FirstEnergy Transmission Affiliates Pre-Qualification Submittal for Designated Transmission Entity Status

Submitted to PJM on September 29, 2025

(Revised and Updated September 29, 2025)

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(A) Name and Address of Parent and Affiliates with Point of Contact

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Akron, OH 44320

Affiliates – FirstEnergy Transmission Owners:

American Transmission Systems, Incorporated
(ATSI)
341 White Pond Drive
Akron, OH 44320

Trans-Allegheny Interstate Line Company (TrAILCo)
800 Cabin Hill Drive
Greensburg, PA 15601

Jersey Central Power & Light Company (JCP&L)
300 Madison Avenue
Morristown, NJ 07962

Mid-Atlantic Interstate Transmission, LLC
(MAIT)
341 White Pond Drive
Akron, OH 44320

Monongahela Power Company (Mon Power)
5001 Nasa Boulevard
Fairmont, WV 26554

The Potomac Edison Company (Potomac Edison)
10802 Bower Avenue
Williamsport, Maryland 21795

Keystone Appalachian Transmission Company
KATCo
341 White Pond Drive
Akron OH 44320

CrossState Transmission Company
341 White Pond Drive
Akron OH 44320

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Corporate Structural Summary:

FirstEnergy is a regional energy provider headquartered in Akron, Ohio. Its subsidiaries and affiliates are involved in the transmission, distribution and sale of electricity, as well as energy management and other energy-related services. FirstEnergy is a publicly traded corporation. JCP&L, Mon Power and Potomac Edison are wholly-owned direct subsidiaries of FirstEnergy. ATSI, MAIT, TrAILCo, KATCo and CrossState Transmission are wholly-owned direct subsidiaries of FirstEnergy Transmission, LLC (FET). FirstEnergy holds an 50.1% ownership interest in FET, and North American Transmission Company II L.P., an investment vehicle controlled by Brookfield Asset Management Inc., owns a 49.9% interest in FET.

FirstEnergy has 10 utility operating companies, forming one of the nation's largest investor-owned electric systems based on six million customers served within a nearly 65,000 square-mile area of Ohio, Pennsylvania, Maryland, West Virginia, Virginia, New Jersey and New York. In addition, FirstEnergy has four multi-state stand-alone transmission companies. FirstEnergy has $45 billion in total assets with approx. $13.0 billion in annual revenues and is ranked 326 out of Fortune Magazine's top 500 U.S. Companies for 2025.

FirstEnergy, through its affiliates ATSI, TrAILCo, JCP&L, MAIT, MonPower, Potomac Edison, KATCo and CrossState Transmission are PJM members. FirstEnergy representatives are actively involved in various PJM Committees, Sub- Committees, Task Forces, User Groups, Working Groups and Stakeholder Groups.

FirstEnergy has a Stand-Alone Transmission segment which consists of FE's ownership in FET, representing $5.3 billion in rate base as of December 31, 2024 and includes transmission infrastructure owned and operated by the Transmission Companies and used to transmit electricity. The segment's revenues are primarily derived from forward-looking formula rates, pursuant to which the revenue requirement is updated annually based on the projected rate base and projected costs which is subject to an annual true-up based on actual rate base and costs. The segment's results also reflect the net transmission expenses related to the delivery of electricity on FirstEnergy's transmission facilities. KATCo, which was a subsidiary of FET, became a wholly owned subsidiary of FE prior to the closing of the FET P&SA I and remains in the Stand-Alone Transmission segment. On January 1, 2024, West Penn transferred certain of its Pennsylvania-based transmission assets to KATCo and prior year results in the Stand-Alone Transmission segment reflect the earnings and results of those West Penn assets.

The eight FirstEnergy Transmission Owners – ATSI, TrAILCo, JCP&L, MAIT, Mon Power, Potomac Edison, KATCo and CrossState Transmission operate approximately 24,000 miles of transmission lines connecting the Midwest and Mid-Atlantic regions. (For the purposes of this Submittal, the transmission line and other transmission facilities of the FirstEnergy Transmission Owners will be collectively referred to as "FirstEnergy Transmission System".)

ATSI owns, operates and maintains 7,964 circuit-miles of transmission lines, substations and other transmission facilities operated at nominal voltages of 345 kV, 138 kV and 69 kV located solely in the ATSI Zone of PJM. The ATSI system has tie-lines to the neighboring transmission systems of American Electric Power (AEP), Dayton Power and Light, International Transmission Company, Duquesne Light Company (DLCO), Cleveland Public Power, Buckeye Power, Inc., American Municipal Power, Inc., ATSI and Mon Power. The ATSI system was integrated into PJM on June 1, 2011. As a result, PJM became the Reliability Coordinator, Balancing Authority, Transmission Operator and Transmission Planner for all ATSI 100 kV and above facilities. ATSI is permitted by Attachment H-21 of the PJM OATT to recover costs for its transmission facilities. ATSI does not own or operate any distribution or generation facilities.

TrAILCo owns, operates and maintains 269 circuit-miles of transmission lines, substations and other transmission facilities operated at nominal voltages of 500 kV, 345 kV, 230 kV, 138 kV and 115 kV,[1] including the Trans-Allegheny Interstate Line which became commercially operational on May 19, 2011, and the Black Oak SVC which became commercially operational in December 2007. Currently, TrAILCo's operating assets are located in the Allegheny Power Zone, with projects in the MAIT zones. TrAILCo is interconnected to the neighboring transmission systems of Dominion Virginia Power (DVP), AEP and TrAILCo affiliates Mon Power and Potomac Edison. PJM is the Reliability Coordinator, Balancing Authority, Transmission Operator and Transmission Planner for all TrAILCo 100 kV and above facilities. TrAILCo is permitted by Attachment H-18 of the PJM OATT to recover costs for facilities it

[1] TrAILCo owns and operates limited 765 kV facilities but does not own any 765 kV transmission lines

may own, operate and maintain in the Allegheny Power, MAIT, Zones. TrAILCo does not own or operate any distribution or generation facilities.

MAIT was formed in June 2016 from the combined transmission assets of Metropolitan Edison Company (Met-Ed) and Pennsylvania Electric Company (Penelec), both FET Operating Companies. MAIT received regulatory approvals to become a PJM Transmission Owner on January 31, 2017. MAIT owns and operates all the FERC-jurisdictional assets previously owned by Met-Ed and Penelec, consisting of 4,287 circuit miles of transmission lines with nominal voltages of 500kV, 345kV, 230kV, 138kV, 115kV, 69kV, and 46kV in the PJM region. Collectively, MAIT has tie-lines with neighboring transmission systems of PPL Electric Utilities (PP&L), Philadelphia Electric Company (PECO), New York State Electric & Gas, National Grid, Allegheny Power Cooperative (AEC) and FirstEnergy affiliates ATSI, Jersey Central Power & Light (JCP&L), Potomac Edison and KATCo. MAIT does not own or operate any distribution or generation facilities. PJM is the Reliability Coordinator, Balancing Authority, Transmission Operator and Transmission Planner for all MAIT 100kV and above facilities. MAIT is permitted by Attachment H-28 of the PJM OATT to recover costs for its transmission facilities.

JCP&L owns, operates and maintains 2,600 circuit miles of transmission lines, substations and other transmission facilities operated at nominal voltages of 500 kV, 230 kV, 115 kV and 34.5 kV. JCP&L has tie-lines with neighboring transmission systems of PP&L, Long Island Lighting Company, Central Hudson Gas & Electric Company, Public Service Electric & Gas, Atlantic City Electric Company and affiliate MAIT. JCP&L is permitted by Attachment H-4 of the PJM OATT to recover costs for its transmission facilities. PJM is the Reliability Coordinator, Balancing Authority, Transmission Operator and Transmission Planner for all JCP&L 100 kV and above facilities. JCP&L also owns and operates distribution facilities.

Potomac Edison owns, operates and maintains 1,221circuit miles of transmission lines, substations and other transmission facilities operated at nominal voltages of 500 kV, 230 kV, 138 kV and 115 kV. Potomac Edison has tie-lines with neighboring transmission systems of DVP, Potomac Electric Power Company and affiliates MAIT, Mon Power, TrAILCo and KATCo . PJM is the Reliability Coordinator, Balancing Authority, Transmission Operator and Transmission Planner for all Potomac Edison 100 kV and above facilities. Potomac Edison is permitted by Attachment H-11 of the PJM OATT to recover costs for its transmission facilities. Potomac Edison also owns and operates distribution facilities but does not own or operate any generation facilities.

