

FIRSTENERGY TRANSMISSION, LLC AND SUBSIDIARIES
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

GLOSSARY OF TERMS

The following abbreviations and acronyms may be used in these financial statements to identify FirstEnergy Transmission, LLC and its current and former subsidiaries and affiliated companies:

AE Supply	Allegheny Energy Supply Company, LLC, an unregulated generation subsidiary of FE
AGC	Allegheny Generating Company, a generation subsidiary of MP
ATSI	American Transmission Systems, Incorporated, a transmission subsidiary of FET
CEI	The Cleveland Electric Illuminating Company, an Ohio electric utility subsidiary of FE
FE	FirstEnergy Corp., a public utility holding company
FENOC	Energy Harbor Nuclear Corp. (formerly known as FirstEnergy Nuclear Operating Company), a subsidiary of EH, which operates EH's nuclear generating facilities
FE PA	FirstEnergy Pennsylvania Electric Company, a Pennsylvania electric utility subsidiary of FirstEnergy Pennsylvania Holding Company LLC, a wholly owned subsidiary of FE
FES	Energy Harbor LLC (formerly known as FirstEnergy Solutions Corp.), a subsidiary of EH, which provides energy-related products and services
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
FEV	FirstEnergy Ventures Corp., which invests in certain unregulated enterprises and business ventures
FirstEnergy	FirstEnergy Corp., together with its consolidated subsidiaries
JCP&L	Jersey Central Power & Light Company, a New Jersey electric utility subsidiary of FE
KATCo	Keystone Appalachian Transmission Company, a transmission subsidiary of FE
MAIT	Mid-Atlantic Interstate Transmission, LLC, a transmission subsidiary of FET
ME	Metropolitan Edison Company, a former Pennsylvania electric utility subsidiary of FE, which merged with and into FE PA on January 1, 2024
MP	Monongahela Power Company, a West Virginia electric utility subsidiary of FE
OE	Ohio Edison Company, an Ohio electric utility 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 Maryland and West Virginia electric utility subsidiary of FE
Penn	Pennsylvania Power Company, a former Pennsylvania electric utility 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 Pennsylvania electric utility subsidiary of FE, which merged with and into FE PA on January 1, 2024
TE	The Toledo Edison Company, an Ohio electric utility subsidiary of FE
TrAIL	Trans-Allegheny Interstate Line Company, a transmission subsidiary of FET
Transmission Companies	ATSI, KATCo, MAIT and TrAIL
Utilities	OE, CEI, TE, Penn, JCP&L, ME, PN, MP, PE and WP
WP	West Penn Power Company, a former Pennsylvania electric utility 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 these financial statements:

2021 Credit Facilities	Collectively, the six separate senior unsecured five-year syndicated revolving credit facilities entered into by FE, FET, the Utilities, and the Transmission Companies, on October 18, 2021
2023 Credit Facilities	Collectively, the FET Revolving Facility and KATCo Revolving Facility
A&R FET LLC Agreement	Fourth Amended and Restated Limited Liability Company Operating Agreement of FET
ACE	Affordable Clean Energy
AEP	American Electric Power Company, Inc.
AFS	Available-for-sale
AFSI	Adjusted Financial Statement Income
AFUDC	Allowance for Funds Used During Construction
AMI	Advance Metering Infrastructure
AMT	Alternative Minimum Tax

AOCI	Accumulated Other Comprehensive Income (Loss)
ARO	Asset Retirement Obligation
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
BGS	Basic Generation Service
BRA	Base Residual Auction
Brookfield	North American Transmission Company II L.P., a controlled investment vehicle entity of Brookfield Infrastructure Partners
Brookfield Guarantors	Brookfield Super-Core Infrastructure Partners L.P., Brookfield Super-Core Infrastructure Partners (NUS) L.P., and Brookfield Super-Core Infrastructure Partners (ER) SCSP
CAA	Clean Air Act
CCR	Coal Combustion Residual
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act of 1980
CFIUS	Committee on Foreign Investments in the United States
CFR	Code of Federal Regulations
CO ₂	Carbon Dioxide
COVID-19	Coronavirus disease
CPP	EPA's Clean Power Plan
CSAPR	Cross-State Air Pollution Rule
CTA	Consolidated Tax Adjustments
D.C. Circuit	United States Court of Appeals for the District of Columbia Circuit
DCR	Delivery Capital Recovery
DMR	Distribution Modernization Rider
DPA	Deferred Prosecution Agreement entered into on July 21, 2021 between FE and U.S. Attorney's Office for the Southern District of Ohio
DSIC	Distribution System Improvement Charge
EDC	Electric Distribution Company
EEI	Edison Electric Institute
EGS	Electric Generation Supplier
EGU	Electric Generation Units
EH	Energy Harbor Corp
ELG	Effluent Limitation Guidelines
EmPOWER Maryland	EmPOWER Maryland Energy Efficiency Act
ENEC	Expanded Net Energy Cost
EPA	United States Environmental Protection Agency
ERO	Electric Reliability Organization
ESP IV	Electric Security Plan IV
ESP V	Electric Security Plan V
Exchange Act	Securities and Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FE Board	The Board of Directors of FirstEnergy Corp.
FE Revolving Facility	FE and the Utilities' former five-year syndicated revolving credit facility, as amended, and replaced by the 2021 Credit Facilities on October 18, 2021
FERC	Federal Energy Regulatory Commission
FET Board	The Board of Directors of FET
FET LLC Agreement	Third Amended and Restated Limited Liability Company Operating Agreement of FET
FET Minority Equity Interest Sale	Sale of an additional 30% membership interest of FET, such that Brookfield will own 49.9% of FET
FET P&SA I	Purchase and Sale Agreement entered into on November 6, 2021, by and between FE, FET, Brookfield, and Brookfield Guarantors
FET P&SA II	Purchase and Sale Agreement entered into on February 2, 2023, by and between FE, FET, Brookfield, and the Brookfield Guarantors

FET Revolving Facility	FET's five-year syndicated revolving credit facility, dated as of October 20, 2023
Fitch	Fitch Ratings Service
FMB	First Mortgage Bond
FPA	Federal Power Act
FTR	Financial Transmission Right
GAAP	Accounting Principles Generally Accepted in the United States of America
GHG	Greenhouse Gases
HB 6	House Bill 6, as passed by Ohio's 133rd General Assembly
IRA of 2022	Inflation Reduction Act of 2022
IRS	Internal Revenue Service
KATCo Revolving Facility	KATCo's four-year syndicated revolving credit facility, dated as of October 20, 2023
kV	Kilovolt
LIBOR	London Inter-Bank Offered Rate
LOC	Letter of Credit
LTIP	Long-Term Infrastructure Improvement Plan
MDPSC	Maryland Public Service Commission
MGP	Manufactured Gas Plants
MISO	Midcontinent Independent System Operator, Inc.
Moody's	Moody's Investors Service, Inc.
MW	Megawatt
MWh	Megawatt-hour
N.D. Ohio	Federal District Court, Northern District of Ohio
NERC	North American Electric Reliability Corporation
NJBPU	New Jersey Board of Public Utilities
NOL	Net Operating Loss
NOx	Nitrogen Oxide
NUG	Non-Utility Generation
NYPSC	New York State Public Service Commission
OAG	Ohio Attorney General
OCC	Ohio Consumers' Counsel
ODSA	Ohio Development Service Agency
Ohio Stipulation	Stipulation and Recommendation, dated November 1, 2021, entered into by and among the Ohio Companies, the OCC, PUCO Staff, and several other signatories
OOCIC	Ohio Organized Crime Investigations Commission, which is composed of members of the Ohio law enforcement community and is chaired by the OAG
OPEB	Other Postemployment Benefits
OVEC	Ohio Valley Electric Corporation
PA Consolidation	Consolidation of the Pennsylvania Companies
PEER	FirstEnergy's Program for Enhanced Employee Retirement
PJM	PJM Interconnection, LLC
PJM Tariff	PJM Open Access Transmission Tariff
POLR	Provider of Last Resort
PPA	Purchase Power Agreement
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
SEC	United States Securities and Exchange Commission

SIP	State Implementation Plan(s) under the Clean Air Act
SLC	Special Litigation Committee of the FE Board
SO ₂	Sulfur Dioxide
SOFR	Secured Overnight Financing Rate
SOS	Standard Offer Service
SPE	Special Purpose Entity
S&P	Standard & Poor's Ratings Service
Tax Act	Tax Cuts and Jobs Act adopted December 22, 2017
TMI-1	Three Mile Island Unit 1
VEPCO	Virginia Electric and Power Company
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 FirstEnergy Transmission, LLC

Opinion

We have audited the accompanying consolidated financial statements of FirstEnergy Transmission, LLC and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of income, of members' equity, and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, 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 Consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating statements ("Schedule A") is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

/s/ PricewaterhouseCoopers LLP
Cleveland, Ohio
March 8, 2024

FIRSTENERGY TRANSMISSION, LLC
CONSOLIDATED STATEMENTS OF INCOME

<i>(In millions)</i>	For the Years Ended December 31,	
	2023	2022
REVENUES	\$ 1,652	\$ 1,538
OPERATING EXPENSES:		
Other operating expenses	313	378
Provision for depreciation	291	263
Amortization of regulatory assets, net	6	6
General taxes	256	247
Total operating expenses	866	894
OPERATING INCOME	786	644
OTHER INCOME (EXPENSE):		
Miscellaneous income, net	18	51
Pension and OPEB mark-to-market adjustment	(31)	(11)
Interest expense	(237)	(256)
Capitalized financing costs	38	36
Total other expense	(212)	(180)
INCOME BEFORE INCOME TAXES	574	464
INCOME TAXES	136	111
NET INCOME	438	353
Income attributable to noncontrolling interest	69	59
EARNINGS ATTRIBUTABLE TO FIRSTENERGY TRANSMISSION, LLC	<u>\$ 369</u>	<u>\$ 294</u>

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

FIRSTENERGY TRANSMISSION, LLC
CONSOLIDATED BALANCE SHEETS

<i>(In millions)</i>	December 31, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 76	\$ 77
Receivables -		
Affiliated companies	10	12
Other	88	79
Notes receivable from affiliated companies	17	1,554
Prepaid taxes and other	23	24
	<u>214</u>	<u>1,746</u>
PROPERTY, PLANT AND EQUIPMENT:		
In service	11,861	11,078
Less — Accumulated provision for depreciation	2,410	2,242
	<u>9,451</u>	<u>8,836</u>
Construction work in progress	770	523
	<u>10,221</u>	<u>9,359</u>
INVESTMENTS AND OTHER NONCURRENT ASSETS:		
Goodwill	224	224
Investment in non-affiliated companies	19	20
Regulatory assets	15	1
Property taxes	277	247
Operating lease right-of-use asset	413	413
Other	36	30
	<u>984</u>	<u>935</u>
TOTAL ASSETS	<u><u>\$ 11,419</u></u>	<u><u>\$ 12,040</u></u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Short-term borrowings - Affiliated companies	\$ 383	\$ 154
Note payable to affiliated company	—	1,168
Accounts payable - affiliated companies	30	30
Accounts payable - other	2	—
Accrued taxes	262	278
Accrued interest	62	58
Other	14	7
	<u>753</u>	<u>1,695</u>
NONCURRENT LIABILITIES:		
Long-term debt and other long-term obligations	5,275	4,949
Accumulated deferred income taxes	1,218	1,129
Property taxes	277	247
Regulatory liabilities	307	443
Noncurrent operating lease obligation	406	406
Other	8	8
	<u>7,491</u>	<u>7,182</u>
TOTAL LIABILITIES	<u><u>8,244</u></u>	<u><u>8,877</u></u>
EQUITY:		
Members' equity	2,250	2,312
Retained earnings	159	88
Total members' equity	<u>2,409</u>	<u>2,400</u>
Noncontrolling interest	766	763
TOTAL EQUITY	<u><u>3,175</u></u>	<u><u>3,163</u></u>
COMMITMENTS AND CONTINGENCIES (NOTE 9)		
TOTAL LIABILITIES AND EQUITY	<u><u>\$ 11,419</u></u>	<u><u>\$ 12,040</u></u>

