated with the same, could have an adverse effect on AGC's results of operations, cash flow and financial condition.

ACCOUNTING FOR THE EFFECTS OF REGULATION

AGC is subject to regulation that sets the prices (rates) that it is permitted to charge customers based on costs that the regulatory agencies determine are permitted to be recovered. At times, regulatory agencies permit the future recovery of costs that would be currently charged to expense by an unregulated company. The ratemaking process results in the recording of regulatory assets and liabilities based on anticipated future cash inflows and outflows.

AGC reviews the probability of recovery of regulatory assets, and settlement of regulatory liabilities, at each balance sheet date and whenever new events occur. Factors that may affect probability include changes in the regulatory environment, issuance of a regulatory commission order, or passage of new legislation. Upon material changes to these factors, where applicable, AGC will record new regulatory assets or liabilities and will assess whether it is probable that currently recorded regulatory assets and liabilities will be recovered or settled in future rates. If recovery of a regulatory asset is no longer probable, AGC will write off that regulatory asset as a charge against earnings. AGC considers the entire regulatory asset balance as the unit of account for the purposes of balance sheet classification rather than the next years recovery and as such net regulatory assets and liabilities are presented in the noncurrent section on AGC's Balance Sheets.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment reflects original cost (net of any impairments recognized), including payroll and related costs such as taxes, employee benefits, administrative and general costs, and financing costs incurred to place the assets in service. The costs of normal maintenance, repairs and minor replacements are expensed as incurred. Liabilities for planned major maintenance projects are recognized as they are incurred.

Long-lived assets classified as held and used are evaluated for impairment when events or changes in circumstances indicate that the carrying value of the long-lived assets may not be recoverable. First, the estimated undiscounted future cash flows attributable to the assets is compared with the carrying value of the assets. If the carrying value is greater than the undiscounted future cash flows, an impairment charge is recognized equal to the amount the carrying value of the assets exceeds its estimated fair value.

AGC provides for depreciation on a straight-line basis at various rates over the estimated lives of property included in plant in service. Depreciation expense was approximately 1.6% and 1.5% of average depreciable property 2025 and 2024, respectively.

ALLEGHENY GENERATING COMPANY
NOTES TO FINANCIAL STATEMENTS (Continued)

JOINTLY-OWNED GENERATION FACILITY

As noted above, AGC owns an undivided 16.25% interest (487 MWs) in a 3,003 MW pumped storage, hydroelectric station in Bath County, Virginia, operated by the 60% owner, VEPCO, a non-affiliated utility. Property, plant and equipment includes \$142 million, representing AGC's share in this facility as of December 31, 2025. AGC is obligated to pay its share of the costs of this jointly-owned facility in the same proportion as its ownership interest using its own financing. AGC provides the generation capacity from this facility to its owner, MP.

RECEIVABLES

Revenues of AGC are determined under a "cost-of-service" wholesale rate schedule approved by FERC. Under this arrangement, AGC revenues include amounts from MP for its operation and maintenance expenses, depreciation, taxes other than income taxes, income tax expense at the statutory rate and a component for debt and equity return on its investment. In return, MP receives AGC's share of the power generated by the station.

NEW ACCOUNTING PRONOUNCEMENTS

Recently Adopted Pronouncements - ASU 2023-09, "Income taxes (Topic 280): Improvements to Income Tax Disclosures" (Issued in December 2023): ASU 2023-09 enhances disclosures primarily related to existing rate reconciliation and income taxes paid information to help investors better assess how a company's operations and related tax risks and tax planning and operational opportunities affect the tax rate and prospects for future cash flows. Disclosure requirements include a tabular reconciliation using both percentages and amounts, separated out into specific categories with certain reconciling items at or above 5% of the statutory tax as well as by nature and/or jurisdiction. In addition, entities will be required to disclose income taxes paid (net of refunds received), broken out between federal, state/local and foreign, and amounts paid to an individual jurisdiction when 5% or more of the total income taxes are paid to such jurisdiction. ASU 2023-09 was adopted as of December 31, 2025, see Note 3., "Taxes," of the Notes to Financial Statements for the applicable disclosures, which are provided for all periods presented.