Mon Power owns, operates and maintains 1,703 circuit miles of transmission lines, substations and other transmission facilities operated at nominal voltages of 500 kV, 345 kV and 138 kV.[2] Mon Power has tie-lines with neighboring transmission systems of AEP, DVP and affiliates ATSI, Potomac Edison, TrAILCo and KATCo . PJM is the Reliability Coordinator, Balancing Authority, Transmission Operator and Transmission Planner for all Mon Power 100 kV and above facilities. Mon Power is permitted by Attachment H-11 of the PJM OATT to recover costs for its transmission facilities. Mon Power also owns and operates distribution and generation

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2 Mon Power owns and operates limited 765 kV facilities but does not own any 765 kV transmission lines.

facilities.

KATCo owns high-voltage transmission facilities formerly owned by WP in PJM, which consist of 1,696 circuit miles of transmission lines with nominal voltages of 500kV, 345kV, 230kV, 138kV and 115kV in Pennsylvania, and has a rate base of $0.5 billion as of December 31, 2024. On January 1. 2024, West Penn transferred certain of its Pennsylvania-based transmission assets to KatCo. KATCo has tie-lines with neighboring transmission systems of AEP, DLCO, and affiliates ATSI, TrAILCo, MAIT, Mon Power and Potomac Edison. PJM is the Reliability Coordinator, Balancing Authority, Transmission Operator and Transmission Planner for all KATCo 100 kV facilities and above. KATCo is permitted by Attachment H-34 of the PJM OATT to recover costs for its transmission facilities.

On July 26, 2024, FE, VEPCO and Transource Energy, LLC a subsidiary of AEP, entered into a joint proposal agreement in connection with PJM's 2024 Regional Transmission Expansion Plan Open Window 1 process. Pursuant to such joint proposal agreement, FET, VEPCO and Transource Energy LLC jointly proposed certain regional electric transmission projects for consideration during the open window process. On November 25, 2024, FET, Dominion High Voltage MidAtlantic, Inc., an affiliate of VEPCO, and Transource Energy, LLC, formed Valley Link, which is the holding company responsible for managing and executing any projects awarded by PJM, and entered into a limited liability agreement. On February 26, 2025, PJM selected certain of the proposed projects, which included approximately $3 billion in investments for Valley Link to both build new and upgrade existing transmission infrastructure.

On September 23, 2025 FirstEnergy established and incorporated in Virginia a separate competitive transmission entity titled CrossState Transmission Company as a stand-alone transmission entity and an FET subsidiary. CrossState Transmission Company does not own or operate any generation facilities.

(B) Technical and Engineering Qualification

The FirstEnergy Transmission System spans seven states and five PJM Transmission Zones and consists of approximately 24,000 miles of transmission lines. To assure that the system is operated reliably, assessments of the system are conducted annually by the FirstEnergy Transmission Owners and PJM. This is accomplished by evaluating system reliability against the federally mandated Reliability Standards established by the North American Electric Reliability Corporation (NERC) and approved by the Federal Energy Regulatory Commission (FERC), the PJM reliability criteria, and the FirstEnergy Transmission Planning Criteria.

The PJM assessment process follows the rigorous Regional Transmission Expansion Planning Protocol which develops the Regional Transmission Expansion Plan (RTEP) focusing on five-year and 15-year timeframes with the results shared through the PJM stakeholder process. Representatives of the FirstEnergy Transmission Owners actively participate in the PJM planning process and use this process to evaluate system conditions for future years. Results of these studies drive system upgrades to the overall PJM transmission system, including the FirstEnergy Transmission System.

In addition, the FirstEnergy Transmission Owners perform internal studies that assess the FirstEnergy Transmission System and associated sub-transmission systems through near- term and long-term planning windows. These internal studies identify thermal, voltage, voltage stability and dynamic stability issues on the transmission and sub-transmission systems. The PJM and FirstEnergy assessments ensure the FirstEnergy Transmission System and associated sub-transmission systems are operated in a reliable and secure manner. Models are created representing a wide variety of load levels and stressed conditions depending on the type of study being performed. When a potential criteria violation is identified, further study is initiated to determine if it can be resolved by a formal operating procedure and if a system upgrade is warranted. If a system upgrade is determined to be needed and is authorized by management, the upgrade is installed subject to any necessary PJM reviews.

As mentioned previously both the PJM RTEP and the FirstEnergy Transmission Owners' internal assessments identify potential projects throughout the FirstEnergy Transmission System footprint which are further reviewed and upgrades implemented where required to improve the reliability of the FirstEnergy transmission and sub-transmission systems.

The FirstEnergy Transmission Owners have significant experience as Transmission Owners in responding to PJM's directives to build RTEP projects, and have never failed to build projects that PJM has determined are needed for reliability or market efficiency of the PJM transmission system. The FirstEnergy Transmission Owners build, operate and maintain their transmission facilities reliably and safely and in accordance with all governmental regulations as well as applicable industry requirements.

FirstEnergy has three main transmission design offices staffed with engineers and designers.[3] At these locations, FirstEnergy-trained and experienced engineers perform design, procurement and regulatory permitting activities necessary for the construction and modification of transmission lines and substations ranging from 34.5 kV up to 500 kV.[4]

In addition to these professionals, FirstEnergy has a cadre of trained and experienced personnel dedicated to transmission system construction, operation and maintenance stationed throughout the entire FirstEnergy transmission system footprint. FirstEnergy also operates two control centers with highly trained NERC/PJM certified Operators and support staff that performs outage coordination studies from six months out to real-time in conjunction and collaboration with PJM to ensure system reliability at all times for maintenance and capital project execution. Additional field engineers and support personnel provide a comprehensive suite of energy services that drive transmission construction. This is accomplished through their combined experience and knowledge of the technical, engineering and infrastructure requirements for transmission construction, including the power engineering services necessary for transmission lines, substation facilities, protection and controls. Overall, FirstEnergy's personnel have extensive direct, hands-on experience with all phases of design, build, maintenance and operation of the transmission system.

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[3] FirstEnergy's design offices are located in Akron, Ohio; Reading, Pennsylvania; and Greensburg, Pennsylvania.

[4] FirstEnergy engineers have professional licenses in the states in which FirstEnergy operates transmission facilities.

Working in coordination with PJM, FirstEnergy professionals work to develop the best, most cost-effective solution to the reliability and market efficiency needs of the transmission system based on PJM's determination of the need for reliability and market efficiency improvements. Proactively over the years, FirstEnergy engineers have worked with PJM through multiple iterations of studies, cost estimates, right-of-way (ROW) and other regulatory considerations to ensure the final plans for construction of RTEP projects are the most effective and cost efficient. Over the years, FirstEnergy has developed an excellent working relationship with PJM Staff to facilitate discussions and reviews of the electrical need and the proposed solution for various transmission projects and has worked successfully with PJM to produce the best outcome.

FirstEnergy has long-term alliances with several design firms including Burns & McDonnell, Black & Veatch and GPD. FirstEnergy's in-house staff is currently supplemented by over 1,000 full time equivalents from these and other firms for design work to perform necessary support on projects when in-house staff is unavailable to complete the work in a timely manner necessary. In addition, FirstEnergy maintains lists of certified contractors with proven records of building transmission projects. When these contractors are retained to construct a project, FirstEnergy professionals provide oversight management of the construction process including cost control, quality review and completion times.

FirstEnergy plans to build a series of PJM RTEP projects to enhance reliability across its five PJM Transmission Zones. This initiative, known as "Energize365," will include transmission projects – new or rebuilt high voltage power lines, new substations and the installation of specialized voltage regulating equipment. PJM has determined the projects are needed to enhance system reliability as the result of the deactivation of certain generating facilities. Through the Energize365 capital investment program, FirstEnergy invested $2.4 billion in 2024 focused on enhancing system reliability and resiliency, preparing for demand growth and electrification, and integrating all types of energy sources while maintaining our strong affordability position.

One of FirstEnergy's past transmission line construction successes is the 500 kV Trans-Allegheny Interstate Line (TrAIL) approved by PJM in 2006. TrAIL consists of 661 structures and extends 180 miles from southwestern Pennsylvania across West Virginia to northern Virginia. The project includes the construction of the 502 Junction Substation and modifications to other substations. The project was energized on May 19, 2011 two weeks prior to the June 1, 2011 in-service date set by PJM. This new line was needed to meet the demand for electricity in the mid-Atlantic region and prevent overloading on the transmission grid.