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

FIRSTENERGY TRANSMISSION, LLC
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY

<i>(In millions)</i>	Members' Equity	Retained Earnings	Total Members' Equity	Noncontrolling Interest	Total Equity
Balance, January 1, 2022	\$ 1,063	\$ 1,070	\$ 2,133	\$ 759	\$ 2,892
Net income		294	294	59	353
Consolidated tax benefit allocation	27		27	2	29
Dividends declared	(1,196)	(1,276)	(2,472)		(2,472)
Minority interest sale, net of issuance costs ⁽¹⁾	2,348		2,348		2,348
Equity contribution from parent	61		61		61
Equity contribution from Brookfield	9		9		9
Distribution to noncontrolling interest			—	(57)	(57)
Balance, December 31, 2022	<u>\$ 2,312</u>	<u>\$ 88</u>	<u>\$ 2,400</u>	<u>\$ 763</u>	<u>\$ 3,163</u>
Net income		369	369	69	438
Dividends declared	(62)	(298)	(360)		(360)
Distribution to noncontrolling interest			—	(66)	(66)
Balance, December 31, 2023	<u>\$ 2,250</u>	<u>\$ 159</u>	<u>\$ 2,409</u>	<u>\$ 766</u>	<u>\$ 3,175</u>

⁽¹⁾ Includes \$27 million of issuance costs. See Note 1, "Organization and Basis of Presentation," for additional information on the minority interest sale.

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

FIRSTENERGY TRANSMISSION, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	For the Years Ended December 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 438	\$ 353
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation, amortization and impairments	292	276
Pension and OPEB mark-to-market adjustment	31	11
Deferred income taxes and investment tax credits, net	90	44
Allowance for equity funds used during construction	(26)	(29)
Transmission revenue collections, net	(138)	25
Changes in current assets and liabilities-		
Receivables	(7)	27
Prepaid taxes and other current assets	2	(7)
Accounts payable - affiliated companies	(35)	(17)
Accrued taxes	(16)	30
Accrued interest	4	6
Other current liabilities	6	—
Other	(4)	(7)
Net cash provided from operating activities	637	712
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital investments	(1,042)	(836)
Loans to affiliated companies, net	1,537	(1,126)
Asset removal costs	(91)	(55)
Other	2	(5)
Net cash provided from (used for) investing activities	406	(2,022)
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Long-term debt	325	—
Short-term borrowings - Affiliated companies, net	229	105
Redemptions and Repayments-		
Short-term borrowings - Affiliated companies, net	—	(50)
Equity contribution from parent	—	61
Capital contributions from Brookfield	—	9
Proceeds from FET minority interest sale, net of transaction costs	—	2,348
Cash dividends paid to noncontrolling interest	(66)	(57)
Dividend payments	(1,527)	(1,304)
Other	(5)	—
Net cash provided from (used for) financing activities	(1,044)	1,112
Net change in cash and cash equivalents	(1)	(198)
Cash and cash equivalents at beginning of period	77	275
Cash and cash equivalents at end of period	\$ 76	\$ 77
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid (received) during the year:		
Interest (net of amounts capitalized)	\$ 218	\$ 240
Income taxes, net of refunds	\$ 74	\$ 18
Significant non-cash transactions:		
Accrued capital investments	\$ 116	\$ 100

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

FIRSTENERGY TRANSMISSION, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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FIRSTENERGY TRANSMISSION, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

FET, a consolidated VIE of FE, is the parent of ATSI, MAIT, TrAIL and PATH. Through its subsidiaries, FET owns high-voltage transmission facilities in PJM, which consist of approximately 12,500 circuit miles of transmission lines with nominal voltages of 500 kV, 345 kV, 230 kV, 138 kV, 115 kV, 69 kV and 46 kV in Ohio, Pennsylvania, West Virginia, Maryland and Virginia, and has a rate base of \$7.3 billion. FET plans, operates, and maintains its transmission system in accordance with NERC reliability standards, and other applicable regulatory requirements. In addition, FET complies with the regulations, orders, policies and practices prescribed by FERC and the PUCO, PPUC, WVPSC, MDPSC and VSCC.

FET and its subsidiaries consolidate all majority-owned subsidiaries over which they exercise control and, when applicable, entities for which they have a controlling financial interest. Intercompany transactions and balances are eliminated in consolidation as appropriate and permitted pursuant to GAAP. FET and its subsidiaries consolidate a VIE (MAIT) when it is determined that it is the primary beneficiary. An enterprise has a controlling financial interest if it has both power and economic control, such that an entity has: (i) the power to direct the activities of a VIE that most significantly impact the entity's economic performance; and (ii) the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE.

MAIT, which is organized under Delaware law, is a consolidated VIE of FET. Following receipt of necessary regulatory approvals, on January 31, 2017, MAIT issued membership interests to FET, PN and ME in exchange for their respective cash and transmission asset contributions. As of December 31, 2023, ME's and PN's approximate ownership of MAIT was 17% and 25%, respectively. As further discussed below, on January 1, 2024, PN and ME contributed their respective Class B equity interests of MAIT to FE. MAIT owns and operates all of the FERC-jurisdictional transmission assets previously owned by ME and PN. MAIT's assets and liabilities as of December 31, 2023, were \$3.3 billion and \$1.5 billion, respectively. FET has not provided any guarantees or other credit support for the benefit of MAIT or MAIT's creditors.

On November 6, 2021, FirstEnergy, along with FET, entered into the FET P&SA I, with Brookfield and the Brookfield Guarantors, pursuant to which FET agreed to issue and sell to Brookfield at the closing, and Brookfield agreed to purchase from FET, certain newly issued membership interests of FET, such that Brookfield would own 19.9% of the issued and outstanding membership interests of FET, for a purchase price of \$2.375 billion. The transaction closed on May 31, 2022. KATCo, which was a subsidiary of FET, became a wholly owned subsidiary of FE prior to the closing of the transaction.

Pursuant to the terms of the FET P&SA I, on May 31, 2022, Brookfield, FET and FE entered into the FET LLC Agreement. The FET LLC Agreement, among other things, provides for the governance, exit, capital and distribution, and other arrangements for FET from and following the closing. Under the FET LLC Agreement, Brookfield is entitled to appoint a number of directors to the FET Board, in approximate proportion to Brookfield's ownership percentage in FET (rounded to the next whole number). The FET Board now consists of five directors, one appointed by Brookfield and four appointed by FE. The FET LLC Agreement contains certain investor protections, including, among other things, requiring Brookfield's approval for FET and its subsidiaries to take certain major actions. Under the terms of the FET LLC Agreement, for so long as Brookfield holds a 9.9% interest in FET, Brookfield's consent is required for FET or any of its subsidiaries to incur indebtedness (other than the refinancing of existing indebtedness on commercially reasonable terms reflecting then-current credit market conditions) that would reasonably be expected to result in FET's consolidated Debt-to-Capital Ratio (as defined in the FET LLC Agreement) equaling or exceeding (i) prior to the fifth anniversary of the effective date, 65%, and (ii) thereafter, 70%. As discussed below, pursuant to the terms of the FET P&SA II and in connection with the closing thereof, Brookfield, FET and FE will enter into the A&R FET LLC Agreement, which will amend and restate in its entirety the FET LLC Agreement.

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. FET has evaluated events and transactions for potential recognition or disclosure through March 8, 2024, the date the financial statements were issued.

Certain prior year amounts have been reclassified to conform to the current year presentation, including presenting long-term debt and other long-term obligations within "Noncurrent Liabilities" on the Balance Sheets as compared to "Total Capitalization".

Economic Conditions

Post-pandemic economic conditions have increased supply chain lead times across numerous material categories, with some as much as tripling from pre-pandemic lead times. Several key suppliers have struggled with labor shortages and raw material availability, which along with inflationary pressure that appears to be moderating, have increased costs and decreased the availability of certain materials, equipment and contractors. FirstEnergy has taken steps to mitigate these risks and does not currently expect service disruptions or any material impact on its capital spending plan. However, the situation remains fluid and

FIRSTENERGY TRANSMISSION, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

a prolonged continuation or further increase in supply chain disruptions could have an adverse effect on FirstEnergy's results of operations, cash flow and financial condition.

Sale of Minority Equity Interest in FirstEnergy Transmission, LLC

On February 2, 2023, FE, along with FET, entered into the FET P&SA II with Brookfield and the Brookfield Guarantors, pursuant to which FE agreed to sell to Brookfield at the closing, and Brookfield agreed to purchase from FE, an incremental 30% equity interest in FET for a purchase price of \$3.5 billion. The majority of the purchase price is expected to be paid in cash upon closing, and the remainder will be payable by the issuance of a promissory note, which is expected to be repaid by the end of 2024. As a result of the consummation of the transaction, Brookfield's interest in FET will increase from 19.9% to 49.9%, while FE will retain the remaining 50.1% ownership interests of FET.

Pursuant to the terms of the FET P&SA II, in connection with the closing, Brookfield, FET and FE will enter into the A&R FET LLC Agreement, which will amend and restate in its entirety the current limited liability company agreement of FET. The A&R FET LLC Agreement, among other things, provides for the governance, exit, capital and distribution, and other arrangements for FET from and following the closing. Under the A&R FET LLC Agreement, at the closing, the FET Board will consist of five directors, two appointed by Brookfield and three appointed by FE. Each of Brookfield's and FE's respective appointment rights are subject to such party maintaining certain minimum ownership percentages. The A&R FET LLC Agreement contains certain investor protections, including, among other things, requiring Brookfield's approval for FET and its subsidiaries to take certain major actions. Under the terms of the A&R FET LLC Agreement, for so long as Brookfield holds at least a 30.0% interest in FET, Brookfield's consent is required for FET or any of its subsidiaries to, among other things, undertake certain acquisitions or dispositions in excess of certain dollar thresholds, establish or amend the annual budget, incur cost overruns on certain capital expenditures projects during any fiscal year in excess of a certain percentage overage of the budgeted amounts or incur cost overruns on the aggregate capital expenditure budget of FET's subsidiaries during any fiscal year in excess of a certain percentage overage of the aggregated budgeted amount, make material decisions relating to litigation where either the potential liability exposure is in excess of a certain threshold dollar amount or such proceeding would reasonably be expected to have an adverse effect on Brookfield or FET, make certain material regulatory filings, incur or refinance indebtedness by FET or its subsidiaries, which, in the case of its subsidiaries, would reasonably be expected to cause such subsidiary to deviate from its targeted capital structure, enter into joint ventures, appoint or replace any member of its transmission leadership team, amend the accounting policies of FET or its subsidiaries (but only if FirstEnergy Corp is no longer the majority owner of FET), take any action that would reasonably be expected to cause a default or breach of any material contract of FET or any of its subsidiaries, create certain material liens (excluding certain permitted liens), or cause any reorganization of FET or any of its subsidiaries. The A&R FET LLC Agreement also includes provisions relating to the resolution of disputes and to address deadlocks.