2. REVENUE

AGC accounts for revenues from contracts with customers under ASC 606, Revenue from Contracts with Customers. Revenue from leases, financial instruments, other contractual rights or obligations and other revenues that are not from contracts with customers are outside the scope of the standard and accounted for under other existing GAAP. AGC has elected the optional invoice practical expedient for most of its revenues, which eliminates the need to provide certain revenue disclosures regarding unsatisfied performance obligations.

Wholesale sales consist of generation and capacity sales to MP under a "cost of service" rate schedule approved by FERC. Capacity revenues are recognized ratably over the PJM planning year at prices cleared in the annual BRA and incremental auctions. Capacity purchases and sales through PJM capacity auctions are reported within revenues on the Income Statement. Certain capacity income (bonuses) and charges (penalties) related to the availability of units that have cleared in the auctions are unknown and not recorded in revenue until, and unless, they occur.

Wholesale revenues for the years ended December 31, 2025 and 2024 were approximately \$20 million.

3. TAXES

AGC records income taxes in accordance with the liability method of accounting. Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts recognized for tax purposes. Investment tax credits, which were deferred when utilized, are being amortized over the recovery period of the related property. Deferred income tax liabilities related to temporary tax and accounting basis differences and tax credit carryforward items are recognized at the statutory income tax rates in effect when the liabilities are expected to be paid. Deferred tax assets are recognized based on income tax rates expected to be in effect when they are settled.

AGC's financial statements include its allocated amount of current and deferred tax expense for all years presented. For federal income tax purposes, AGC files as a member of the FirstEnergy consolidated group. AGC is party to an intercompany income tax allocation agreement with FirstEnergy that provides for the allocation of consolidated tax liabilities.

On July 4, 2025, President Trump signed into law the OBBBA, which, among other things, makes permanent certain corporate tax incentives that were set to expire in the TCJA, and terminates tax credits for most wind and solar projects placed in service after 2027. Because many of the provisions of the TCJA will be continued under the OBBBA, and as AGC is not materially impacted by tax incentives associated with wind and solar projects, AGC does not expect to be materially impacted by the OBBBA.

While FirstEnergy continues to believe, more likely than not, it will be subject to corporate AMT, additional IRS guidance issued on February 18, 2026, provides certain tax repair deductions in calculating corporate AMT, which may reduce or otherwise significantly change FirstEnergy's AMT estimates or its conclusions as to whether it is an AMT payer. AGC is party to an

ALLEGHENY GENERATING COMPANY
NOTES TO FINANCIAL STATEMENTS (Continued)

intercompany income tax allocation agreement with FirstEnergy and, accordingly, may be allocated a share of any corporate AMT paid by the FirstEnergy consolidated tax group. FirstEnergy continues to evaluate this most recent AMT guidance, as well as prior guidance issued by the U.S. Treasury and/or IRS. Any adverse developments concerning corporate AMT liability, including guidance from the U.S. Treasury and/or the IRS or unfavorable regulatory treatment by FERC and/or applicable state regulatory authorities, could negatively impact AGC's cash flows, results of operations and financial condition.

The following table provides the composite of income taxes for the years ended 2025 and 2024:

INCOME TAX BENEFITS:	For the Years Ended December 31,	
	2025	2024
	<i>(In thousands)</i>	
Currently payable (receivable) -		
Federal	\$ 1,816	\$ 39
State	98	(149)
	<u>1,914</u>	<u>(110)</u>
Deferred, net -		
Federal	(1,604)	165
State	15	253
	<u>(1,589)</u>	<u>418</u>
Investment tax credit amortization	(1,320)	(1,320)
Total income tax benefits	<u>\$ (995)</u>	<u>\$ (1,012)</u>