FirstEnergy Transmission Senior Management Team

FirstEnergy Transmission's senior management team is dedicated to the safe, reliable and efficient delivery of electricity through the FirstEnergy Transmission System. These individuals manage a dedicated full-time workforce of professional engineers, legal and business personnel focused on the planning, construction, operation and maintenance of the transmission system.

Mark D. Mroczynski is President of Transmission for FirstEnergy.
In this role, Mr. Mroczynski leads the strategic direction and efficient operation of FirstEnergy Transmission, LLC (FET) assets – American Transmission Systems, Incorporated (ATSI), MidAtlantic Interstate Transmission (MAIT) and Trans-Allegheny Interstate Line Company (TrAILCo) – as well as assets owned by Keystone Appalachian Transmission Company (KATCo) and CrossState Transmission. He is responsible for profit and loss of the company's transmission business, directing the unit's regulatory and policy strategy and building consensus and collaboration with transmission business investors. He has responsibility for energy delivery and compliance with FERC transmission requirements, while leading FirstEnergy's 10 utility operating companies and its four stand-alone transmission companies. Mr. Mroczynski began his career at FirstEnergy in 2004 as supervisor of Technical Services for the Bruce Mansfield Power Plant and became manager of Technical Services for Consolidated Coal Plants in 2006. Mr. Mroczynski was named director, Operations Support, for Ohio Edison and Penn Power in 2008 and became executive director, Transmission Programs in 2013. In 2018 he was named Vice President Construction and Design Services, and became Acting Vice President Operations in 2023. Mr. Mroczynski was promoted to his current position in June 2024. Prior to joining FirstEnergy, Mr. Mroczynski spent 18 years with J&L Specialty Steel, serving in a number of operations management and supply chain positions. Mr. Mroczynski received a Bachelor of Science degree in mechanical engineering from The University of Akron, and a Master of Business Administration degree from Kent State University. Mr. Mroczynski is a professional engineer in Ohio and Pennsylvania. He is a Director of Grid Assurance LLC and Valley Link, LLC, and is a founding director of the Association of Iron & Steel Technology.

Brooke Trammell is Vice President Transmission Strategy and Engagement. She joined FirstEnergy September 8 2025 from Xcel Energy, where she served as Regional Vice President of Regulatory & Pricing for Southwestern Public Service Company. In this role, she led the development of cross-jurisdictional regulatory strategies, secured multi-state approvals for large-scale infrastructure proposals, and advanced policy reforms to improve financial performance and reduce investment risk. Brooke holds a Master of Business Administration from West Texas A&M University, a Master of Arts in Economics with a focus on Public Utility Regulation, and a Bachelor of Science in Agricultural Economics from New Mexico State University.

Carl J. Bridenbaugh is Vice President of Power Delivery for FirstEnergy Service Company. In his current position, Mr. Bridenbaugh is responsible for transmission operations, system planning and protection, transmission line and substation maintenance, asset and project management and transmission substation and line design. He also is FirstEnergy's interface with transmission organizations such as NERC, PJM and RFC. Mr. Bridenbaugh began his career with Ohio Edison Company, a FirstEnergy operating company, in 1988 as a transmission planning engineer and has held positions in the FirstEnergy organization as Manager, Transmission Planning and Director, Transmission Operations. Prior to promotion to his current position, Mr. Bridenbaugh was Director of Transmission Planning and Protection. Prior to joining Ohio Edison Company, he was an application engineer with General Electric Company. Mr. Bridenbaugh received a bachelor's degree in Electrical Engineering from the University of Detroit Mercy and a Master's Degree in Electrical Engineering from Union College. He is a Registered Professional Engineer in Ohio.

Jeremy Hay is currently Vice President of Construction and Design Services for FirstEnergy Service Company. Prior to this position, Mr. Hay was Director of Transmission Substation and Design since 2019. In April 2017, Mr. Hay was named General Manager of Portfolio Management including responsibility for new project development that managed transmission projects from scoping to start of construction. In July 2014 Mr. Hay was Manager of Transmission Portfolio Management that developed, justified and prioritized annual investments across the transmission and distribution companies. Prior to that, in April 2011 Mr. Hay assumed the role of Manager of Substation Services for the Ohio Edison Company, and from 2009 to 2011 Mr. Hay was a Senior Engineer for the Transmission and Substation Department. Mr. Hay has a Bachelor of Science in Electrical Engineering Technology Degree from the University of Pittsburgh at Johnstown and is a registered Professional Engineer in the state of Pennsylvania. His experience at FirstEnergy includes Asset Management, Substation Services, Portfolio Development and Transmission and Substation Design.

FirstEnergy Transmission Organization

The transmission function within FirstEnergy includes hundreds of highly skilled professionals organized in the following key departments:

- Asset and Record Controls
- Transmission and Substation Design
- Transmission and Substation Services
- Transmission Planning and Protection
- Transmission Operations
- Portfolio Management

(C) Demonstrated experience of the entity or its affiliate, partner, or parent company to develop, construct, maintain, and operate transmission facilities. Including a list or other evidence of transmission facilities previously developed regarding construction, maintenance, or operation of transmission facilities both inside and outside of the PJM Region.

Through a series of several strategic mergers and asset transactions over the past 21 years, the most recent of which was completed in February 2011, FirstEnergy has grown its diverse and sizeable asset base. FirstEnergy is now uniquely positioned as the nation's largest contiguous electric system with complementary assets across its transmission and distribution operations. These assets are in a prime location within PJM.

FirstEnergy's vision is to be a leading regional energy provider, recognized for operational excellence, outstanding customer service and a commitment to safety; the choice for long-term growth, investment value and financial strength; and a company driven by its leadership, skills, diversity and the character of its employees.

Through the FirstEnergy Transmission Owners, FirstEnergy expects to invest approximately $28 billion through 2029 in its transmission system across its five PJM Transmission Zones. From

2014 to 2024 FirstEnergy invested $14.9 billion on regulatory required and reliability enhancement projects (*i.e.*, grid improvement projects). These investments are driving significant performance improvements. With the implementation of our "Energizing the Future" program, FirstEnergy Transmission has achieved a 47 percent reduction in the number of customers interrupted by transmission-related outages, an 81% reduction in mis-operations, and a 40% reduction in transmission line outages serving ATSI. For MAIT, FET achieved a 30% reduction in the number of customers interrupted by transmission-related outages, a 62% reduction in mis-operations, and a 19% reduction in transmission line outages, with the expectation of similar results as the program expands across the service territory.

Since 2014, we have completed 600 to 700 new transmission projects per year focused on four areas of investment: regulatory required projects, upgrading or replacing aging equipment to strengthen our facilities against severe weather; enhancing system performance through technology upgrades; and adding operational flexibility that enables grid operators to more swiftly respond to changing grid conditions and energy resources.

As part of this effort, we have replaced or rebuilt more than 900 miles of transmission lines across our service area. FirstEnergy Transmission has also installed approximately 1,250 miles of new fiber optic-cable across our system to improve network communications and enable grid operators to react immediately to disturbances on the system by quickly isolating damage and rerouting power from other sources. This advanced, secure, communications network improves real-time monitoring and predictive maintenance of our substation equipment and alerts us to problems before they impact service to our customers.

Additionally, ATSI built a new transmission operations facility in Akron, Ohio. The center features advanced computer systems to monitor grid reliability across the FirstEnergy Transmission System. The transmission and substation operations of several FirstEnergy utilities are now operated out of the new transmission operations facility to maximize efficiency.

Portfolio Management and Project Management Departments

FirstEnergy's Portfolio Management and Project Management departments, comprised of transmission specialists, schedulers, engineers and project and construction managers, have three main responsibilities: (1) to develop and facilitate strategies and processes to maximize the value of FirstEnergy's transmission and distribution assets; (2) to manage the process and facilitate the development of FirstEnergy's transmission capital portfolio; and (3) to provide project management and construction site management support for FirstEnergy's capital projects. The Portfolio Management group facilitates Energy Delivery's capital portfolio development process and provides corporate governance for the basic criteria and systems used in its development for both Distribution and Transmission. A Project Development group has been created which is expected to further vet more complex projects to minimize execution issues. This group also has responsibility for budgeting, forecasting and reporting the FET Capital portfolio as well as ensuring appropriate accounting and timely financial close out of Transmission projects. The Project Management groups manage large transmission projects and work with each FirstEnergy Transmission Zone's project management to ensure capital projects are appropriately managed.