The FET Minority Equity Interest Sale is subject to customary closing conditions, including approval from the PPUC, and is expected to close by the end of the first quarter of 2024. On May 5, 2023, FirstEnergy and Brookfield submitted applications to FERC and to the PPUC to facilitate the FET Minority Equity Interest Sale. On May 12, 2023, the parties also filed an application with the VSCC, which was approved on June 20, 2023. On August 14, 2023, FERC issued an order approving the FET Minority Equity Interest Sale. On November 24, 2023, CFIUS notified FET, Brookfield and the Abu Dhabi Investment Authority that it has determined that there were no unresolved national security issues and its review of the transaction was concluded. On November 29, 2023, the parties filed a settlement agreement recommending that the PPUC approve the transaction subject to the terms of the settlement, which include among other things, a number of ring-fencing provisions and a commitment to improve transmission reliability over the next five years. The settlement has been approved without modification by the administrative law judges and is currently pending final PPUC approval. Upon closing, FET will continue to be consolidated in FirstEnergy's financial statements.

Reference Rate Reform

In March of 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): "Facilitation of the Effects of Reference Rate Reform on Financial Reporting" (issued March 2020 and subsequently updated). This ASU, which introduces Topic ASC 848 to the FASB codification, provides temporary optional expedients and exceptions that, if elected, will ease the financial reporting burdens related to the market transition from LIBOR and other interbank offered rates to alternative reference rates.

On April 27, 2023, FE, FET, the Utilities and the Transmission Companies entered into amendments to the 2021 Credit Facilities to, among other things: (i) permit the sale from FE to Brookfield of an incremental 30% equity interest in FET for a purchase price of \$3.5 billion, (ii) permit the consolidation of the Pennsylvania Companies into a new, single operating entity, FE PA, which will be FE's only regulated utility in Pennsylvania encompassing the operations previously conducted individually by the Pennsylvania Companies, and (iii) transition the benchmark interest rate for borrowings under the 2021 Credit Facilities from LIBOR to SOFR. During the second quarter of 2023, FirstEnergy utilized the optional expedient within ASC 848 to account for the amendments to the credit facilities as a continuation of the existing contract without additional analysis.

ACCOUNTING FOR THE EFFECTS OF REGULATION

FET is subject to regulation that sets the prices (rates) that FET 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

FIRSTENERGY TRANSMISSION, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

FET 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, FET 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, FET will write off that regulatory asset as a charge against earnings. FET 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 FET's Consolidated Balance Sheets. See Note 8, "Regulatory Matters," of the Notes to Consolidated Financial Statements for additional information.

The following table provides information about the composition of net regulatory assets and liabilities as of December 31, 2023 and 2022, and the changes during the year ended December 31, 2023:

Net Regulatory Assets (Liabilities) by Source	As of December 31,		Change
	2023	2022	
	(In millions)		
Customer payables for future income taxes	\$ (588)	\$ (594)	\$ 6
Asset removal costs	1	(9)	10
Deferred transmission costs	262	124	138
MISO exit fee	30	34	(4)
Vegetation management costs	7	8	(1)
Other	(4)	(5)	1
Net Regulatory Liabilities included on the Consolidated Balance Sheets	\$ (292)	\$ (442)	\$ 150

The following is a description of the regulatory assets and liabilities described above:

Customer payables for future income taxes - Reflects amounts to be recovered or refunded through future rates to pay income taxes that become payable when rate revenue is provided to recover items such as AFUDC-equity and depreciation of property, plant and equipment for which deferred income taxes were not recognized for ratemaking purposes, including amounts attributable to federal and state tax rate changes such as the Tax Act and Pennsylvania House Bill 1342. These amounts are being amortized over the period in which the related deferred tax assets reverse, which is generally over the expected life of the underlying asset.

Asset removal costs - Reflects amounts to be recovered or refunded through future rates to pay for the cost of activities to remove assets, including obligations for which an ARO has been recognized, that are expected to be incurred at the time of retirement.

Deferred transmission costs - Reflects differences between revenues earned based on actual costs for ATSI, MAIT and TrAIL's formula transmission rates and the amounts billed, including amounts expected to be refunded to, or recoverable from, wholesale transmission customers resulting from the FERC Audit, as further described below, which amounts are recorded as a regulatory asset or liability and recovered or refunded, respectively, in subsequent periods.

MISO exit fee - Relates to the recovery of certain costs from the transfer of control of its transmission assets from MISO to PJM (amortized through 2030). See Note 8, "Regulatory Matters."

Vegetation management costs - Relates to regulatory assets associated with the recovery of certain transmission vegetation management costs at MAIT and ATSI (amortized through 2024 and 2030, respectively).

GOODWILL

On January 31, 2017, MAIT issued membership interests to FET, PN and ME in exchange for their respective cash and transmission asset contributions, which included \$224 million of goodwill.

In a business combination, the excess of the purchase price over the estimated fair value of the assets acquired and liabilities assumed is recognized as goodwill. Goodwill is evaluated for impairment annually on July 31 and more frequently if indicators of impairment arise. In evaluating goodwill for impairment, qualitative factors are assessed to determine whether it is more likely than not (that is, likelihood of more than 50%) that the fair value of the reporting unit is less than its carrying value (including goodwill). If it is concluded that it is not more likely than not that the fair value of the reporting unit is less than its carrying value, then no further testing is required. However, if management concludes that it is more likely than not that the fair value of the

FIRSTENERGY TRANSMISSION, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

reporting unit is less than its carrying value or bypasses the qualitative assessment, then the quantitative goodwill impairment test is performed to identify a potential goodwill impairment and measure the amount of impairment to be recognized, if any.

No impairment of goodwill was indicated in 2023 and 2022. In 2023 and 2022, a qualitative assessment was performed, assessing economic, industry and market considerations in addition to MAIT's (FET's subsidiary) overall performance. Key factors used in the assessment included: growth rates, interest rates, expected investments, utility sector market performance, regulatory and legal developments, and other market considerations. It was determined that the fair values of the reporting unit was, more likely than not, greater than their carrying values and a quantitative analysis was not necessary.

INVESTMENTS

All temporary cash investments purchased with an initial maturity of three months or less are reported as cash equivalents on the Consolidated Balance Sheets, at cost, which approximates their fair market value.

PATH, a proposed transmission line from West Virginia through Virginia into Maryland which PJM cancelled in 2012, is a series limited liability company that is comprised of multiple series, each of which has separate rights, powers and duties regarding specified property and the series profits and losses associated with such property. FET owns 100% of the Allegheny Series (PATH-Allegheny) and 50% of the West Virginia Series (PATH-WV), which is a joint venture with a subsidiary of AEP. FET is not the primary beneficiary of PATH-WV, as it does not have control over the significant activities affecting the economics of PATH-WV. FET's ownership interest in PATH-WV is subject to the equity method of accounting. As of December 31, 2023 and 2022, the carrying value of the equity method investment were \$17 million and \$18 million, respectively.

PENSION AND OTHER POSTEMPLOYMENT BENEFITS

In addition to service costs, interest on obligations, expected return on plan assets, and prior service costs, FirstEnergy recognizes in net periodic benefit costs a pension and OPEB mark-to-market adjustment for the change in the fair value of plan assets and net actuarial gains and losses annually in the fourth quarter of each fiscal year and whenever a plan is determined to qualify for a remeasurement. FET is allocated a portion of net periodic benefit costs from affiliates. These amounts are expected to be refunded or recovered through formula transmission rates.

The FirstEnergy total pension and OPEB mark-to-market adjustment gain (loss), for the years ended December 31, 2023 and 2022 were \$(78) million and \$72 million, respectively. During 2023 and 2022 FET's allocated amount of the pension and OPEB mark-to-market adjustments from affiliates was (losses) of \$(31) million and \$(11) million, respectively. These amounts are expected to be refunded or recovered through formula transmission rates. Additionally, other pension and OPEB net periodic costs (credits) allocated to FET from affiliates were approximately \$8 million and \$(18) million in 2023 and 2022, respectively.

RECEIVABLES

Under a formula rate mechanism approved by the FERC, FET's subsidiaries make annual filings in order to recover incurred costs and an allowed return. An initial rate filing is made for each calendar year using estimated costs, which is used to determine the initial billings to customers. All prudently incurred allowable operation and maintenance costs, a return earned on rate base and income taxes are recovered or refunded through a subsequent true-up mechanism. As such, FET recognizes revenue as it incurs recoverable costs and earns the allowed return. Any differences between revenues earned based on actual costs and the amounts billed based on estimated costs are recognized as a regulatory asset or liability, and will be recovered or refunded, respectively, in subsequent periods.

Other receivables include PJM receivables resulting from transmission sales. FET's uncollectible risk on PJM receivables is minimal due to the nature of PJM's settlement process whereby members of PJM legally agree to share the cost of defaults and as a result there is no allowance for doubtful accounts.

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.

FET provides for depreciation on a straight-line basis at various rates over the estimated lives of property included in plant in service. The annual composite rates for FET's subsidiaries' electric plant were 2.5% and 2.4% in 2023 and 2022, respectively.

For the years ended December 31, 2023 and 2022, capitalized financing costs on FET's Consolidated Statements of Income include \$26 million and \$28 million, respectively, of allowance for equity funds used during construction and \$12 million and \$8 million, respectively, of capitalized interest.

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.

NEW ACCOUNTING PRONOUNCEMENTS

Recently Issued Pronouncements - The following new authoritative accounting guidance issued by the FASB has not yet been adopted. Unless otherwise indicated, such guidance is currently being assessed for the impact it may have on the financial statements and disclosures, as well as the potential to early adopt where applicable. New accounting standards not described below have been assessed and based upon current expectations will not significantly impact the financial statements.

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. For FirstEnergy, the guidance will be effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The amendments within ASU 2023-09 are to be applied on a prospective basis, with retrospective application permitted.

2. REVENUE

FET 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.

FET has elected to exclude sales taxes and other similar taxes collected on behalf of third parties from revenue as prescribed in the standard. As a result, tax collections and remittances within the scope of this election are excluded from recognition in the income statement and instead recorded through the balance sheet. Gross receipts taxes that are assessed on FET are not subject to the election and are included in revenue. FET has elected the optional invoice practical expedient for most of its revenues and utilizes the optional short-term contract exemption for transmission revenues due to the annual establishment of revenue requirements, which eliminates the need to provide certain revenue disclosures regarding unsatisfied performance obligations.

FET provides transmission infrastructure owned and operated by its subsidiaries to transmit electricity from generation sources to distribution facilities. FET's transmission revenue is primarily derived from the forward-looking formula transmission rates of its subsidiaries. Revenue requirements under forward-looking formula rates for ATSI, MAIT and TrAIL are updated annually based on a projected rate base and projected costs, which is subject to an annual true-up based on rate base and actual costs. Revenues and cash receipts for the stand-ready obligation of providing transmission service are recognized ratably over time.

The following table represents a disaggregation of revenue from contracts with regulated transmission customers for the years ended December 31, 2023 and 2022, by transmission owner:

Revenues from Contracts with Customers by Transmission Asset Owner	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
	<i>(In millions)</i>	
ATSI	\$ 964	\$ 908
TrAIL	275	275
MAIT	395	340
PATH	2	1
Total Revenue from Contracts with Customers⁽¹⁾	1,636	1,524
Other revenue unrelated to contracts with customers	16	14
Total revenues	\$ 1,652	\$ 1,538

⁽¹⁾ Includes \$(3) million in reductions to revenue related to amounts subject to refund resulting from the Tax Act for the year ended December 31, 2022.

FIRSTENERGY TRANSMISSION, LLC
NOTES TO FINANCIAL STATEMENTS (Continued)

3. TAXES

FET 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.

For federal income tax purposes, FET files as a member of the FirstEnergy consolidated group. FET is party to an intercompany income tax allocation agreement with FirstEnergy that provides for the allocation of consolidated tax liabilities. Immediately following the close of the FET Minority Equity Interest Sale, FET and its subsidiaries will no longer be members of the FirstEnergy consolidated group for federal income tax purposes and, instead, will constitute a separate consolidated group with a separate income tax allocation agreement for federal income tax purposes.