AGC's tax rates are affected by permanent items, as well as discrete items that may occur in any given period, but are not consistent from period to period. The following table provides a reconciliation of federal income tax expense at the federal statutory rate to the total income benefits for the years ended December 31, 2025 and 2024:

<i>(In thousands)</i>	For the Years Ended December 31,			
	2025		2024	
	Amount	%	Amount	%
Income before income taxes	\$ 4,222		\$ 4,153	
Federal statutory income tax	\$ 887	21.0 %	\$ 872	21.0 %
Federal:				
Investment tax credits	(1,320)	(31.3)%	(1,320)	(31.8)%
Other -				
Excess deferred tax amortization	(656)	(15.5)%	(650)	(15.7)%
State income taxes, net of federal effect ⁽¹⁾	94	2.2 %	86	2.1 %
Total income tax benefits ⁽²⁾	<u>\$ (995)</u>	<u>(23.6)%</u>	<u>\$ (1,012)</u>	<u>(24.4)%</u>

⁽¹⁾ Virginia makes up the majority of AGC's respective domestic state income taxes, net of federal effect.

⁽²⁾ There were no amounts for the years ended December 31, 2025 or 2024 at AGC related to nontaxable and nondeductible items, changes in valuation allowances, cross-border tax laws, changes in laws or rates, foreign tax effects, or changes in unrecognized tax benefits.

Accumulated deferred income taxes as of December 31, 2025 and 2024, were as follows:

<i>(In thousands)</i>	As of December 31,	
	2025	2024
Property basis differences	\$ 22,343	\$ 22,854
Unamortized investment tax credits	(3,302)	(3,696)
Disallowed interest carryforward	(980)	(923)
Other	18	159
Accumulated deferred income tax liabilities, net	<u>\$ 18,079</u>	<u>\$ 18,394</u>

AGC accounts for uncertainty in income taxes recognized in its financial statements. A recognition threshold and measurement attribute are utilized for financial statement recognition and measurement of tax positions taken or expected to be taken on a company's tax return. For the years ended December 31, 2025 and 2024, AGC did not record any unrecognized tax benefits, nor

ALLEGHENY GENERATING COMPANY
NOTES TO FINANCIAL STATEMENTS (Continued)

does AGC have a reserve for any uncertain tax positions.

AGC recognizes interest expense or income and penalties related to uncertain tax positions by applying the applicable statutory interest rate to the difference between the tax position recognized and the amount previously taken or expected to be taken on the income tax return. AGC includes interest expense or income and penalties in the provision for income taxes. During 2025 and 2024, AGC did not record any interest related to uncertain tax positions, nor did AGC have cumulative net interest payable recorded on its Balance Sheets.

AGC is party to the FirstEnergy consolidated group for federal income taxes, and as a result, is included in FirstEnergy's consolidated federal income tax returns, which for years 2022 and forward remain open to potential IRS examination. AGC's state income tax returns remain open to potential examinations from 2022 and forward.

Income taxes paid, net of refunds, for the years ended December 31, 2025 and 2024, are as follows:

<i>(In thousands)</i>	For the Years Ended December 31,	
	2025	2024
Federal payments -		
Internal Revenue Service ⁽¹⁾	\$ 943	\$ 833
Total Federal	943	833
State payments -		
Virginia	50	69
Total State	50	69
Total Income Taxes Paid (net of Refunds)	\$ 993	\$ 902

⁽¹⁾ AGC is party to the FirstEnergy consolidated group for federal income taxes and a related intercompany income tax allocation agreement. As a result, federal income tax payments and refunds are made to, or received from, FirstEnergy affiliates.

General Taxes

General taxes associated with real and personal property taxes for the years ended December 31, 2025 and 2024 were approximately \$1.1 million.