The Project Management group staff are located across FirstEnergy territories and execute transmission capital projects to meet financial and operational objectives. These workgroups are accountable for planning and executing FirstEnergy's 'Energizing the Future' program. Long range plans are developed to balance the resources of the reliability program with needs to implement PJM-RTEP projects.

Asset and Records Controls

The Asset and Records Controls group is responsible for managing asset monitoring & health, asset data management & inventory, and compliance implementation strategy & procedures across all transmission and distribution field assets. Additionally, this group develops asset strategies and processes including those associated with spare equipment levels and total life-cycle analyses. Asset Management also manages Cascade which is FirstEnergy's asset management system.

Transmission and Substation Design Department

The mission of the Transmission and Substation Design organization is to support regional operations and bulk transmission on design and technical activities associated with capital projects. Additionally, this group provides design and technical support on projects associated with electricity delivery to retail customers and, upon request, for projects undertaken by the generation business unit. This group also maintains engineering and material schedules, coordinates equipment specification and evaluation, drawing management, transmission system wireless communication attachment process and the PJM transmission interconnection study process.

Transmission and Substation Services Department

FirstEnergy's transmission and substation maintenance programs are designed to ensure the reliability and integrity of transmission infrastructure and substation equipment to safeguard employees and the public and to meet all state and federal regulatory requirements. These programs include preventive maintenance and corrective maintenance practices. Preventive maintenance is typically time and/or condition based. Corrective maintenance is used to address equipment deficiencies that are identified during or outside of a preventive maintenance program. All preventive maintenance and corrective maintenance practices are based on accepted electric utility practices, manufacturer's specifications, NESC, ASTM, ANSI and IEEE standards, Electric Power Research Institute Copper Book on power transformers, expertise from FirstEnergy engineers, managers, supervisors and other subject matter experts in the industry. Maintenance practices are designed to provide guidance to field personnel for the maintenance and testing of transmission infrastructure and substation equipment and to ensure compliance with federal and state regulations.

FirstEnergy utilizes a combination of manufacturer's guidelines, utility industry transmission benchmarking, condition assessment and reliability evaluations to determine maintenance programs and intervals, and to determine when substation equipment should be repaired or replaced. The expected remaining life of equipment, in addition to other factors, is taken into consideration when determining whether to repair, replace or refurbish equipment. FirstEnergy retains maintenance records and/or inspection results as required by all federal and state regulations.

FirstEnergy engineers assigned to the Transmission and Substation Services Department are responsible for commissioning infrastructure, equipment, relay and control installations, which includes releasing these assets for service. In addition to commissioning responsibilities, the Transmission and Substation Services Department engineers participate in equipment failure investigations and system mis-operations.

Transmission Planning and Protection Department

The Transmission Planning and Protection Department is responsible for planning as well as protecting the FirstEnergy Transmission System and associated sub-transmission systems in the PJM footprint. This analysis ensures compliance with NERC, PJM and FirstEnergy reliability standards and criteria. Transmission Planning routinely performs studies and makes system enhancement recommendations for transmission (*i.e.*, the PJM RTEP process) and sub-transmission system changes, new load connections and new generation connections. Transmission Protection provides relay system requirements, relay settings and operational event analysis for FirstEnergy transmission and sub-transmission protection systems. The Transmission Planning and Protection Department activities drive the FirstEnergy transmission capital budget. In support of these activities, and by working with PJM and RFC, the Transmission Compliance, Data, and Models group is responsible to develop and maintain load flow, short circuit and dynamic stability models.

Transmission Operations Department

The Transmission Operations group operates three control centers with direct responsibility for the operation of over 24,000 circuit-miles of transmission lines with voltages ranging from 34.5 kV to 500 kV. The three control centers are staffed 24/7 by 84 NERC and PJM certified Transmission System Operators and Shift Supervisors.

FirstEnergy maintains a state-of-the-art Energy Management System (EMS) that allows for the monitoring and control of the bulk electric system. FirstEnergy personnel have experience in designing and managing data acquisition systems that are integrated into the bulk transmission assets. These systems acquire data made available to FirstEnergy transmission control centers and transmit FirstEnergy data to PJM to assist in its role as Reliability Coordinator. The three control centers also utilize state-of-the-art large-screen visualization, which affords the Transmission System Operators effective situational awareness of the status of the FirstEnergy Transmission System.

FirstEnergy has been recognized as a NERC-approved continuing education provider and maintains an internal training department dedicated to Transmission System Operator training and credential maintenance. FirstEnergy Transmission Operations also maintains a power network analysis engineering group responsible for the review and support of real-time network analysis and EMS network model maintenance. FirstEnergy is committed to a culture of compliance in its Transmission Operations Compliance and Procedures group, which is responsible for procedure development and regulatory compliance.

(D) Previous record of the entity or its affiliate, partner, or parent company to adhere to standardized construction, maintenance and operating practices

Standardized Construction Maintenance and Operation Practices

FirstEnergy's transmission construction, maintenance and operation standards and practices are currently publicly posted on the PJM website at: pjm.com/planning/design- engineering/maac-to guidelines.

The standards and practices documents posted at the above website are as follows:

- Transmission System Design Criteria
- Substation Bus Configuration and Substation Design Requirements
- Spare Equipment Philosophy
- Design, Application, Maintenance and Operations Technical Requirements
- Ratings Guides
- Installation & Commissioning
- Inspection, Testing and Acceptance

(E) Capability of the entity or its affiliate, partner, or parent company to adhere to standardized construction, maintenance and operating practices

FirstEnergy has a long history of proven adherence to all state, federal and industry practices and requirements. FirstEnergy has well-established design standards across its system for implementation of new and retrofit projects. These standards are based on industry, local, state and federal requirements in addition to good utility practice. These standards are reviewed and revised on a regular basis. Additionally, FirstEnergy has documented standards, and materials for timely emergency restoration following failures of both substation and transmission line equipment. All identified project design solution alternatives are thoroughly reviewed during the conceptual design layout period and include constructability review. FirstEnergy was involved in the creation and intent to post the standard Technical Guidelines and Recommendations outlined in response to part (D) above.

(F) Financial statements of the entity or its affiliate, partner, or parent company. Please provide the most recent fiscal quarter, as well as the most recent three fiscal years, or the period of existence of the entity, if shorter, or such other evidence demonstrating an entity's current and expected financial capability acceptable to the Office of the Interconnection

The appropriate documentation is provided:

<u>Standard & Poors Rating Agency Report for the following FirstEnergy Companies</u>:

- American Transmission Systems, Incorporated
- FirstEnergy Transmission LLC
- Jersey Central Power & Light Company
- Mid-Atlantic Interstate Transmission, LLC
- Monongahela Power Company
- The Potomac Edison Company
- Trans-Allegheny Interstate Line Company
- KATCo
- Summary of FirstEnergy Credit Ratings dated July 30 2025

(G) Commitment by the entity to execute the Consolidated Transmission Owners Agreement, if the entity becomes a Designated Entity.

All of the FirstEnergy Transmission Owners companies are signatories to the Consolidated Transmission Owners Agreement (CTOA) and active participants in the Transmission Owners Sector of PJM and the CTOA's Administrative Committee, Legal Issues Team, PJM Liaison Committee and various working groups. The FirstEnergy Transmission Owners commit to remaining signatories to the CTOA while they are transmission owning members of PJM.

Met-Ed, JCP&L and Penelec were transmission owning members of PJM and signatories to a predecessor transmission owners' agreement prior to FERC's designation of PJM as an Independent System Operator and later as a Regional Transmission Organization. Met-Ed, JCP&L and Penelec were members of the original PJM power pool and have remained members of PJM as it has evolved over the past fifty-plus years. Mon Power, Potomac Edison and West

Penn Power, doing business as Allegheny Power, became signatories to a predecessor transmission owners' agreement on December 15, 2005. Subsequently, Met-Ed, JCP&L, Penelec, Mon Power, Potomac Edison and West Penn Power became signatories to the CTOA when it replaced the predecessor transmission owner agreements. TrAILCo became a signatory to the CTOA on November 8, 2007 followed by ATSI becoming a CTOA signatory on December 17, 2009. MAIT became a signatory to the CTOA on January 31, 2017.

(H) Evidence demonstrating the ability of the entity to address and timely remedy failure of facilities.