On August 16, 2022, President Biden signed into law the IRA of 2022, which, among other things, imposes a new 15% corporate AMT based on AFSI applicable to corporations with a three-year average AFSI over \$1 billion. The AMT is effective for the 2023 tax year and, if applicable, corporations must pay the greater of the regular corporate income tax or the AMT. Although NOL carryforwards created through the regular corporate income tax system cannot be used to reduce the AMT, financial statement net operating losses can be used to reduce AFSI and the amount of AMT owed. The IRA of 2022 as enacted requires the U.S. Treasury to provide regulations and other guidance necessary to administer the AMT, including further defining allowable adjustments to determine AFSI, which directly impacts the amount of AMT to be paid. Based on interim guidance issued by the U.S. Treasury during 2022 and 2023, FirstEnergy continues to believe that it is more likely than not it will be subject to the AMT beginning in 2023. Accordingly, FirstEnergy made a first quarter estimated payment of AMT of approximately \$49 million in April 2023, of which approximately \$15 million related to FET's estimated allocable share of consolidated AMT. In June 2023, the U.S. Treasury issued additional guidance that eliminated the requirement of corporations to include AMT in quarterly estimated tax payments, pending further guidance on the application and administration of AMT. Therefore, as a result of guidance issued to date, the current forecast of AMT obligation, and the amount of AMT already paid in April 2023, FirstEnergy did not make any additional AMT payments for the 2023 tax year. Until final U.S. Treasury regulations are issued, the amount of AMT FirstEnergy pays could be significantly different than current estimates or it may not be a payer at all. The regulatory treatment of the impacts of this legislation may also be subject to the regulation by FERC and/or applicable state regulatory authorities. Any adverse development in this legislation, including guidance from the U.S. Treasury and/or the IRS or unfavorable regulatory treatment, could negatively impact FirstEnergy's cash flows, results of operations and financial condition.

On March 29, 2023, the West Virginia Governor signed into law House Bill 3286, which provides corporate taxpayers a reduction to pre-apportionment federal taxable income with the amount necessary to offset the increase in the net deferred tax liability (or decrease in the net deferred tax asset) caused by West Virginia's apportionment law change enacted in 2021. Beginning with the 2033 tax year, qualifying taxpayers can subtract one-tenth of the amount each year for ten years. Taxpayers intending to claim this subtraction will have to file a statement with the West Virginia tax commissioner by July 1, 2024, specifying the total amount of subtraction to be claimed. Accordingly, FET, as a taxpayer included in the FirstEnergy West Virginia unitary combined group, recorded a state deferred tax asset of approximately \$2 million and recorded a corresponding \$2 million regulatory liability associated with the amount expected to be refunded to customers in future rates.

INCOME TAXES:	For the Years Ended December 31,	
	2023	2022
	<i>(In millions)</i>	
Currently payable -		
Federal	\$ 38	\$ 58
State	8	9
	<u>46</u>	<u>67</u>
Deferred, net -		
Federal	70	25
State	20	20
	<u>90</u>	<u>45</u>
Investment tax credit amortization	—	(1)
Total income taxes	<u>\$ 136</u>	<u>\$ 111</u>

FIRSTENERGY TRANSMISSION, LLC
NOTES TO FINANCIAL STATEMENTS (Continued)

FET's tax rates are affected by permanent items, such as AFUDC equity and other flow-through 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 taxes for the years ended December 31, 2023 and 2022:

<i>(In millions)</i>	For the Years Ended December 31,	
	2023	2022
Book income before income taxes	\$ 574	\$ 464
Federal income tax expense at statutory rate (21%)	\$ 121	\$ 97
Increases (reductions) in taxes resulting from-		
State income taxes, net of federal income tax benefit	28	24
State and municipal valuation allowances	(4)	—
AFUDC equity and other flow-through	(5)	(7)
Excess deferred amortization due to the Tax Act	(3)	(2)
Other, net	(1)	(1)
Total income taxes	\$ 136	\$ 111
Effective income tax rate	23.7 %	23.9 %

Accumulated deferred income taxes as of December 31, 2023 and 2022, were as follows:

<i>(In millions)</i>	As of December 31,	
	2023	2022
Property basis differences	\$ 1,283	\$ 1,191
Regulatory asset/liability	98	65
Loss carryforwards and tax credits	(184)	(152)
Valuation reserve	22	27
Other	(1)	(2)
Accumulated deferred income tax liability, net	\$ 1,218	\$ 1,129

FET has recorded as deferred income tax assets the effect of NOLs and tax credits that will more likely than not be realized through future operations and through the reversal of existing temporary differences. As of December 31, 2023, FET's loss carryforwards consisted of approximately \$640 million (\$134 million, net of tax) of federal NOL carryforwards that begin to expire in 2031, and approximately \$580 million (\$28 million, net of tax) of state and municipal NOL carryforwards, of which approximately \$151 million (\$7 million, net of tax) is expected to be utilized based on current estimates and assumptions prior to expiration, which will begin in 2029. In addition, FET's tax credit carryforwards primarily consisted of AMT credits of \$19 million, which have no expiration.

FET 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. As of December 31, 2023 and 2022, FET's total unrecognized income tax benefits were immaterial. As of December 31, 2023, FET does not anticipate any of the unrecognized income tax benefits will be resolved during 2024.

FET recognizes interest expense or income and penalties related to uncertain tax positions in income taxes. That amount is computed 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 federal income tax return. During 2023 and 2022, FET did not record any interest related to uncertain tax positions, nor does FET have a cumulative net interest payable recorded on its Balance Sheets.

FET has tax returns under review by state taxing authorities at the audit or appeals level for tax years 2020-2022.

General Taxes

General taxes associated with real and personal property taxes for the years ended December 31, 2023 and 2022 were \$256 million and \$247 million, respectively.

FIRSTENERGY TRANSMISSION, LLC
NOTES TO FINANCIAL STATEMENTS (Continued)

4. LEASES

FET primarily leases fiber optics, land and other property and equipment under cancelable and noncancelable leases.

FET's subsidiary, ATSI, has a ground lease with OE, Penn, CEI and TE under an operating lease agreement. Land use is rented to ATSI under the terms and conditions of a ground lease. ATSI, OE, Penn, CEI, and TE reserve the right to use (and to permit authorized others to use) the land for any purpose that does not cause a violation of electrical safety code or applicable law, or does not impair ATSI's ability to satisfy its service obligations. Additional uses of such land for ATSI's facilities requires prior written approval from the applicable operating companies. ATSI purchases directly any new property acquired for transmission use. ATSI makes fixed quarterly lease payments for the ground lease of approximately \$5 million through December 31, 2049, unless terminated prior to maturity, or extended by ATSI for up to 10 additional successive periods of 50 years each.

FET's consolidated subsidiary, MAIT, has a ground lease with ME and PN under an operating lease agreement. ME and PN reserve the right to use (and to permit authorized others to use) the land for any purpose that does not cause a violation of electrical safety code or applicable law, or does not impair MAIT's ability to satisfy its service obligations. Additional uses of such land for MAIT's facilities requires prior written approval from the applicable operating company. MAIT purchases directly any new property acquired for transmission use. MAIT makes variable quarterly lease payments through January 1, 2043, unless terminated prior to maturity, or extended by MAIT for up to two additional successive periods of 25 years each and one successive term of 24 years. MAIT's lease payment for the ground lease was approximately \$4 million in 2023 and 2022. MAIT does not have an operating lease liability or asset associated with this agreement as the lease payments are variable.

FET accounts for leases under, "Leases (Topic 842)". Leases with an initial term of 12 months or less are recognized as lease expense on a straight-line basis over the lease term and not recorded on the balance sheet. Most leases include one or more, options to renew, with renewal terms that can extend the lease term from 1 to 40 years, and certain leases include options to terminate. The exercise of lease renewal options is at FET's sole discretion. Renewal options are included within the lease liability if they are reasonably certain based on various factors relative to the contract. Certain leases also include options to purchase the leased property. The depreciable life of leased assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. FET has elected a policy to not separate lease components from non-lease components for all asset classes.

Finance leases for assets used in regulated operations are recognized in FET's Statement of Income such that amortization of the right-of-use asset and interest on lease liabilities equals the expense recorded for ratemaking purposes. All operating lease expenses are recognized in Other operating expense. The components of lease expense were as follows:

<i>(In millions)</i>	For the Years Ended December 31,	
	2023	2022
Operating lease costs ⁽¹⁾	\$ 34	\$ 28
Finance lease costs:		
Amortization of right-of-use assets	1	1
Interest on lease liabilities	—	—
Total finance lease cost	1	1
Total lease cost	\$ 35	\$ 29

⁽¹⁾ Includes \$13 million and \$7 million of short-term lease costs for the years ended December 31, 2023 and 2022, respectively.

FIRSTENERGY TRANSMISSION, LLC
NOTES TO FINANCIAL STATEMENTS (Continued)

Supplemental balance sheet information related to leases was as follows:

<i>(In millions)</i>	Financial Statement Line Item	As of December 31, 2023	As of December 31, 2022
Assets			
Operating lease assets ⁽¹⁾	Operating lease right-of-use asset	\$ 413	\$ 413
Finance lease assets ⁽²⁾	Property, plant and equipment	16	17
Total leased assets		<u>\$ 429</u>	<u>\$ 430</u>
Liabilities			
<i>Current:</i>			
Operating	Other current liabilities	\$ 6	\$ 6
<i>Noncurrent:</i>			
Operating	Noncurrent operating lease obligation	406	406
Total leased liabilities		<u>\$ 412</u>	<u>\$ 412</u>

⁽¹⁾ Operating lease assets are recorded net of accumulated amortization of \$3 million and \$2 million as of December 31, 2023 and 2022, respectively.

⁽²⁾ Finance lease assets are recorded net of accumulated amortization of \$4 million and \$3 million as of December 31, 2023 and 2022, respectively.

Supplemental cash flow information related to leases was as follows:

<i>(In millions)</i>	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
<i>Cash paid for amounts included in the measurement of lease liabilities</i>		
Operating cash flows from operating leases	\$ 21	\$ 21

Lease terms and discount rates were as follows:

	As of December 31, 2023	As of December 31, 2022
<i>Weighted-average remaining lease terms (years)</i>		
Operating leases	75.7	76.7
Finance leases	15.4	16.5
<i>Weighted-average discount rate⁽¹⁾</i>		
Operating leases	5.00 %	5.00 %

⁽¹⁾ When an implicit rate is not readily determinable, an incremental borrowing rate is utilized, determining the present value of lease payments. The rate is determined based on expected term and information available at the commencement date.

Maturities of lease liabilities as of December 31, 2023, were as follows:

<i>(In millions)</i>	Operating Leases
2024	\$ 21
2025	21
2026	21
2027	21
2028	21
Thereafter	1,479
Total lease payments	1,584
Less imputed interest	1,172
Total net present value	<u>\$ 412</u>

FIRSTENERGY TRANSMISSION, LLC
NOTES TO FINANCIAL STATEMENTS (Continued)

5. 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 Consolidated Balance Sheets at cost. Since these borrowings are short-term in nature, FET believes that their costs approximates their fair market value. The following table provides the approximate fair value and related carrying value of long-term debt, which excludes net unamortized debt issuance costs and discounts:

<i>(In millions)</i>	December 31, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt	\$ 5,300	\$ 4,949	\$ 4,975	\$ 4,501

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 FET. FET classified long-term debt as Level 2 in the fair value hierarchy as of December 31, 2023 and 2022.

