

PA Base Rate Case Filing

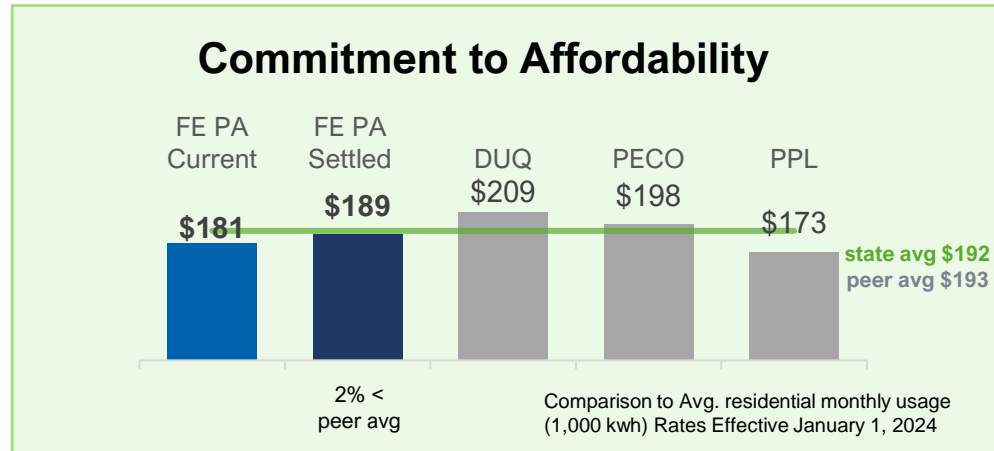
% of FE 2024F
Rate Base: 26%



Filed 4/2/24; Settlement Agreement filed 9/13/24; Order issued 11/21/24 (Docket Number: R-2024-3047068)

Key Statistics		
	Settled	Prior
Distribution Rate Base	\$7.0B ¹	\$4.8B
Return on Equity	Settled	Settled
Cap Structure (Debt / Equity)	Settled	Settled
Test Year (12 months ended)	Dec. 2025	Dec. 2017

Net Revenue Increase: \$225M²



Represents a 4.7% avg residential increase and a 3.4% overall average increase in FE PA's rates³

Filing Summary

Rate adjustment builds on service reliability enhancements made in recent years by upgrading additional distribution grid equipment, providing ongoing tree trimming with a focus on off-right-of-way trees and maintaining customer service levels while providing important customer protections to the Company's most vulnerable customers.

Key Components

- Reset the Distribution System Improvement Charge (DSIC) rider to zero and roll first year of Long-Term Infrastructure Investment Program (LTIIP) Phase III into rate base
- Enhanced vegetation management program aligned with settlement agreement to improve reliability metrics
- Recovery of costs incurred by FE PA including impact of storms (\$19M per year for 10 years), extraordinary storms (\$17M per year for 5 years), and COVID-19 (\$4M per year for 5 years)⁴
- Maintain current depreciation methodology⁵
- Additional O&M for recovery of various items including on-going storm costs; inspection and maintenance of overhead lines and transformers; and rate case expenses⁶
- Income taxes calculated using statutory rates; while including in base rates the Tax Cuts and Jobs Act (TCJA) and State Tax Adjustment (STAS) riders. The blended federal-state statutory tax rate is approximately 27%
- Stay-out provision for new rates until 01/01/2027

1 The settled 2025F rate base of \$7.0B is lower than the filed rate base of \$7.2B due to the exclusion of \$0.2B of regulatory assets; the PA 2024 forecasted rate base has been revised from \$7.0B to \$6.7B to reflect this exclusion, and FE consolidated 2024 forecasted rate base has been revised from \$29.2B to \$28.9B.

2 Represents the net increase after roll-in of several riders: DSIC and Smart Meter; as well as retaining in base rates the customer refunds from the TCJA and STAS riders

3 Expect rates to be effective January 2025 subject to PAPUC approval

4 Settled amount is lower than requested by \$95M, due to cost recovery over longer period of time and elimination of rate base treatment.

5 Settled amount is lower than requested by \$80M.

6 Settled amount is lower than requested by \$32M.