The FirstEnergy Transmission Owners have a strong record of responding quickly and safely to service interruptions. Most recently, this was demonstrated by FirstEnergy's response to Hurricane Sandy, which struck FirstEnergy's service area on October 29, 2012. Sandy ranks as the most damaging weather event faced by FirstEnergy. By comparison, Sandy disrupted service to nearly 2.6 million FirstEnergy customers which is more customers than Hurricane Irene and the October 2011 snowstorm combined and more than twice as many customers as the 2011 Summer derecho. By the time Sandy's wind and rains ceased and floodwaters receded, the super storm had crossed every state served by FirstEnergy.

Sandy's hurricane-force winds and rains hammered FirstEnergy's operating companies in New Jersey, Pennsylvania and parts of Maryland. In addition, FirstEnergy service areas in western Maryland and parts of West Virginia were blanketed with up to three feet of snow and wind gusts of up to 80 mph. In Ohio, FirstEnergy's service area along the Lake Erie shoreline experienced high winds and rain.

FirstEnergy's transmission and distribution utilities responded to the catastrophic destruction caused by Sandy with the largest mobilization of crews, equipment, material and support in FirstEnergy history. While the regional dispatch offices of FirstEnergy's utilities directed local restoration efforts, FirstEnergy's emergency operations center in Akron, Ohio, supported the overall service restoration effort.

More than 20,000 workers, comprised of FirstEnergy employees, other utility personnel and contractors, joined the massive service restoration effort. Linemen, hazard responders, damage assessors, and other service and support personnel were engaged in restoring service to customers. Companywide, crews responded to more than 65,000 reports of lines down and other hazards. During the restoration effort, approximately 20,000 damaged crossarms, 6,300 utility poles and 4,600 transformers were replaced and 700 miles of wire hung. Overall, FirstEnergy's three customer contact centers received 1.5 million outage calls, the most ever taken in a single service restoration event.

In the face of many challenges, crews restored service to more than half of the affected FirstEnergy customers within three days and two-thirds of customers within five days. More than 95 percent of the affected FirstEnergy customers in Pennsylvania, Ohio, West Virginia and Maryland had service restored within eight days of Hurricane Sandy coming ashore. By day 13 over 95 percent of JCP&L's customers had their service restored.

In addressing large-scale outages, securing outside utility crews, electrical contractors and tree contractors can be challenging as utilities impacted by the storm are pursuing the same pool of utility workers and support personnel. To bring in sufficient crews to tackle the historic rebuild effort in a safe and timely manner, FirstEnergy worked with six mutual-aid assistance groups, including Mid-Atlantic Mutual Assistance, the New York Mutual Assistance Group, Southeastern Electric Exchange, Great Lakes Mutual Assistance, Midwest Mutual Assistance and Western Region Mutual Assistance. Additionally, the Dept. of Energy volunteered personnel and contractors from the Bonneville Power Administration, Western Area Power Administration and Southwestern Power Administration. In all, workers were recruited from more than 30 states and Canada, coming from as far away as Oregon and California.

As part of the restoration process, 13 helicopters flew about 10,000 miles to perform aerial patrols on FirstEnergy's transmission, sub-transmission and distribution systems. Crews worked 16 hours with eight hours mandatory rest until the job was done. And, despite challenging work conditions, no significant safety incidents occurred.

Effective communication with key state personnel was vital to the successful service restoration effort. In New Jersey, JCP&L implemented its recently enhanced emergency communications plan during Sandy, providing information updates to local officials, the Board of Public Utilities (BPU), legislators and the governor, including participation in twice-daily calls with the BPU president and governor. In Ohio, daily communications were provided to the governor, the chairman of the Public Utilities Commission of Ohio, and the mayor of Cleveland. In Pennsylvania, updates were provided to local officials, the Public Utility Commission, the General Assembly and the governor's staff. In Maryland, frequent status updates were provided to the governor and his administration's energy advisor, and included helicopter tours of storm-ravaged Garrett County to show the extent of the damage to the electrical infrastructure.

In 2023, the Edison Electric Institute (EEI) recognized FirstEnergy with an Emergency Recovery Award – this time for the Company's response in restoring power to more than 287,000 Ohio and West Virginia customers following severe weather that produced three confirmed tornadoes and extreme temperatures in June 2022. This is the 17th consecutive year that FirstEnergy has been recognized by EEI for our storm response efforts. From June 13-16, portions of the northcentral Ohio and West Virginia service areas served by Ohio Edison and Mon Power, respectively, bore the brunt of three major thunderstorm events with wind speeds greater than 80 miles per hour, followed by a multi-day heat wave that recorded heat indices above 105 degrees. More than 1,800 line workers, forestry crews and support personnel worked safely to minimize the outage time for customers, ultimately replacing 263 poles, 149 transformers and about 25 miles of wire.

FirstEnergy's ability to have skilled resources available to restore transmission facilities is measured by the industry standard of outage duration. FirstEnergy's outage duration was better than first quartile in four of the listed six years (based on PJMs "2006-2012 Performance Metrics Comparison" report).[5]

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5 For the two years that FirstEnergy did not meet these criteria, associated long-duration outages were a result of the SF6 buss failure at Smithburg and, as noted above, the major storms that occurred across its service territory in 2011

(I) Description of the experience of the entity in acquiring rights of way (ROW)

To address the right-of-way (ROW) requirements of the large FirstEnergy Transmission System, FirstEnergy has a substantial full-time internal staff responsible for ROW acquisition. The Real Estate Department's ROW/Real Estate Projects group has personnel throughout the FirstEnergy transmission zones with numerous ROW acquisition efforts underway at all times.

Presently, FirstEnergy has hundreds of millions of dollars in planned transmission upgrades and improvements underway for which the necessary ROW have been or are being acquired. This follows an additional several hundred million dollars in transmission completed in recent years for which substantial ROW acquisition also was required.

FirstEnergy has the ability to exercise eminent domain in the states covered by its transmission zones. The FirstEnergy ROW group has considerable experience working within the eminent domain construct to timely effect construction of RTEP projects. FirstEnergy also benefits from participation in the International Right of Way Association and the American Association of Professional Landmen, maintaining Staff and contractor certifications. In addition, FirstEnergy collaborates with peer utilities on real estate matters through the North American Transmission Forum (NATF).

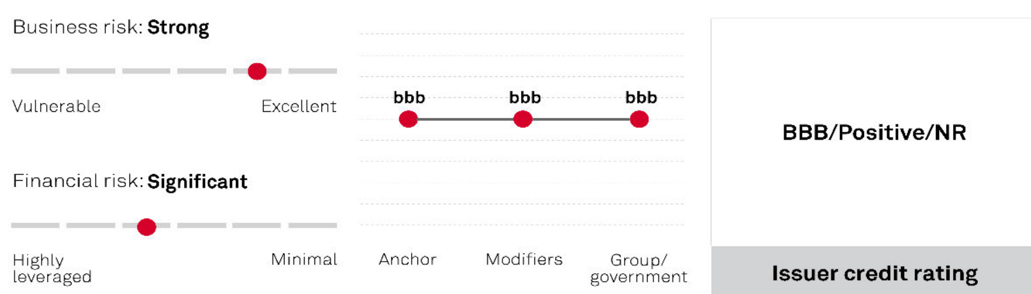
S&P Global Ratings

Research

Jersey Central Power & Light Co.

October 20, 2023

Ratings Score Snapshot



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Credit Highlights

Overview

Key strengths	Key risks
Monopolistic, regulated electric transmission and distribution utility operations.	Lack of operating diversity makes the company largely depend on New Jersey regulators to sustain its credit quality.
Effective management of regulatory risk with supportive mechanisms present under the Federal Energy Regulatory Commission (FERC) and New Jersey Board of Public Utilities (NJBPU) frameworks.	Operations in a historically challenging regulatory environment, though the company has been gradually improving its management of regulatory risk.
The company is an insulated subsidiary of its parent, FirstEnergy Corp. (FE), allowing us to rate it one notch above the parent.	Our forecast for negative discretionary cash flow (DCF) indicates future external funding needs.
	Parent FE is in the middle of ongoing lawsuits and investigations related to the fallout from Ohio House Bill 6.
	Susceptibility to adverse-weather events within its service territory.

We expect Jersey Central Power & Light Co. to effectively manage its regulatory risk, supporting our view of its strong business risk profile. The company derives all its cash flow from its monopolistic, regulated electric transmission and distribution (T&D) utility operations. Its distribution operations (about three quarters of rate base) are regulated by the NJBPU. While this regulatory relationship has historically been challenging, the company benefits from various constructive regulatory mechanisms including partial decoupling, deferral for advanced metering infrastructure (AMI) costs under the company's AMI plan, and a broader infrastructure improvement program rider.