4. FAIR VALUE MEASUREMENTS

All borrowings with initial maturities of less than one year are defined as short-term financial instruments under GAAP and are reported as Short-term borrowings on the Balance Sheets at cost. Since these borrowings are short-term in nature, AGC believes that their costs should approximate their fair market value. The following table provides the approximate fair value and related carrying value of long-term debt:

<i>(In thousands)</i>	December 31, 2025		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt	\$ 50,000	\$ 48,802	\$ 50,000	\$ 46,850

The fair value of long-term debt reflects the present value of the cash outflows relating to those securities based on the current call price, the yield to maturity or the yield to call, as deemed appropriate at the end of each respective period. The yields assumed were based on securities with similar characteristics offered by corporations with credit ratings similar to those of AGC. AGC classified long-term debt as Level 2 in the fair value hierarchy as of December 31, 2025 and 2024.

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NOTES TO FINANCIAL STATEMENTS (Continued)

5. CAPITALIZATION

COMMON STOCK

In addition to paying dividends from retained earnings, AGC has authorization from the FERC to pay cash dividends to MP from paid-in capital accounts, as long as its FERC-defined equity-to-total-capitalization ratio remains above 45%.

LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

The following table presents outstanding long-term debt and other long-term obligations for AGC as of December 31, 2025 and 2024:

	As of December 31, 2025		As of December 31,	
	Maturity Date	Interest Rate	2025	2024
	<i>(In millions)</i>			
Unsecured notes - fixed rate	2029	4.47%	\$ 50	\$ 50
Total long-term debt and other long-term obligations			\$ 50	\$ 50

The following table presents scheduled debt repayments for outstanding long-term debt, excluding unamortized debt discounts and premiums, for the next five years as of December 31, 2025.

<i>(In millions)</i>	2026	2027	2028	2029	2030
Scheduled debt repayments	\$—	\$—	\$—	\$50	\$—

AGC has various debt covenants under its financing arrangement. The most restrictive of the debt covenants relate to the nonpayment of interest and/or principal on such debt and the maintenance of certain financial ratios. The failure by AGC to comply with the covenants contained in its financing arrangement could result in an event of default, which may have an adverse effect on AGC's financial condition. As of December 31, 2025, AGC remains in compliance with all debt covenant provisions.

6. SHORT-TERM BORROWINGS AND BANK LINES OF CREDIT

AGC had \$3.6 million of outstanding short-term borrowings as of December 31, 2025, and no outstanding short-term borrowings as of December 31, 2024.

FirstEnergy Money Pool

Effective September 23, 2024, AGC became a participant in the regulated companies' money pool. AGC has the ability to borrow from FE's regulated companies and FE to meet its short-term working capital requirements. AGC exited the unregulated money pool in September 2024, in which AGC had the ability to borrow from FE's unregulated companies and FE to meet its short-term working capital requirements but AGC was not permitted to lend to either FE's unregulated companies or FE.

FESC administers these money pools and tracks surplus funds of FE and the respective regulated and unregulated subsidiaries, as the case may be, as well as proceeds available from bank borrowings. Companies receiving a loan under the money pool agreements must repay the principal amount of the loan, together with accrued interest, within 364 days of borrowing the funds. The rate of interest is the same for each company receiving a loan from their respective pool and is based on the average cost of funds available through the pool.

Average Interest Rates	Regulated Companies' Money Pool		Unregulated Companies' Money Pool	
	2025	2024	2025	2024
For the Years Ended December 31,	4.51 %	5.74 %	4.89 %	6.44 %

7. REGULATORY MATTERS

FERC REGULATORY MATTERS

With respect to its wholesale services and rates, AGC is subject to regulation by FERC.

FERC Audit

FERC's Division of Audits and Accounting initiated a nonpublic audit of FESC in February 2019. Among other matters, the audit is evaluating FirstEnergy's compliance with certain accounting and reporting requirements under various FERC regulations. On February 4, 2022, FERC filed the final audit report for the period of January 1, 2015 through September 30, 2021, which included

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NOTES TO FINANCIAL STATEMENTS (Continued)

several findings and recommendations that FirstEnergy has accepted. The audit report included a finding and related recommendation on FirstEnergy's methodology for allocation of certain corporate support costs to regulatory capital accounts under certain FERC regulations and reporting. Effective in the first quarter of 2022 and in response to the finding, FirstEnergy had implemented a new methodology for the allocation of these corporate support costs to regulatory capital accounts for its regulated distribution and transmission companies on a prospective basis.