6. CAPITALIZATION

LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

The following table presents outstanding long-term debt and other long-term obligations for FET as of December 31, 2023 and 2022:

	As of December 31, 2023		As of December 31,	
	Maturity Date	Interest Rate	2023	2022
	<i>(In millions)</i>			
Unsecured notes - fixed rate	2025 - 2049	2.65% - 5.45%	\$ 5,300	\$ 4,975
Unamortized debt premiums/discounts			3	4
Unamortized debt issuance costs			(28)	(30)
Total long-term debt and other long-term obligations			<u>\$ 5,275</u>	<u>\$ 4,949</u>

FET had the following issuances during the twelve months ended December 31, 2023.

Company	Type	Issuance Date	Interest Rate	Maturity	Amount (in Millions)	Description
Issuances						
MAIT	Unsecured Notes	February, 2023	5.39%	2033	\$175	Proceeds were used to repay short-term borrowings, to finance capital expenditures and for other general corporate purposes.
ATSI	Unsecured Notes	May, 2023	5.13%	2033	\$150	Proceeds were used to repay short-term borrowings, to finance capital expenditures and for other general corporate purposes.

The following table presents scheduled debt repayments for outstanding long-term debt, excluding finance leases, fair value purchase accounting adjustments and unamortized debt discounts and premiums, for the next five years as of December 31, 2023:

<i>(In millions)</i>	2024	2025	2026	2027	2028
Scheduled debt repayments	\$—	\$1,225	\$75	\$—	\$1,100

Debt Covenant Default Provisions

FET has various debt covenants under certain financing arrangements, including its revolving credit facility. 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 FET or its subsidiaries to comply with the covenants contained in any of its financing arrangements could result in an event of default, which may have an adverse effect on FET's and its subsidiaries' financial condition.

FIRSTENERGY TRANSMISSION, LLC
NOTES TO FINANCIAL STATEMENTS (Continued)

Additionally, there are cross-default provisions in certain financing arrangements of FE and its subsidiaries, including FET. These provisions generally trigger a default in the applicable financing arrangement of an entity if it or any of its significant subsidiaries default under another financing arrangement in excess of a certain principal amount, typically \$100 million. Although such defaults by FET would cross-default FE financing arrangements containing these provisions, defaults by FE would generally not cross-default applicable FET financing arrangements, but defaults by ATSI, MAIT and TrAIL would cross-default applicable FET financing arrangements.

As of December 31, 2023, FET was in compliance with all debt covenant default provisions.

7. SHORT-TERM BORROWINGS AND BANK LINES OF CREDIT

FET had \$383 million and \$1,322 million of outstanding short-term borrowings as of December 31, 2023 and 2022, respectively.

Revolving Credit Facility

On October 18, 2021, FE, FET, the Utilities and the Transmission Companies entered into the 2021 Credit Facilities, which were six separate senior unsecured five-year syndicated revolving credit facilities with JPMorgan Chase Bank, N.A., Mizuho Bank, Ltd. and PNC Bank, National Association that replaced the FE Revolving Facility and the FET Revolving Facility, and provide for aggregate commitments of \$4.5 billion. Under the 2021 Credit Facilities, an aggregate amount of \$4.5 billion is available to be borrowed, repaid and reborrowed, subject to each borrower's respective sublimit under the respective facilities. These credit facilities provide substantial liquidity to support the Regulated businesses, and each of the operating companies within the businesses.

On October 20, 2023, FE and certain of its subsidiaries entered into the amendments to each of the 2021 Credit Facilities to, among other things; (i) amend the FE Revolving Facility to release FET as a borrower and (ii) extend the maturity date of the 2021 Credit Facilities for an additional one-year period, from October 18, 2026 to October 18, 2027. Also, on October 20, 2023, each of FET and KATCo entered into the 2023 Credit Facilities. In connection with PA Consolidation, the Pennsylvania Companies' rights and obligations under their revolving credit facility were assumed by FE PA on January 1, 2024.

Under the FET Revolving Facility, \$1.0 billion is available to be borrowed, repaid and reborrowed until October 20, 2028. Under the KATCo Revolving Facility, (i) \$150 million is available to be borrowed, repaid and reborrowed until October 20, 2027, (ii) borrowings will mature on the earlier of 364 days from the date of borrowing or the commitment termination date, as the same may be extended; upon KATCo demonstrating to the administrative agent authorization to borrow amounts maturing more than 364 days from the date of borrowing, its borrowings will mature on the latest commitment termination date. KATCo may not draw on the KATCo Credit Facility until the satisfaction of certain conditions, including the availability of first quarter financial statements, which are expected to be completed during the second quarter of 2024.

The 2021 Credit Facilities and 2023 Credit Facilities are as follows:

- FE, \$1.0 billion revolving credit facility;
- FET, \$1.0 billion revolving credit facility;
- Ohio Companies, \$800 million revolving credit facility;
- FE PA⁽¹⁾, \$950 million revolving credit facility;
- JCP&L, \$500 million revolving credit facility;
- MP and PE, \$400 million revolving credit facility;
- Transmission Companies, \$850 million revolving credit facility; and
- KATCo, \$150 million revolving credit facility.

⁽¹⁾ Effective January 1, 2024, FE PA succeeded the Pennsylvania Companies as the borrower under the Pennsylvania Companies' revolving credit facility.

Borrowings under the 2021 Credit Facilities and 2023 Credit Facilities may be used for working capital and other general corporate purposes. Generally, borrowings under each of the credit facilities are available to each borrower separately and mature on the earlier of 364 days from the date of borrowing or the commitment termination date, as the same may be extended. Each of the 2021 Credit Facilities and 2023 Credit Facilities contain financial covenants requiring each borrower, with the exception of FE, to maintain a consolidated debt-to-total-capitalization ratio (as defined under each of the 2021 Credit Facilities and 2023 Credit Facilities) of no more than 65%, and 75% for FET, measured at the end of each fiscal quarter.

Under their credit facilities, ATSI, MAIT, and TrAIL may borrow up to \$350 million, \$350 million, and \$150 million, respectively, all of which was available to them as of December 31, 2023. These short-term debt limitations are subject to the regulatory short-term debt authorization of \$500 million, \$400 million, and \$400 million, respectively, which also includes amounts that may be borrowed under the regulated companies' money pool.

The 2021 Credit Facilities and 2023 Credit Facilities do not contain provisions that restrict the ability to borrow or accelerate payment of outstanding advances in the event of any change in credit ratings of the borrowers. Pricing is defined in "pricing

FIRSTENERGY TRANSMISSION, LLC
NOTES TO FINANCIAL STATEMENTS (Continued)

grids,” whereby the cost of funds borrowed under the 2021 Credit Facilities and the 2023 Credit Facilities are related to the credit ratings of the company borrowing the funds. Additionally, borrowings under each of the 2021 Credit Facilities and 2023 Credit Facilities are subject to the usual and customary provisions for acceleration upon the occurrence of events of default, including a cross-default for other indebtedness in excess of \$100 million.

As of December 31, 2023, FET, ATSI, MAIT and TrAIL had a debt-to-total-capitalization ratio of 64.1%, 40.7%, 39.2%, and 39.6%, respectively, which was in compliance with the applicable covenants under their respective 2021 Credit Facility and 2023 Credit Facility.

FirstEnergy Money Pools

FE's utility operating subsidiary companies, including FET's subsidiaries, also have the ability to borrow from each other and the holding company to meet their short-term working capital requirements. Similar but separate arrangements exist among FirstEnergy's unregulated companies with AE Supply, FE, FET, FEV and certain other unregulated subsidiaries. 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. Interest rates have increased significantly, which has caused the rate and interest expense on borrowings under the various FirstEnergy credit facilities to be significantly higher. The average interest rate for borrowings in 2023 was 6.30% per annum for the regulated companies' money pool, as compared to 2.27% in 2022, and 6.01% per annum for the unregulated companies' money pool, as compared to 2.14% in 2022.

8. REGULATORY MATTERS

FERC REGULATORY MATTERS

With respect to their transmission services and rates, ATSI, MAIT, PATH and TrAIL are subject to regulation by FERC. Under the FPA, FERC regulates rates for transmission of electric power, accounting and other matters. FERC regulations require ATSI, MAIT and TrAIL to provide open access transmission service at FERC-approved rates, terms and conditions. Transmission facilities of ATSI, MAIT and TrAIL are subject to functional control by PJM, and transmission service using ATSI's, MAIT's and TrAIL's transmission facilities is provided by PJM under the PJM Tariff.

The following table summarizes the key terms of rate orders in effect for transmission customer billings for each one of FET's transmission owner entities:

Company	Rates Effective	Capital Structure	Allowed ROE
ATSI	January 1, 2015	Actual (13 month average)	10.38%
MAIT	July 1, 2017	Lower of Actual (13 month average) or 60%	10.3%
TrAIL	July 1, 2008	Actual (year-end)	12.7% ⁽¹⁾ / 11.7% ⁽²⁾

⁽¹⁾ TrAIL the Line and Black Oak Static Var Compensator

⁽²⁾ All other projects

Federally enforceable mandatory reliability standards apply to the bulk electric system and impose certain operating, record-keeping and reporting requirements on ATSI, MAIT and TrAIL. NERC is the ERO designated by FERC to establish and enforce these reliability standards, although NERC has delegated day-to-day implementation and enforcement of these reliability standards to six regional entities, including RFC. All of the facilities that FirstEnergy operates, including those of ATSI, MAIT and TrAIL, are located within RFC. FirstEnergy actively participates in the NERC and RFC stakeholder processes, and otherwise monitors and manages its companies, including ATSI, MAIT and TrAIL, in response to the ongoing development, implementation and enforcement of the reliability standards implemented and enforced by RFC.

FirstEnergy, including FET and/or its subsidiaries, believes that it is in material compliance with all currently-effective and enforceable reliability standards. Nevertheless, in the course of operating its extensive electric utility systems and facilities, FirstEnergy, including FET and/or its subsidiaries, occasionally learns of isolated facts or circumstances that could be interpreted as excursions from the reliability standards. If and when such occurrences are found, FirstEnergy, including FET and/or its subsidiaries, develops information about the occurrence and develops a remedial response to the specific circumstances, including in appropriate cases “self-reporting” an occurrence to RFC. Moreover, it is clear that NERC, RFC and FERC will continue to refine existing reliability standards as well as to develop and adopt new reliability standards. Any inability on FirstEnergy's, including FET's and/or its subsidiaries', part to comply with the reliability standards for its bulk electric system could result in the imposition of financial penalties, or obligations to upgrade or build transmission facilities, that could have a material adverse effect on FET's and/or its subsidiaries' financial condition, results of operations and cash flows.

FIRSTENERGY TRANSMISSION, LLC
NOTES TO FINANCIAL STATEMENTS (Continued)

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 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. With the assistance of an independent outside firm, FirstEnergy completed an analysis during the third quarter of 2022 of these costs and how it impacted certain FERC-jurisdictional wholesale transmission customer rates for the audit period of 2015 through 2021. As a result of this analysis, FirstEnergy recorded in the third quarter of 2022 approximately \$45 million (\$34 million after-tax) (\$34 million at FET) in expected customer refunds, plus interest, due to its wholesale transmission customers and reclassified approximately \$195 million (\$99 million at FET) of certain transmission capital assets to operating expenses for the audit period, of which \$90 million (\$67 million after-tax) (\$9 million at FET) are not expected to be recoverable and impacted FirstEnergy's earnings since they relate to costs capitalized during stated transmission rate time periods. FirstEnergy is currently recovering approximately \$105 million (\$91 million at FET) of costs reclassified to operating expenses in its transmission formula rate revenue requirements, of which \$13 million (all at FET) of costs have been recovered as of December 31, 2023. On December 8, 2023, FERC audit staff issued a letter advising that two unresolved audit matters, primarily 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. These reclassifications also resulted in a reduction to FirstEnergy's rate base by approximately \$160 million (\$77 million at FET), which is not expected to materially impact FirstEnergy or FET's future earnings. The expected wholesale transmission customer refunds were recognized as a reduction to revenue, and the amount of reclassified transmission capital assets that are not expected to be recoverable were recognized within "Other operating expenses" on FirstEnergy's and FET's Consolidated Statements of Income. If FirstEnergy or FET are unable to recover these transmission costs, it could result in future charges and/or adjustments and have an adverse impact on FirstEnergy's or FET's financial condition.