Although the company's FERC-regulated transmission assets are only a quarter of rate base currently, we expect investment in these operations to grow gradually over the coming years, such that they become a larger proportion of the overall business. In our view, this could reduce the company's business risk, given our view of FERC regulation as one of the most credit supportive jurisdictions in North America, which accounts for the ability for companies to earn their authorized returns on equity, given FERC's forward-looking formulaic rate construct with annual true-up mechanisms. We will continue to monitor these developments, as well as the company's ongoing distribution rate case, to determine what impact they have on the company's credit quality.

Rate Case Summary

	Company Request	Previously Authorized by Commission
	8/14/2023	10/28/2020
Rate Change Amount ($)	192,249,708	93,999,539
Rate Change/ Revenue (%)	29.49	16.97
Rate Case Test Year End Date	6/30/2023	6/30/2020
Rate Base ($)	3,049,777,210	2,623,043,896
Rate Base Valuation Method	Year-end	Year-end
Return on Equity (%)	10.4	9.6
Common Equity to Total Capital (%)	51.9	51.44
Rate of Return (%)	7.6	7.4

We consider the management and governance (M&G) of FE and its subsidiaries, including JCP&L, as fair. In our view, FE has taken significant action to address the material weakness identified in its internal controls following the House Bill 6 fallout. Since FE announced the termination of three executives in October 2020 following the determination that they violated company policies and its code of conduct, it has enhanced its internal controls and remediated the material weaknesses its investigation identified. In addition, its deferred prosecution agreement (DPA) with the Department of Justice (DOJ) reduces risk for FE and its subsidiaries, as the DOJ will most likely dismiss its charges against FE if it fully meets its obligations under the agreement that ends in 2024.

FE management reported that it gave the second of three updates to the DOJ concerning its DPA. However, there are also several pending lawsuits and investigations into FE concerning actions of its prior management and governance shortfalls that could impede it and its subsidiaries, including numerous shareholder lawsuits. Additionally, management recently disclosed new subpoenas during the second quarter from the Ohio Organized Crime Investigations Commission and Securities and Exchange Commission related to the legal fallout from House Bill 6. We will continue to actively monitor these developments.

We expect JCP&L's financial measures to remain consistently within the lower-end of the significant financial risk profile. Overall, our base-case assumes JCP&L will maintain funds from operations (FFO) to debt of about 13%-16%.

Outlook

The positive outlook on JCP&L reflects the positive outlook on FE, our expectations that JCP&L's stand-alone funds from operations (FFO) to debt will be 13%-16%, and that JCP&L will continue to gradually reduce business risk primarily through the disproportionate growth of its lower-risk transmission business.

Downside scenario

We could affirm the ratings on JCP&L and revise the outlook to stable over the next 12-24 months if:

- We do the same for FE; or
- JCP&L's business risk does not improve as expected.

Upside scenario

We could raise the ratings on JCP&L over the next 12-24 months if:

- We upgrade FE, reflecting that it fully met its obligations under the DPA; and
- JCP&L continues to gradually decrease business risk while maintaining its current financial measures.

Our Base-Case Scenario

Assumptions

- Continued use of existing regulatory mechanisms;
- Capital expenditure (capex) averaging about $750 million annually;
- Continued negative DCF;
- All debt maturities refinanced.

Key metrics

Jersey Central Power & Light Co.--Forecast summary

Period ending	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025
(Mil. $)	2021a	2022a	2023e	2024f	2025f
Revenue	1,816	2,055	2,112	2,410	2,491
EBITDA (reported)	530	463	420	558	573
Plus: Operating lease adjustment (OLA) rent	9	9	15	15	15

Plus/(less): Other	(104)	66	8	8	8
EBITDA	435	538	443	581	596
Less: Cash interest paid	(101)	(107)	(115)	(132)	(155)
Less: Cash taxes paid	(3)	(45)	41	(20)	(39)
Funds from operations (FFO)	331	386	368	429	402
Cash flow from operations (CFO)	344	440	341	538	423
Capital expenditure (capex)	354	451	525	645	655
Free operating cash flow (FOCF)	(10)	(11)	(184)	(107)	(232)
Dividends	70	75	--	--	81
Discretionary cash flow (DCF)	(80)	(86)	(184)	(107)	(313)
Debt (reported)	2,211	2,205	2,442	2,699	3,177
Plus: Lease liabilities debt	71	67	67	67	67
Plus: Pension and other postretirement debt	112	58	58	58	58
Less: Accessible cash and liquid Investments	(170)	--	(0)	--	--
Plus/(less): Other	5	6	6	6	6
Debt	2,228	2,336	2,573	2,830	3,308
Equity	3,908	3,967	4,149	4,394	4,555
Cash and short-term investments (reported)	170	--	0	(0)	(0)
Adjusted ratios					
Debt/EBITDA (x)	5	4	6	5	6
FFO/debt (%)	15	17	14	15	12
FFO cash interest coverage (x)	4	5	4	4	4
EBITDA interest coverage (x)	4	5	4	4	4
CFO/debt (%)	15	19	13	19	13
FOCF/debt (%)	(0)	(0)	(7)	(4)	(7)
DCF/debt (%)	(4)	(4)	(7)	(4)	(9)
Debt/debt and equity (%)	36	37	38	39	42

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast.

Company Description

JCP&L is a regulated utility that provides electric T&D services to residential, commercial, and industrial customers in northern, western, and east-central New Jersey. JCP&L operates as a subsidiary of FE and contributes around 16% of its EBITDA.

Peer Comparison

Jersey Central Power & Light Co.--Peer Comparisons

	Jersey Central Power & Light Co.	Atlantic City Electric Co.	Public Service Electric & Gas Co.	PPL Electric Utilities Corp.
Foreign currency issuer credit rating	BBB/Positive/NR	A-/Stable/A-2	A-/Stable/A-2	A/Stable/A-1
Local currency issuer credit rating	BBB/Positive/NR	A-/Stable/A-2	A-/Stable/A-2	A/Stable/A-1
Period	Annual	Annual	Annual	Annual
Period ending	2022-12-31	2022-12-31	2022-12-31	2022-12-31
Mil.	$	$	$	$
Revenue	2,055	1,431	7,935	3,030
EBITDA	538	473	2,858	1,252
Funds from operations (FFO)	386	416	2,290	977
Interest	111	69	449	171
Cash interest paid	107	63	431	164
Operating cash flow (OCF)	440	387	2,037	757
Capital expenditure	451	395	2,571	888
Free operating cash flow (FOCF)	(11)	(8)	(534)	(131)
Discretionary cash flow (DCF)	(86)	(153)	(984)	(641)
Cash and short-term investments	0	72	220	25
Gross available cash	0	72	220	25
Debt	2,336	1,736	13,328	4,844
Equity	3,967	1,753	15,682	5,751
EBITDA margin (%)	26.2	33.1	36.0	41.3
Return on capital (%)	4.5	6.4	7.1	8.2
EBITDA interest coverage (x)	4.8	6.8	6.4	7.3
FFO cash interest coverage (x)	4.6	7.6	6.3	7.0
Debt/EBITDA (x)	4.3	3.7	4.7	3.9
FFO/debt (%)	16.5	23.9	17.2	20.2
OCF/debt (%)	18.8	22.3	15.3	15.6
FOCF/debt (%)	(0.5)	(0.5)	(4.0)	(2.7)
DCF/debt (%)	(3.7)	(8.8)	(7.4)	(13.2)

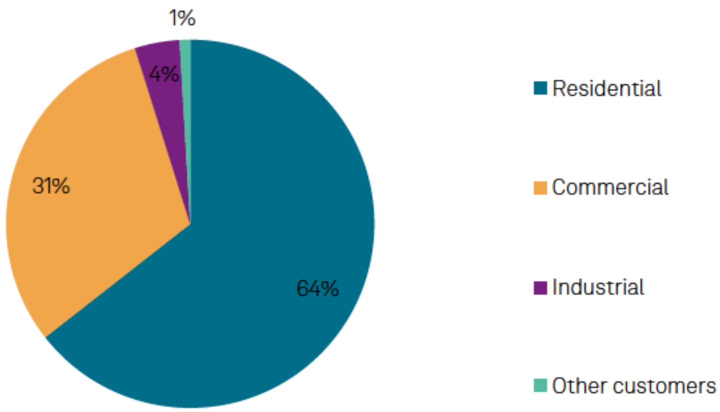
Business Risk

Our assessment of JCP&L's business risk reflects its monopolistic rate-regulated electric T&D utility operations. JCP&L benefits from a sizable customer base of about 1.1 million customers across northern, western, and east-central New Jersey that is mostly residential.