On December 8, 2023, FERC audit staff issued a letter advising that two unresolved audit matters, related to FirstEnergy's plan to recover the reclassified operating expenses in formula transmission rates, were being referred to other offices within FERC for further review. On July 5, 2024, and September 26, 2024, the FERC Office of Enforcement issued additional data requests related to the 2022 reclassification of operating expenses, to which FirstEnergy replied. On September 10, 2024 and January 13, 2025, the FERC Office of Enforcement issued further data requests related to a matter unrelated to AGC, to which FirstEnergy responded. The FERC Office of Enforcement took no action with respect to the referred matters, and on December 23, 2025, FERC staff notified FirstEnergy that the audit is concluded.

FERC Hydroelectric Project Relicensing Proceeding

The Bath Power Station operates pursuant to a FERC hydroelectric license that was issued in 1977 and expires on December 31, 2026. On October 19, 2021, Dominion – on behalf of itself and two other co-licensees, AGC and Bath County Energy, LLC – initiated the process to relicense the station. On January 15, 2026, FERC issued a notice accepting the application for filing and soliciting interventions. Initial comments were submitted by the Virginia Department of Conservation and Recreation and the U.S. Department of Interior. Reply comments are due by April 30, 2026. This license application remains pending before FERC. In the unlikely event that FERC were not to authorize an extension of the hydroelectric license, there would be a material impact to AGC.

8. COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL MATTERS

Various federal, state and local authorities regulate AGC with regard to air and water quality, hazardous and solid waste disposal, and other environmental matters. While AGC's environmental policies and procedures are designed to achieve compliance with applicable environmental laws and regulations, such laws and regulations are subject to periodic review and potential revision by the implementing agencies. AGC cannot predict the timing or ultimate outcome of any of these reviews or how any future actions taken as a result thereof may materially impact its business, results of operations, cash flows and financial condition.

On March 12, 2025, the EPA announced its intent to reevaluate or reconsider numerous environmental regulations, many of which apply to AGC. The specific timing or outcome of this initiative remains unknown, but regular required rulemaking processes and procedures still apply, and litigation is also anticipated to occur. The disclosures herein do not attempt to discern potential impacts of these deregulatory actions until and unless formal rulemaking or other regulatory actions are announced and the potential impacts to operations can be discerned.

OTHER LEGAL PROCEEDINGS

United States v. Larry Householder, et al.

On July 21, 2020, a complaint and supporting affidavit containing federal criminal allegations were unsealed against the now former Ohio House Speaker Larry Householder and other individuals and entities allegedly affiliated with Mr. Householder. In March 2023, a jury found Mr. Householder and his co-defendant, Matthew Borges, guilty and in June 2023, the two were sentenced to prison for 20 and five years, respectively. Messrs. Householder and Borges have appealed their sentences; the Sixth Circuit recently rejected their appeal upholding their convictions. Also, on July 21, 2020, and in connection with the U.S. Attorney's Office's investigation, FirstEnergy received subpoenas for records from the U.S. Attorney's Office for the Southern District of Ohio. FirstEnergy was not aware of the criminal allegations, affidavit or subpoenas before July 21, 2020. On January 17, 2025, the U.S. Attorney's Office announced that a federal grand jury charged two former FirstEnergy senior officers with one count of participating in a Racketeer Influenced and Corrupt Organizations Act conspiracy. The allegations in the indictment are largely based on the conduct described in the DPA.