ATSI ROE – Ohio Consumers Counsel v ATSI, et al.

On February 24, 2022, the OCC filed a complaint with FERC against ATSI, AEP's Ohio affiliates and American Electric Power Service Corporation, and Duke Energy Ohio, LLC asserting that FERC should reduce the ROE utilized in the utilities' transmission formula rates by eliminating the 50 basis point adder associated with RTO membership, effective February 24, 2022. The OCC contends that this result is required because Ohio law mandates that transmission owning utilities join an RTO and that the 50 basis point adder is applicable only where RTO membership is voluntary. On December 15, 2022, FERC denied the complaint as to ATSI and Duke, but granted it as to AEP. AEP and OCC appealed FERC's orders to the Sixth Circuit. FirstEnergy is actively participating in the appeal and the case remains pending. FirstEnergy is unable to predict the outcome of this proceeding, but it is not expected to have a material impact.

Transmission ROE Methodology

On March 20, 2020, FERC initiated a rulemaking proceeding on the transmission rate incentives provisions of Section 219 of the 2005 Energy Policy Act. FirstEnergy submitted comments through the Edison Electric Institute and as part of a consortium of PJM Transmission Owners. In a supplemental rulemaking proceeding that was initiated on April 15, 2021, FERC requested comments on, among other things, whether to require utilities that have been members of an RTO for three years or more and that have been collecting an "RTO membership" ROE incentive adder to file tariff updates that would terminate collection of the incentive adder. Initial comments on the proposed rule were filed on June 25, 2021, and reply comments were filed on July 26, 2021. The rulemaking remains pending before FERC. FirstEnergy is a member of PJM and its transmission subsidiaries could be affected by the supplemental proposed rule. FirstEnergy participated in comments on the supplemental rulemaking that were submitted by a group of PJM transmission owners and by various industry trade groups. If there were to be any changes to FirstEnergy's transmission incentive ROE, such changes will be applied on a prospective basis.

Transmission Planning Supplemental Projects: Ohio Consumers Counsel v ATSI, et al.

On September 27, 2023, the OCC filed a complaint against ATSI, PJM and other transmission utilities in Ohio alleging that the PJM Tariff and operating agreement are unjust, unreasonable, and unduly discriminatory because they include no provisions to ensure PJM's review and approval for the planning, need, prudence and cost-effectiveness of the PJM Tariff Attachment M-3 "Supplemental Projects." Supplemental Projects are projects that are planned and constructed to address local needs on the transmission system. The OCC demands that FERC: (i) require PJM to review supplemental projects for need, prudence and cost-effectiveness; (ii) appoint an independent transmission monitor to assist PJM in such review; and (iii) require that Supplemental Projects go into rate base only through a "stated rate" procedure whereby prior FERC approval would be needed for projects with costs that exceed an established threshold. ATSI and the other transmission utilities in Ohio and PJM filed comments and the complaint is pending before FERC.

FIRSTENERGY TRANSMISSION, LLC
NOTES TO FINANCIAL STATEMENTS (Continued)

9. COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL MATTERS

Various federal, state and local authorities regulate FET with regard to air and water quality, hazardous and solid waste disposal, and other environmental matters. While FET'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. FET 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.

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 5 years, respectively. Messrs. Householder and Borges have appealed their sentences. Also, on July 21, 2020, and in connection with the DOJ's investigation, FirstEnergy received subpoenas for records from the U.S. Attorney's Office for the Southern District Ohio. FirstEnergy was not aware of the criminal allegations, affidavit or subpoenas before July 21, 2020.

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. Under the DPA, FE has agreed to the filing of a criminal information charging FE with one count of conspiracy to commit honest services wire fraud. The DPA requires 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, which shall consist of (x) \$115 million paid by FE to the United States 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 controls, policies and procedures designed, implemented and enforced to prevent and detect violations of the 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 expense in the second quarter of 2021 and paid in the third quarter of 2021. Under the terms of the DPA, the criminal information will be dismissed after FirstEnergy fully complies with its obligations under the DPA.

Legal Proceedings Relating to United States v. Larry Householder, et al.

On August 10, 2020, the SEC, through its Division of Enforcement, issued an order directing an investigation of possible securities laws violations by FE, and on September 1, 2020, issued subpoenas to FE and certain FE officers. On April 28, 2021, July 11, 2022, and May 25, 2023, the SEC issued additional subpoenas to FE, with which FE has complied. While no contingency has been reflected in its consolidated financial statements, FE believes that it is probable that it will incur a loss in connection with the resolution of the SEC investigation. Given the ongoing nature and complexity of the review, inquiries and investigations, FE cannot yet reasonably estimate a loss or range of loss that may arise from the resolution of the SEC investigation.

On June 29, 2023, the OOCIC served FE a subpoena, seeking information relating to the conduct described in the DPA. FirstEnergy was not aware of the OOCIC's investigation prior to receiving the subpoena and understands that the OOCIC's investigation is also focused on the conduct described in the DPA. FirstEnergy is cooperating with the OOCIC in its investigation. On February 12, 2024, and in connection with the OOCIC's ongoing investigation, an indictment by a grand jury of Summit County, Ohio was unsealed against the former chairman of the PUCO, Samuel Randazzo, and two former FirstEnergy senior officers, Charles E. Jones, and Michael J. Dowling, charging each of them with several felony counts, including bribery, telecommunications fraud, money laundering and aggravated theft, related to payments described in the DPA. No contingency has been reflected in FirstEnergy's consolidated financial statements, as a loss is neither probable, nor is a loss or range of loss reasonably estimable.

In addition to the subpoenas referenced above under "—United States v. Larry Householder, et. al." and the SEC investigation, certain FE stockholders and FirstEnergy customers 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). Unless otherwise indicated, no contingency has been reflected in

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NOTES TO FINANCIAL STATEMENTS (Continued)

FirstEnergy's consolidated financial statements with respect to these lawsuits as a loss is neither probable, nor is a loss or range of a loss reasonably estimable.

- *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 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 of 1933 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 U.S. Court of Appeals for the Sixth Circuit seeking to appeal that order, which the Sixth Circuit granted on November 16, 2023. On November 30, 2023, FE filed a motion with the S.D. Ohio to stay all proceedings pending the circuit court appeal. All discovery is stayed during the pendency of the district court motion. 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 current and former officers of EH. 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. All discovery is stayed during the pendency of the district court motion in *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.
- *State of Ohio ex rel. Dave Yost, Ohio Attorney General v. FirstEnergy Corp., et al. and City of Cincinnati and City of Columbus v. FirstEnergy Corp.* (Common Pleas Court, Franklin County, OH, all actions have been consolidated); on September 23, 2020 and October 27, 2020, the OAG and the cities of Cincinnati and Columbus, respectively, filed complaints against several parties including FE, each alleging civil violations of the Ohio Corrupt Activity Act and related claims in connection with the passage of HB 6. On January 13, 2021, the OAG filed a motion for a temporary restraining order and preliminary injunction against FirstEnergy seeking to enjoin FirstEnergy from collecting the Ohio Companies' decoupling rider. On January 31, 2021, FE reached a partial settlement with the OAG and the cities of Cincinnati and Columbus with respect to the temporary restraining order and preliminary injunction request and related issues. In connection with the partial settlement, the Ohio Companies filed an application on February 1, 2021, with the PUCO to set their respective decoupling riders (Conservation Support Rider) to zero. On February 2, 2021, the PUCO approved the application of the Ohio Companies setting the rider to zero, and no additional customer bills will include new decoupling rider charges after February 8, 2021. On August 13, 2021, new defendants were added to the complaint, including two former officers of FirstEnergy. On December 2, 2021, the cities and FE entered a stipulated dismissal with prejudice of the cities' suit. After a stay, pending final resolution of the United States v. Larry Householder, et al. criminal proceeding described above, the litigation has resumed pursuant to an order, dated March 15, 2023. Discovery is ongoing. On July 31, 2023, FE and other defendants filed motions to dismiss in part the OAG's section amended complaint, which the OAG opposed. On February 16, 2024, the OAG moved to stay the case in its entirety in light of the February 9, 2024, indictments against defendants in this action.

On February 9, 2022, FE, acting through the SLC, agreed to a settlement term sheet to resolve the following shareholder derivative lawsuits relating to HB 6 and the now former Ohio House Speaker Larry Householder and other individuals and entities allegedly affiliated with Mr. Householder that were filed in the S.D. Ohio, the N.D. Ohio, and the Ohio Court of Common Pleas, Summit County:

- *Gendrich v. Anderson, et al. and Sloan v. Anderson, et al.* (Common Pleas Court, Summit County, Ohio, all actions have been consolidated); on July 26, 2020 and July 31, 2020, respectively, purported stockholders of FE filed shareholder derivative action lawsuits against certain current and former FE directors and officers, alleging, among other things, breaches of fiduciary duty.
- *Miller v. Anderson, et al.* (N.D. Ohio); *Bloom, et al. v. Anderson, et al.*; *Employees Retirement System of the City of St. Louis v. Jones, et al.*; *Electrical Workers Pension Fund, Local 103, I.B.E.W. v. Anderson et al.*; *Massachusetts Laborers Pension Fund v. Anderson et al.*; *The City of Philadelphia Board of Pensions and Retirement v. Anderson et al.*; *Atherton v. Dowling et al.*; *Behar v. Anderson, et al.* (S.D. Ohio, all actions have been consolidated); beginning on August 7, 2020, purported stockholders of FE filed shareholder derivative actions alleging the FE Board and officers breached their fiduciary duties and committed violations of Section 14(a) of the Exchange Act.

FIRSTENERGY TRANSMISSION, LLC
NOTES TO FINANCIAL STATEMENTS (Continued)

On March 11, 2022, the parties executed a stipulation and agreement of settlement, and filed a motion the same day requesting preliminary settlement approval in the S.D. Ohio, which the S.D. Ohio granted on May 9, 2022. Subsequently, following a hearing on August 4, 2022, the S.D. Ohio granted final approval of the settlement on August 23, 2022.

The settlement includes a series of corporate governance enhancements and a payment to FE of \$180 million, to be paid by insurance after the judgment has become final, less approximately \$36 million in court-ordered attorney's fees awarded to plaintiffs. On September 20, 2022, a purported FE stockholder filed a motion for reconsideration of the S.D. Ohio's final settlement approval. The parties filed oppositions to that motion on October 11, 2022, and the S.D. Ohio denied that motion on May 22, 2023. On June 15, 2023, the purported FE stockholder filed an appeal in the U.S. Court of Appeals for the Sixth Circuit. On February 16, 2024, the U.S. Court of Appeals for the Sixth Circuit affirmed the district court's final settlement approval. Once all appeal options are exhausted the judgement will become final. The settlement agreement is expected to resolve fully these shareholder derivative lawsuits.