Its strengths are somewhat offset by the difficulties the company has historically faced to consistently and effectively manage its regulatory risk in New Jersey. The company depends on the NJBPU to sustain its credit quality, as it is the key regulator for its distribution rates, and the relationship has been historically challenging. However, the company's management of regulatory risk is improving.

In New Jersey, JCP&L has various mechanisms that reduce regulatory lag, including those for various infrastructure enhancements and partial decoupling. Furthermore, FERC regulates JCP&L's transmission business, which benefits from formulaic forward-looking rates with annual true-ups to recover prudently incurred costs. Over the coming years, we expect JCP&L's transmission investment in this business to increase disproportionately compared to the rest of the business, which could reduce its business risk as more operations will be under the FERC regulatory construct. If JCP&L gradually improves management of regulatory risk and consistently earns returns that are more in line with those of its peers, we could revise our assessment of its business risk.

JCP&L's revenue mix

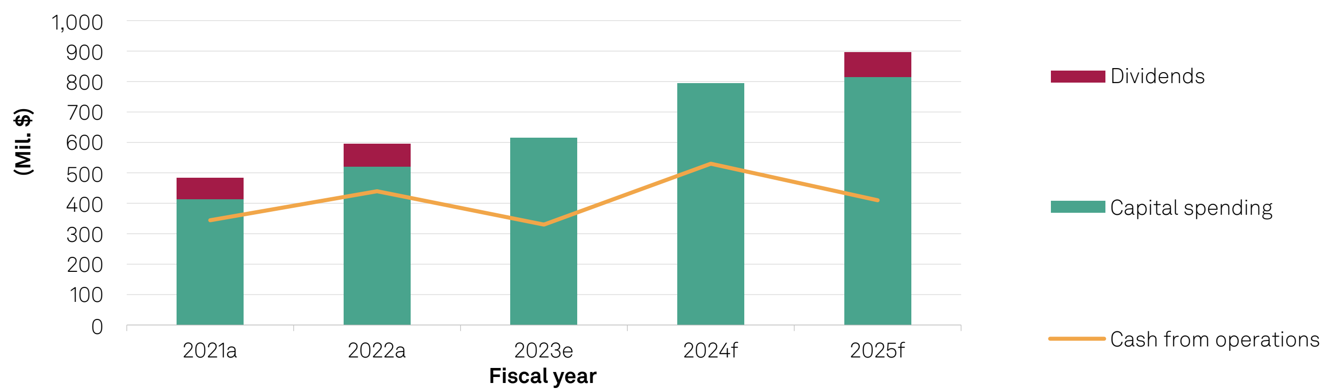


Source: Company filings.

Financial Risk

We assess JCP&L's financial measures using our medial volatility financial benchmarks, which reflects the company's lower-risk, rate-regulated electric T&D operations. Our base case includes the ongoing use of various regulatory mechanisms, capital spending that averages $750 million annually, continued negative discretionary cash flow, and the refinancing of all debt maturities. Under this scenario, we expect financial measures to consistently reflect the lower-end of the range for the financial risk profile category. Specifically, we expect FFO to debt of 13%-16% over our forecast period.

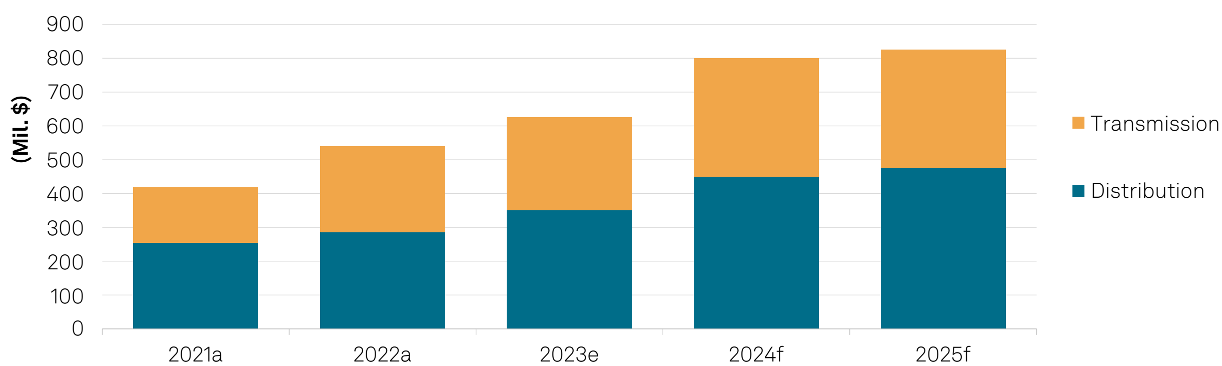
JCP&L's cash flow forecast



a--Actual. e--Estimate. f--Forecast. Source: Company filings, S&P Global Ratings.

JCP&L's capital spending

Aniticipated distribution and transmission spend

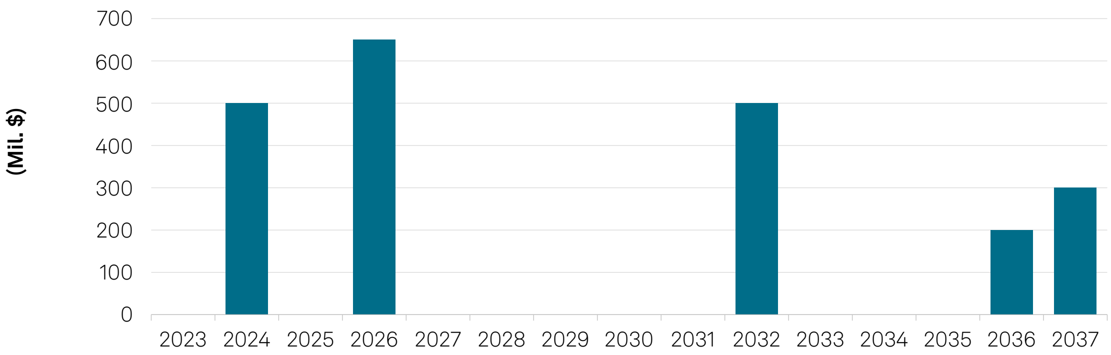


Source: Company filings.

Debt maturities

JCP&L's debt maturities

As of December 2022.



Source: JCP&L's 2022 annual report.

Jersey Central Power & Light Co.--Financial Summary

Period ending	Dec-31-2017	Dec-31-2018	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022
Reporting period	2017a	2018a	2019a	2020a	2021a	2022a
Display currency (mil.)	$	$	$	$	$	$
Revenues	1,799	1,847	1,820	1,765	1,816	2,055
EBITDA	562	387	507	260	435	538
Funds from operations (FFO)	424	299	402	186	331	386
Interest expense	123	119	107	106	107	111
Cash interest paid	113	107	101	95	101	107
Operating cash flow (OCF)	505	201	444	230	344	440
Capital expenditure	287	344	382	460	354	451
Free operating cash flow (FOCF)	218	(143)	62	(230)	(10)	(11)
Discretionary cash flow (DCF)	218	(143)	(28)	(230)	(80)	(86)
Cash and short-term investments	0	0	0	0	170	0
Gross available cash	0	0	0	0	170	0
Debt	2,113	1,924	2,027	2,389	2,228	2,336
Common equity	3,190	3,515	3,564	3,707	3,908	3,967
Adjusted ratios						
EBITDA margin (%)	31.2	21.0	27.8	14.8	24.0	26.2
Return on capital (%)	6.3	6.4	6.0	5.7	4.2	4.5
EBITDA interest coverage (x)	4.6	3.3	4.8	2.4	4.1	4.8
FFO cash interest coverage (x)	4.7	3.8	5.0	3.0	4.3	4.6
Debt/EBITDA (x)	3.8	5.0	4.0	9.2	5.1	4.3
FFO/debt (%)	20.1	15.5	19.8	7.8	14.9	16.5
OCF/debt (%)	23.9	10.4	21.9	9.6	15.5	18.8
FOCF/debt (%)	10.3	(7.5)	3.1	(9.6)	(0.4)	(0.5)

Jersey Central Power & Light Co.--Financial Summary

DCF/debt (%)	10.3	(7.5)	(1.4)	(9.6)	(3.6)	(3.7)