On July 21, 2021, FE entered into a three-year DPA with the U.S. Attorney's Office that, subject to court proceedings, resolves this matter as to FE. Under the DPA, FE agreed to the filing of a criminal information charging FE with one count of conspiracy to commit honest services wire fraud. The DPA required that FirstEnergy, among other obligations: (i) continue to cooperate with the U.S. Attorney's Office in all matters relating to the conduct described in the DPA and other conduct under investigation by the U.S. government; (ii) pay a criminal monetary penalty totaling \$230 million within sixty days, consisting of (x) \$115 million paid by FE to the U.S. Treasury and (y) \$115 million paid by FE to the ODSA to fund certain assistance programs, as determined by the ODSA, for the benefit of low-income Ohio electric utility customers; (iii) publish a list of all payments made in 2021 to either 501(c)(4) entities or to entities known by FirstEnergy to be operating for the benefit of a public official, either directly or indirectly, and update the same on a quarterly basis during the term of the DPA; (iv) issue a public statement, as dictated in the DPA, regarding FE's use of 501(c)(4) entities; and (v) continue to implement and review its compliance and ethics program, internal

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controls, policies and procedures designed, implemented and enforced to prevent and detect violations of U.S. laws throughout its operations, and to take certain related remedial measures. The \$230 million payment will neither be recovered in rates or charged to FirstEnergy customers, nor will FirstEnergy seek any tax deduction related to such payment. The entire amount of the monetary penalty was recognized as an expense in the second quarter of 2021 and paid in the third quarter of 2021. As of July 22, 2024, FirstEnergy had successfully completed the obligations required within the three-year term of the DPA. Under the DPA, FirstEnergy has an obligation to continue: (i) publishing quarterly a list of all payments to 501(c)(4) entities and all payments to entities known by FirstEnergy operating for the benefit of a public official, either directly or indirectly; (ii) not making any statements that contradict the DPA; (iii) notifying the U.S. Attorney's Office of any changes in FirstEnergy's corporate form; and (iv) cooperating with the U.S. Attorney's Office until the conclusion of any related investigation, criminal prosecution, and civil proceeding brought by the U.S. Attorney's Office, including the aforementioned federal indictment against two former FirstEnergy senior officers. Within 30 days of those matters concluding, and FirstEnergy's successful completion of its remaining obligations, the U.S. Attorney's Office will dismiss the criminal information. On February 26, 2025, the U.S. Attorney's Office filed a status report confirming these commitments.

Legal Proceedings Relating to U.S. v. Larry Householder, et al.

Certain FE stockholders and FirstEnergy customers also filed several lawsuits against FirstEnergy and certain current and former directors, officers and other employees, and the complaints in each of these suits is related to allegations in the complaint and supporting affidavit relating to HB 6 and the now former Ohio House Speaker Larry Householder and other individuals and entities allegedly affiliated with Mr. Householder. The plaintiffs in each of the below cases seek, among other things, to recover an unspecified amount of damages (unless otherwise noted).