On June 2, 2022, the N.D. Ohio entered an order to show cause why the court should not appoint new plaintiffs' counsel, and thereafter, on June 10, 2022, the parties filed a joint motion to dismiss the matter without prejudice, which the N.D. Ohio denied on July 5, 2022. On August 15, 2022, the N.D. Ohio issued an order stating its intention to appoint one group of applicants as new plaintiffs' counsel, and on August 22, 2022, the N.D. Ohio ordered that any objections to the appointment be submitted by August 26, 2022. The parties filed their objections by that deadline, and on September 2, 2022, the applicants responded to those objections. In the meantime, on August 25, 2022, a purported FE stockholder represented by the applicants filed a motion to intervene, attaching a proposed complaint-in-intervention purporting to assert claims that the FE Board and officers breached their fiduciary duties and committed violations of Section 14(a) of the Exchange Act as well as a claim against a third party for professional negligence and malpractice. The parties filed oppositions to that motion to intervene on September 8, 2022, and the proposed intervenor's reply in support of his motion to intervene was filed on September 22, 2022. On August 24, 2022, the parties filed a joint motion to dismiss the action pending in the N.D. Ohio based upon and in light of the approval of the settlement by the S.D. Ohio. On August 30, 2022, the parties filed a joint motion to dismiss the state court action, which the court granted on September 2, 2022. On September 29, 2023, the N.D. Ohio issued a stay of the case pending the appeal in the U.S. Court of Appeals for the Sixth Circuit.

In letters dated January 26, and February 22, 2021, staff of FERC's Division of Investigations notified FirstEnergy that the Division was conducting an investigation of FirstEnergy's lobbying and governmental affairs activities concerning HB 6, and staff directed FirstEnergy to preserve and maintain all documents and information related to the same as such have been developed as part of an ongoing non-public audit being conducted by FERC's Division of Audits and Accounting. On December 30, 2022, FERC approved a Stipulation and Consent Agreement that resolves the investigation. The agreement includes a FirstEnergy admission of violating FERC's "duty of candor" rule and related laws, and obligates FirstEnergy to pay a civil penalty of \$3.86 million, and to submit two annual compliance monitoring reports to FERC's Office of Enforcement regarding improvements to FirstEnergy's compliance programs. FE paid the civil penalty on January 4, 2023 and it will not be recovered from customers. The first annual compliance monitoring report was submitted in December 2023.

The outcome of any of these lawsuits, governmental investigations and audit 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 FET's normal business operations pending against FET or its subsidiaries. The loss or range of loss in these matters is not expected to be material to FET or its subsidiaries. The other potentially material items not otherwise discussed above are described under Note 8, "Regulatory Matters."

FET 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 FET 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 FET or its subsidiaries have legal liability or are otherwise made subject to liability based on any of the matters referenced above, it could have a material adverse effect on FET's or its subsidiaries' financial condition, results of operations and cash flows.

FIRSTENERGY TRANSMISSION, LLC
NOTES TO FINANCIAL STATEMENTS (Continued)

10. TRANSACTIONS WITH AFFILIATED COMPANIES

In addition to the intercompany income tax allocation and the short-term borrowing arrangement, FET has revenues, operating expense and interest expense transactions with affiliated companies, primarily the Ohio Companies, Penn, MP, PE, WP and FESC. The primary affiliated-company transactions, including the effects of the transmission arrangements with the Ohio Companies and Penn, during the years ended December 31, 2023 and 2022, are as follows:

	For the Years Ended December 31,	
	2023	2022
	<i>(In millions)</i>	
Revenues	\$ 16	\$ 15
Expenses:		
Ground lease expense ⁽¹⁾	25	25
Support services	234	201
Miscellaneous income	24	56
Interest expense	17	49

⁽¹⁾ See Note 4, "Leases".

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, FE's utility and transmission operating subsidiary companies, including FET, have the ability to borrow from each other and the holding company to meet their 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 Consolidated 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 7, "Short-Term Borrowings and Bank Lines of Credit").

In May of 2022, FET issued a \$2.3 billion notes payable with interest to FE, an affiliated company, as payment for a dividend. Half of the principal amount was paid in December 2022, with the remaining balance paid in January 2023. The note is included within "Note payable to affiliated companies" on the Consolidated Balance Sheets.

FET is party to an intercompany income tax allocation agreement with FirstEnergy that provides for the allocation of consolidated tax liabilities. Prior to tax returns for years before 2022, net tax benefits attributable to FE, excluding any tax benefits derived from certain interest expense, were generally reallocated to the subsidiaries of FE that have taxable income. Effective January 1, 2022, the intercompany income tax allocation agreement was amended and revised such that FE no longer reallocates such tax benefits to the FE subsidiaries. See Note 3, "Taxes" for additional information.

FIRSTENERGY TRANSMISSION, LLC
CONSOLIDATING STATEMENTS OF INCOME
UNAUDITED

For the Years Ended December 31, 2023	FET	ATSI	TrAIL	MAIT	PATH	Eliminations	Consolidated
	<i>(In millions)</i>						
REVENUES	\$ —	\$ 982	\$ 279	\$ 399	\$ 2	\$ (10)	\$ 1,652
OPERATING EXPENSES:							
Other operating expenses	1	186	30	105	1	(10)	313
Provision for depreciation	—	167	55	69	—	—	291
Amortization of regulatory assets, net	—	5	—	1	—	—	6
General taxes	—	241	15	—	—	—	256
Total operating expenses	1	599	100	175	1	(10)	866
OPERATING INCOME (LOSS)	(1)	383	179	224	1	—	786
OTHER INCOME (EXPENSE):							
Miscellaneous income (expense), including net income from equity investees	448	(1)	5	7	(1)	(440)	18
Pension and OPEB mark-to-market adjustment	—	(15)	(7)	(9)	—	—	(31)
Interest expense	(99)	(70)	(25)	(43)	—	—	(237)
Capitalized financing costs	—	18	2	18	—	—	38
Total other income (expense)	349	(68)	(25)	(27)	(1)	(440)	(212)
INCOME BEFORE INCOME TAXES (BENEFITS)	348	315	154	197	—	(440)	574
INCOME TAXES (BENEFITS)	(21)	68	42	47	—	—	136
NET INCOME	369	247	112	150	—	(440)	438
Income attributable to noncontrolling interest	—	—	—	—	—	69	69
EARNINGS ATTRIBUTABLE TO FIRSTENERGY TRANSMISSION, LLC	<u>\$ 369</u>	<u>\$ 247</u>	<u>\$ 112</u>	<u>\$ 150</u>	<u>\$ —</u>	<u>\$ (509)</u>	<u>\$ 369</u>

FIRSTENERGY TRANSMISSION, LLC
CONSOLIDATING STATEMENTS OF INCOME
UNAUDITED

For the Years Ended December 31, 2022	FET	ATSI	TrAIL	MAIT	PATH	Eliminations	Consolidated
<i>(In millions)</i>							
REVENUES	\$ —	\$ 924	\$ 279	\$ 344	\$ 1	\$ (10)	\$ 1,538
OPERATING EXPENSES:							
Other operating expenses	—	225	49	114	—	(10)	378
Provision for depreciation	—	152	53	58	—	—	263
Amortization of regulatory assets, net	—	5	—	1	—	—	6
General taxes	—	233	14	—	—	—	247
Total operating expenses	—	615	116	173	—	(10)	894
OPERATING INCOME	—	309	163	171	1	—	644
OTHER INCOME (EXPENSE):							
Miscellaneous income (expense), net, including net income from equity investees	413	5	3	3	(4)	(369)	51
Pension and OPEB mark-to-market adjustment	—	(5)	(2)	(4)	—	—	(11)
Interest expense	(138)	(60)	(25)	(33)	—	—	(256)
Capitalized financing costs	—	17	1	18	—	—	36
Total other income (expense)	275	(43)	(23)	(16)	(4)	(369)	(180)
INCOME (LOSS) BEFORE INCOME TAXES (BENEFITS)	275	266	140	155	(3)	(369)	464
INCOME TAXES (BENEFITS)	(19)	51	39	41	(1)	—	111
NET INCOME (LOSS)	294	215	101	114	(2)	(369)	353
Income attributable to noncontrolling interest	—	—	—	—	—	59	59
EARNINGS (LOSS) ATTRIBUTABLE TO FIRSTENERGY TRANSMISSION, LLC	<u>\$ 294</u>	<u>\$ 215</u>	<u>\$ 101</u>	<u>\$ 114</u>	<u>\$ (2)</u>	<u>\$ (428)</u>	<u>\$ 294</u>

FIRSTENERGY TRANSMISSION, LLC
CONSOLIDATING BALANCE SHEETS
UNAUDITED

As of December 31, 2023	FET	ATSI	TrAIL	MAIT	PATH	Eliminations	Consolidated
	(In millions)						
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ 76	\$ —	\$ 76
Receivables-							
Affiliated companies	2	6	—	3	1	(2)	10
Other	—	45	24	19	—	—	88
Notes receivable from affiliated companies	—	—	17	—	—	—	17
Prepaid taxes and other	—	5	14	4	—	—	23
	<u>2</u>	<u>56</u>	<u>55</u>	<u>26</u>	<u>77</u>	<u>(2)</u>	<u>214</u>
PROPERTY, PLANT AND EQUIPMENT:							
In service	—	6,368	2,374	3,119	—	—	11,861
Less — Accumulated provision for depreciation	—	1,519	413	478	—	—	2,410
	<u>—</u>	<u>4,849</u>	<u>1,961</u>	<u>2,641</u>	<u>—</u>	<u>—</u>	<u>9,451</u>
Construction work in progress	—	370	28	372	—	—	770
	<u>—</u>	<u>5,219</u>	<u>1,989</u>	<u>3,013</u>	<u>—</u>	<u>—</u>	<u>10,221</u>
INVESTMENTS AND OTHER NONCURRENT ASSETS:							
Goodwill	—	—	—	224	—	—	224
Accumulated deferred income tax benefits	38	—	—	—	3	(41)	—
Investment in affiliated companies	4,563	—	—	—	—	(4,563)	—
Investment in non-affiliated companies	2	—	—	—	17	—	19
Regulatory assets	—	—	—	13	2	—	15
Property taxes	—	271	6	—	—	—	277
Operating lease right-of-use asset	—	412	—	1	—	—	413
Other	3	14	8	11	—	—	36
	<u>4,606</u>	<u>697</u>	<u>14</u>	<u>249</u>	<u>22</u>	<u>(4,604)</u>	<u>984</u>
TOTAL ASSETS	<u>\$ 4,608</u>	<u>\$ 5,972</u>	<u>\$ 2,058</u>	<u>\$ 3,288</u>	<u>\$ 99</u>	<u>\$ (4,606)</u>	<u>\$ 11,419</u>
LIABILITIES AND EQUITY							
CURRENT LIABILITIES:							
Short-term borrowings - affiliated companies	\$ 177	\$ 79	\$ —	\$ 125	\$ 2	\$ —	\$ 383
Accounts payable - affiliated companies	3	20	3	4	1	(1)	30
Accounts payable - other	—	—	—	—	2	—	2
Accrued taxes	1	242	20	—	—	(1)	262
Accrued interest	32	20	2	8	—	—	62
Other	—	6	—	8	—	—	14
	<u>213</u>	<u>367</u>	<u>25</u>	<u>145</u>	<u>5</u>	<u>(2)</u>	<u>753</u>
NONCURRENT LIABILITIES:							
Long-term debt and other long-term obligations	1,986	1,636	624	1,029	—	—	5,275
Accumulated deferred income taxes	—	627	307	325	—	(41)	1,218
Property taxes	—	271	6	—	—	—	277
Regulatory liabilities	—	165	141	—	1	—	307
Noncurrent operating lease obligation	—	406	—	—	—	—	406
Other	—	6	1	1	—	—	8
	<u>1,986</u>	<u>3,111</u>	<u>1,079</u>	<u>1,355</u>	<u>1</u>	<u>(41)</u>	<u>7,491</u>
TOTAL LIABILITIES	<u>2,199</u>	<u>3,478</u>	<u>1,104</u>	<u>1,500</u>	<u>6</u>	<u>(43)</u>	<u>8,244</u>
EQUITY:							
Members' equity	2,250	1,555	943	1,778	90	(4,366)	2,250
Retained earnings	159	939	11	10	3	(963)	159
Total members' equity	<u>2,409</u>	<u>2,494</u>	<u>954</u>	<u>1,788</u>	<u>93</u>	<u>(5,329)</u>	<u>2,409</u>
Noncontrolling interest	—	—	—	—	—	766	766
TOTAL EQUITY	<u>2,409</u>	<u>2,494</u>	<u>954</u>	<u>1,788</u>	<u>93</u>	<u>(4,563)</u>	<u>3,175</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 4,608</u>	<u>\$ 5,972</u>	<u>\$ 2,058</u>	<u>\$ 3,288</u>	<u>\$ 99</u>	<u>\$ (4,606)</u>	<u>\$ 11,419</u>

