

# PA Legal Entity Consolidation Summary

**Settlement Agreement; Order Issued** PA (12/7/23), NY (11/20/23), and FERC (8/14/23)

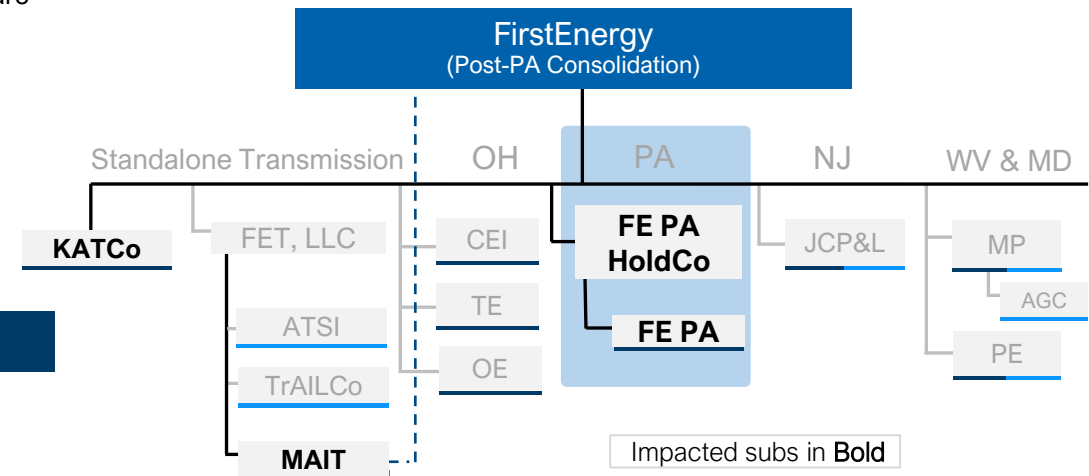
## Overview

- **FE's 4 PA subsidiaries Met-Ed (ME), Penelec (PN), Penn Power (PP), and West Penn Power (WPP) filed a settlement agreement to merge into FirstEnergy Pennsylvania Electric Company (FE PA), a single consolidated operating company**
  - Settlement includes \$650,000 of bill assistance for income-eligible customers over 5 years, supports unification of rates over time, and includes a tracking mechanism to share certain cost savings with customers
    - 5 bps on new long term debt issuances or refinancings and operational and administrative efficiencies associated with the legal entity consolidation to be flowed back to customers in future rate proceedings through 2028
  - FE PA will be a distribution-only utility serving 2M+ customers
    - ME and PN sold their non-controlling interests in MAIT to FE Corp and merged with and into FE PA
    - WPP transferred select Transmission assets to KATCo and merged with and into FE PA
    - PP, formerly a wholly owned subsidiary of Ohio Edison, merged with and into FE PA
  - FE PA will operate under the rate districts of the former PA subsidiaries
- **FE PA Consolidation Completed 1/1/24**

## Key Considerations

- **Consistent with FE's transition to the 5-state operating model**
- **Results in regulatory, financing, and administrative efficiencies**
- **Expect lower financing costs through larger, more liquid new debt offerings**
- **Moody's initiated an A3 rating at FE PA**
  - Outstanding debt of ~\$3.8B will be refinanced at respective maturity dates
    - Secured debt originally issued by WPP and PP will have priority over unsecured debt originally issued by ME and PN
  - All new debt will be issued at FE PA and is expected to be unsecured

**PA Consolidation provides regulatory, financing, and administrative efficiencies and simplifies FE's legal entity structure**



--- Non-controlling member interests of MAIT (previously owned by ME and PN)  
— Transmission  
— Distribution  
— Transmission & Distribution

Not an all-encompassing legal entity view; FE has subsidiaries that are not shown