- *In re FirstEnergy Corp. Securities Litigation* (S.D. Ohio); on July 28, 2020, and August 21, 2020, purported stockholders of FE filed putative class action lawsuits alleging violations of the federal securities laws. Those actions have been consolidated and a lead plaintiff, the Los Angeles County Employees Retirement Association, has been appointed by the court. A consolidated complaint was filed on February 26, 2021. The consolidated complaint alleges, on behalf of a proposed class of persons who purchased FE securities between February 21, 2017 and July 21, 2020, that FE and certain current or former FE officers violated Sections 10(b) and 20(a) of the Exchange Act by issuing alleged misrepresentations or omissions concerning FE's business and results of operations. The consolidated complaint also alleges that FE, certain current or former FE officers and directors, and a group of underwriters violated Sections 11, 12(a)(2) and 15 of the Securities Act as a result of alleged misrepresentations or omissions in connection with offerings of senior notes by FE in February and June 2020. On March 30, 2023, the court granted plaintiffs' motion for class certification. On April 14, 2023, FE filed a petition in the Sixth Circuit seeking to appeal that order. On August 13, 2025, the Sixth Circuit vacated the S.D. Ohio's order granting class certification. On November 6, 2025, the S.D. Ohio held oral argument to further consider class certification in light of the Sixth Circuit's decision. FE believes that it is probable that it will incur a loss in connection with the resolution of this lawsuit. Given the ongoing nature and complexity of such litigation, FE cannot yet reasonably estimate a loss or range of loss.
- *MFS Series Trust I, et al. v. FirstEnergy Corp., et al. and Brighthouse Funds II – MFS Value Portfolio, et al. v. FirstEnergy Corp., et al.* (S.D. Ohio); on December 17, 2021 and February 21, 2022, purported stockholders of FE filed complaints against FE, certain current and former officers, and certain then-current and former officers of Energy Harbor Corp. The complaints allege that the defendants violated Sections 10(b) and 20(a) of the Exchange Act by issuing alleged misrepresentations or omissions regarding FE's business and its results of operations, and seek the same relief as the *In re FirstEnergy Corp. Securities Litigation* described above. FE believes that it is probable that it will incur losses in connection with the resolution of these lawsuits. Given the ongoing nature and complexity of such litigation, FE cannot yet reasonably estimate a loss or range of loss.

The outcome of any of these lawsuits is uncertain and could have a material adverse effect on FE's or its subsidiaries' reputation, business, financial condition, results of operations, liquidity, and cash flows.

Other Legal Matters

There are various lawsuits, claims and proceedings related to AGC's normal business operations pending against AGC. The loss or range of loss in these matters is not expected to be material to AGC.

AGC accrues legal liabilities only when it concludes that it is probable that it has an obligation for such costs and can reasonably estimate the amount of such costs. In cases where AGC determines that it is not probable, but reasonably possible that it has a material obligation, it discloses such obligations and the possible loss or range of loss if such estimate can be made. If it were ultimately determined that AGC has legal liability or is otherwise made subject to liability, it could have a material adverse effect on AGC's financial condition, results of operations and cash flows.

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NOTES TO FINANCIAL STATEMENTS (Continued)

9. TRANSACTIONS WITH AFFILIATED COMPANIES

See the Receivables section of Note 1. "Organization and Basis of Presentation," for a description of costs recovered from MP. In 2025 and 2024, there were additional affiliated company transactions with FESC, a subsidiary of FE, for services performed at cost and payments made on behalf of AGC. The primary affiliated company transactions for AGC during the years ended December 31, 2025 and 2024 are as follows:

	For the Years Ended December 31,	
	2025	2024
	<i>(In thousands)</i>	
Revenues	\$ 19,637	\$ 15,367
Expenses:		
Support services	273	260
interest income	826	262
Interest expense	1	123

FE does not bill directly or allocate any of its costs to any subsidiary company. FESC provides corporate support and other services, including executive administration, accounting and finance, risk management, human resources, corporate affairs, communications, information technology, legal services and other similar services at cost, in accordance with its cost allocation manual, to affiliated FirstEnergy companies under FESC agreements. Allocated costs are for services that are provided on behalf of more than one company, or costs that cannot be precisely identified and are allocated using formulas developed by FESC. Intercompany transactions are generally settled under commercial terms within thirty days.

Under the FirstEnergy money pool, as of December 31, 2025, AGC has the ability to borrow from FE's regulated companies and FE to meet its short-term working capital requirements. Affiliated company notes receivables and payables related to the money pool are reported as Notes receivable from affiliated companies or Short-term borrowings - affiliated companies on the Balance Sheets. Affiliate accounts receivable and accounts payable balances relate to intercompany transactions that have not yet settled through the FirstEnergy money pool (see Note 6., "Short-Term Borrowings and Bank Lines of Credit").

AGC is party to an intercompany income tax allocation agreement with FirstEnergy that provides for the allocation of consolidated tax liabilities. See Note 3., "Taxes" for additional information.