FIRSTENERGY TRANSMISSION, LLC
CONSOLIDATING BALANCE SHEETS
UNAUDITED

As of December 31, 2022	FET	ATSI	TrAIL	MAIT	PATH	Eliminations	Consolidated
(In millions)							
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ 77	\$ —	\$ 77
Receivables-							
Affiliated companies	6	11	—	7	1	(13)	12
Other	—	43	19	16	1	—	79
Notes receivable from affiliated companies	1,514	—	40	—	—	—	1,554
Prepaid taxes and other	—	8	14	2	—	—	24
	1,520	62	73	25	79	(13)	1,746
PROPERTY, PLANT AND EQUIPMENT:							
In service	—	5,953	2,350	2,775	—	—	11,078
Less — Accumulated provision for depreciation	—	1,420	371	451	—	—	2,242
	—	4,533	1,979	2,324	—	—	8,836
Construction work in progress	—	265	19	239	—	—	523
	—	4,798	1,998	2,563	—	—	9,359
INVESTMENTS AND OTHER NONCURRENT ASSETS:							
Goodwill	—	—	—	224	—	—	224
Accumulated deferred income tax benefits	22	—	—	—	3	(25)	—
Investment in affiliated companies	4,050	—	—	—	—	(4,050)	—
Investment in non-affiliated companies	2	—	—	—	18	—	20
Regulatory assets	—	—	—	—	1	—	1
Property taxes	—	240	7	—	—	—	247
Operating lease right-of-use asset	—	412	—	1	—	—	413
Other	2	12	8	8	—	—	30
	4,076	664	15	233	22	(4,075)	935
TOTAL ASSETS	\$ 5,596	\$ 5,524	\$ 2,086	\$ 2,821	\$ 101	\$ (4,088)	\$ 12,040
LIABILITIES AND EQUITY							
CURRENT LIABILITIES:							
Short-term borrowings-							
Affiliated companies	\$ —	\$ 39	\$ —	\$ 113	\$ 2	\$ —	\$ 154
Note payable to affiliated company	1,168	—	—	—	—	—	1,168
Accounts payable - affiliated companies	9	16	1	8	1	(5)	30
Accounts payable - other	—	—	—	—	—	—	—
Accrued taxes	3	233	48	—	2	(8)	278
Accrued interest	32	19	2	5	—	—	58
Other	—	6	—	1	—	—	7
	1,212	313	51	127	5	(13)	1,695
NONCURRENT LIABILITIES:							
Long-term debt and other long-term obligations	1,984	1,486	623	856	—	—	4,949
Accumulated deferred income taxes	—	571	306	277	—	(25)	1,129
Property taxes	—	240	7	—	—	—	247
Regulatory liabilities	—	256	142	42	3	—	443
Noncurrent operating lease obligation	—	406	—	—	—	—	406
Other	—	5	1	2	—	—	8
	1,984	2,964	1,079	1,177	3	(25)	7,182
TOTAL LIABILITIES	3,196	3,277	1,130	1,304	8	(38)	8,877
EQUITY:							
Members' equity	2,312	1,555	943	1,503	90	(4,091)	2,312
Retained earnings	88	692	13	14	3	(722)	88
Total members' equity	2,400	2,247	956	1,517	93	(4,813)	2,400
Noncontrolling interest	—	—	—	—	—	763	763
TOTAL EQUITY	2,400	2,247	956	1,517	93	(4,050)	3,163
TOTAL LIABILITIES AND EQUITY	\$ 5,596	\$ 5,524	\$ 2,086	\$ 2,821	\$ 101	\$ (4,088)	\$ 12,040

FIRSTENERGY TRANSMISSION, LLC
CONSOLIDATING STATEMENTS OF CASH FLOWS
UNAUDITED

For the Years Ended December 31, 2023	FET	ATSI	TrAIL	MAIT	PATH	Eliminations	Consolidated
(In millions)							
CASH FLOWS FROM OPERATING ACTIVITIES:							
Net income (loss)	\$ 369	\$ 247	\$ 112	\$ 150	\$ —	\$ (440)	\$ 438
Adjustments to reconcile net income to net cash from operating activities-							
Depreciation, amortization and impairments	—	172	49	71	—	—	292
Pension and OPEB mark-to-market adjustment	—	15	7	9	—	—	31
Deferred income taxes and investment tax credits, net	(15)	52	6	46	1	—	90
Allowance for funds used during construction	—	(12)	(1)	(13)	—	—	(26)
Transmission revenue collections, net	—	(85)	(8)	(41)	(4)	—	(138)
Equity earnings of subsidiaries	(440)	—	—	—	—	440	—
Dividends received from equity investees	202	—	—	—	—	(202)	—
Changes in current assets and liabilities-							
Receivables	4	3	(5)	1	1	(11)	(7)
Prepaid taxes and other current assets	—	3	—	(1)	—	—	2
Accounts payable - affiliated companies	(6)	(15)	(6)	(14)	2	4	(35)
Accrued taxes	(2)	9	(28)	—	(2)	7	(16)
Accrued interest	—	1	—	3	—	—	4
Other current liabilities	—	—	—	6	—	—	6
Other	2	(3)	1	(5)	1	—	(4)
Net cash provided from (used for) operating activities	114	387	127	212	(1)	(202)	637
CASH FLOWS FROM INVESTING ACTIVITIES:							
Capital investments	—	(527)	(35)	(480)	—	—	(1,042)
Loans to affiliated companies, net	1,514	—	23	—	—	—	1,537
Investment in subsidiary	(275)	—	—	—	—	275	—
Asset removal costs	—	(52)	—	(39)	—	—	(91)
Other	—	3	(1)	—	—	—	2
Net cash provided from (used for) investing activities	1,239	(576)	(13)	(519)	—	275	406
CASH FLOWS FROM FINANCING ACTIVITIES:							
New financing-							
Long-term debt	—	150	—	175	—	—	325
Short-term borrowings - Affiliated companies, net	177	40	—	12	—	—	229
Redemptions and repayments							
Short-term borrowings - Affiliated companies, net	—	—	—	—	—	—	—
Equity contribution from parent	—	—	—	275	—	(275)	—
Cash dividends paid to noncontrolling interest	—	—	—	(66)	—	—	(66)
Dividend payments	(1,527)	—	(114)	(88)	—	202	(1,527)
Other	(3)	(1)	—	(1)	—	—	(5)
Net cash provided from (used for) financing activities	(1,353)	189	(114)	307	—	(73)	(1,044)
Net change in cash and cash equivalents							
Cash and cash equivalents at beginning of period	—	—	—	—	77	—	77
Cash and cash equivalents at end of period	\$ —	\$ —	\$ —	\$ —	\$ 76	\$ —	\$ 76
SUPPLEMENTAL CASH FLOW INFORMATION:							
Cash paid (received) during the year:							
Interest (net of amounts capitalized)	\$ 98	\$ 61	\$ 24	\$ 35	\$ —	\$ —	\$ 218
Income taxes, net of payments	\$ (1)	\$ 11	\$ 65	\$ (2)	\$ 1	\$ —	\$ 74
Significant non-cash transactions:							
Accrued capital investments	\$ —	\$ 60	\$ 5	\$ 51	\$ —	\$ —	\$ 116

FIRSTENERGY TRANSMISSION, LLC
CONSOLIDATING STATEMENTS OF CASH FLOWS
UNAUDITED

For the Years Ended December 31, 2022	FET	ATSI	TrAIL	MAIT	PATH	Eliminations	Consolidated
	(In millions)						
CASH FLOWS FROM OPERATING ACTIVITIES:							
Net income (loss)	\$ 294	\$ 215	\$ 101	\$ 114	\$ (2)	\$ (369)	\$ 353
Adjustments to reconcile net income to net cash from operating activities-							
Depreciation, amortization and impairments	—	158	52	66	—	—	276
Pensions and OPEB mark-to-market adjustments	—	5	2	4	—	—	11
Deferred income taxes and investment tax credits, net	(2)	12	1	35	(2)	—	44
Allowance for funds used during construction - equity	—	(13)	(1)	(15)	—	—	(29)
Transmission revenue collections, net	—	37	(12)	(4)	4	—	25
Equity earnings of subsidiaries	(369)	—	—	—	—	369	—
Dividends received from equity investees	276	—	—	—	—	(276)	—
Changes in current assets and liabilities-							
Receivables	—	6	35	(1)	—	(13)	27
Prepaid taxes and other current assets	—	(5)	(1)	(1)	—	—	(7)
Accounts payable - Affiliated companies	9	5	(23)	(4)	—	(4)	(17)
Accrued taxes	2	(11)	31	(11)	2	17	30
Accrued interest	—	6	—	—	—	—	6
Other	2	(2)	1	(7)	(1)	—	(7)
Net cash provided from (used for) operating activities	212	413	186	176	1	(276)	712
CASH FLOWS FROM INVESTING ACTIVITIES:							
Capital investments	—	(413)	(40)	(383)	—	—	(836)
Loans to affiliated companies, net	(1,086)	—	(40)	—	—	—	(1,126)
Investment in subsidiary	(240)	—	—	—	—	240	—
Asset removal costs	—	(28)	—	(27)	—	—	(55)
Other	—	(5)	—	—	—	—	(5)
Net cash provided from (used for) investing activities	(1,326)	(446)	(80)	(410)	—	240	(2,022)
CASH FLOWS FROM FINANCING ACTIVITIES:							
New financing-							
Short-term borrowings - Affiliated companies, net	—	—	—	104	1	—	105
Redemptions and repayments-							
Short-term borrowings - Affiliated companies, net	—	(42)	(8)	—	—	—	(50)
Capital contributions from Brookfield	9	—	—	—	—	—	9
Proceeds from FET minority interest sale, net of transaction costs	2,348	—	—	—	—	—	2,348
Cash dividends paid to noncontrolling shareholder	—	—	—	(57)	—	—	(57)
Equity contribution from parent	61	200	—	40	—	(240)	61
Dividend payments	(1,304)	(125)	(98)	(53)	—	276	(1,304)
Net cash provided from (used for) financing activities	1,114	33	(106)	34	1	36	1,112
Net change in cash and cash equivalents	—	—	—	(200)	2	—	(198)
Cash and cash equivalents at beginning of period	—	—	—	200	75	—	275
Cash and cash equivalents at end of period	\$ —	\$ —	\$ —	\$ —	\$ 77	\$ —	\$ 77
SUPPLEMENTAL CASH FLOW INFORMATION:							
Cash paid (received) during the year:							
Interest (net of amounts capitalized)	\$ 136	\$ 48	\$ 25	\$ 31	\$ —	\$ —	\$ 240
Income taxes, net of refunds	\$ (21)	\$ 52	\$ (28)	\$ 15	\$ —	\$ —	\$ 18
Significant non-cash transactions:							
Accrued capital investments	\$ —	\$ 53	\$ 2	\$ 45	\$ —	\$ —	\$ 100