Reconciliation Of Jersey Central Power & Light Co. Reported Amounts With S&P Global Adjusted Amounts (Mil. $)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Financial year	Dec-31-2022									
Company reported amounts	2,205	3,967	2,055	463	203	102	538	439	75	456
Cash taxes paid	-	-	-	-	-	-	(45)	-	-	-
Cash interest paid	-	-	-	-	-	-	(99)	-	-	-
Lease liabilities	67	-	-	-	-	-	-	-	-	-
Operating leases	-	-	-	9	3	3	(3)	6	-	-
Postretirement benefit obligations/ deferred compensation	58	-	-	-	-	-	-	-	-	-
Capitalized interest	-	-	-	-	-	5	(5)	(5)	-	(5)
Share-based compensation expense	-	-	-	6	-	-	-	-	-	-
Asset-retirement obligations	6	-	-	1	1	1	-	-	-	-
Nonoperating income (expense)	-	-	-	-	70	-	-	-	-	-
EBITDA: other income/ (expense)	-	-	-	59	59	-	-	-	-	-
D&A: other	-	-	-	-	(59)	-	-	-	-	-
Total adjustments	131	-	-	75	74	9	(152)	1	-	(5)
S&P Global Ratings adjusted	**Debt**	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from Operations**	**Operating cash flow**	**Dividends**	**Capital expenditure**
	2,336	3,967	2,055	538	277	111	386	440	75	451

Liquidity

We assess JCP&L's liquidity as adequate, which reflects our expectation its liquidity sources will be 1.1x its uses over the coming 12 months and our belief its net sources will remain positive even if forecast EBITDA declines 10%. We believe the company's predictable regulatory framework provides stable cash flow even in times of economic stress, enabling it to absorb high-impact, low-probability events, which supports our use of slightly lower thresholds to assess its liquidity. In addition, we believe that JCP&L could reduce its capital spending (averaging about $750 million per year) during periods of stress. Furthermore, our assessment reflects the company's generally prudent risk management, sound relationships with its banking group (which includes over 20 well-established banks), and generally satisfactory standing in the credit markets (bond yields are in line with other investment-grade utilities).

Overall, we believe JCP&L will likely be able to withstand adverse market circumstances over the next 12 months while maintaining sufficient liquidity to meet its obligations. The company's next large long-term debt maturity is in 2024, when about $500 million comes due. We expect JCP&L will proactively address this maturity well in advance of its scheduled due date.

Principal liquidity sources

- Credit facility availability of about $500 million;
- Ongoing support from parent, FE, as needed; and
- Cash FFO of about $395 million.

Principal liquidity uses

- Assumed maintenance capital spending of about $135 million over the next 12 months; and
- Debt maturities, including short-term borrowings, of about $750 million.

Environmental, Social, And Governance

Governance factors are currently a negative consideration in our credit rating analysis of JCP&L. Our assessment of the company's governance primarily reflects our assessment of FE. This is based on FE's termination of CEO Chuck Jones and other executives for violating company policies and its code of conduct. FE's lack of effective internal controls to proactively identify such gross violations of its code of conduct demonstrates a deficiency in its governance.

Group Influence

JCP&L is a wholly owned subsidiary of FE. Under our group rating methodology, we consider it to be a core subsidiary of FE, reflecting our view that it is highly unlikely to be sold, plays an integral role in the overall group strategy, and has a strong long-term commitment from senior management.

We view the insulating measures at JCP&L as sufficient to raise our issuer credit rating one notch above the 'bbb-' group credit profile. This reflects the strength of the company's stand-alone credit profile and the cumulative value of structural protections that insulate the company from its parent. Key insulating measures include:

- The utility is a separate stand-alone legal entity that functions independently (both financially and operationally), files its own rate cases, and is independently regulated;
- The utility has its own records and books, including stand-alone audited financial statements;
- The utility has its own funding arrangements, issues its own long-term debt, and has a distinct committed credit facility for its short-term funding needs;
- We believe there is a strong economic basis for FE to preserve JCP&L's credit strength, which reflects the utility's low-risk, profitable, and regulated nature; and
- There are no cross-default provisions between the utilities and FE or FET that could directly lead to a default at the entities.

Issue Ratings--Subordination Risk Analysis

Analytical conclusions

We rate the senior unsecured debt at JCP&L the same as the issuer credit rating because it is the senior unsecured debt of a qualified investment-grade utility as per our criteria.

Rating Component Scores	
Foreign currency issuer credit rating	**BBB/Positive/NR**
Local currency issuer credit rating	**BBB/Positive/NR**
Business risk	**Strong**
Country risk	Very Low
Industry risk	Very Low
Competitive position	Satisfactory
Financial risk	**Significant**
Cash flow/leverage	Significant
Anchor	**bbb**
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Fair (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	**bbb**
Group credit profile	bbb-
Entity status within group	Insulated (no impact on SACP)

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013

- Criteria | Corporates | Utilities: Collateral Coverage And Issue Notching Rules For '1+' And '1' Recovery Ratings On Senior Bonds Secured By Utility Real Property, Feb. 14, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Ratings Detail (as of October 20, 2023)*

Jersey Central Power & Light Co.	
Issuer Credit Rating	BBB/Positive/NR
Senior Unsecured	BBB
Issuer Credit Ratings History	
10-Feb-2023	BBB/Positive/NR
08-Nov-2021	BBB/Stable/NR
19-Oct-2021	BB+/Watch Pos/NR
23-Jul-2021	BB/Watch Pos/NR
24-Nov-2020	BB/Watch Neg/NR
30-Oct-2020	BB+/Watch Neg/NR
23-Jul-2020	BBB/Watch Neg/NR
Related Entities	
Allegheny Generating Co.	
Issuer Credit Rating	BB+/Positive/NR
American Transmission Systems Inc.	
Issuer Credit Rating	BBB/Positive/--
Senior Unsecured	BBB
Cleveland Electric Illuminating Co.	
Issuer Credit Rating	BBB/Positive/--
Senior Secured	A-
Senior Unsecured	BBB
FirstEnergy Corp.	
Issuer Credit Rating	BBB-/Positive/--
Preferred Stock	BB
Senior Unsecured	BB+
FirstEnergy Transmission LLC	
Issuer Credit Rating	BBB-/Positive/--
Senior Unsecured	BB+
Metropolitan Edison Co.	
Issuer Credit Rating	BBB/Positive/NR
Senior Unsecured	BBB

Ratings Detail (as of October 20, 2023)*

Mid-Atlantic Interstate Transmission LLC	
Issuer Credit Rating	BBB/Positive/--
Senior Unsecured	BBB
Monongahela Power Co.	
Issuer Credit Rating	BBB/Stable/NR
Senior Secured	A-
Ohio Edison Co.	
Issuer Credit Rating	BBB/Positive/A-2
Senior Secured	A-
Senior Unsecured	BBB
Pennsylvania Electric Co.	
Issuer Credit Rating	BBB/Positive/NR
Senior Unsecured	BBB
Pennsylvania Power Co.	
Issuer Credit Rating	BBB/Positive/--
Senior Secured	A-
Potomac Edison Co.	
Issuer Credit Rating	BBB/Stable/NR
Senior Secured	A-
Toledo Edison Co.	
Issuer Credit Rating	BBB/Positive/--
Senior Secured	A-
Trans-Allegheny Interstate Line Co.	
Issuer Credit Rating	BBB/Positive/--
Senior Unsecured	BBB
West Penn Power Co.	
Issuer Credit Rating	BBB/Positive/NR
Senior Secured	A-

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings credit ratings on the global scale are comparable across countries. S&P Global Ratings credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

Tear Sheet:

Jersey Central Power & Light Co.

October 25, 2024

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We expect Jersey Central Power & Light Co. (JCP&L) to continue effectively managing its regulatory risk. The company derives all its cash flow from its monopolistic, regulated electric transmission and distribution (T&D) utility operations. Its distribution operations (about three quarters of rate base) are regulated by the New Jersey Board of Public Utilities (NJBPU). While this regulatory relationship has historically been challenging, the company benefits from various constructive regulatory mechanisms including partial decoupling, deferral for advanced metering infrastructure (AMI) costs under the company's AMI plan, and a broader Infrastructure Improvement Plan (IIP) rider. These factors support S&P Global Ratings' view of the company's strong business profile.

In February, JCP&L amended its proposal to the NJBPU for approval of its five-year IIP, which includes a return of and on capital expenditures of approximately $900 million over a five-year period. The plan is aimed at modernizing the company's grid, enhancing system resiliency, and upgrading substations.

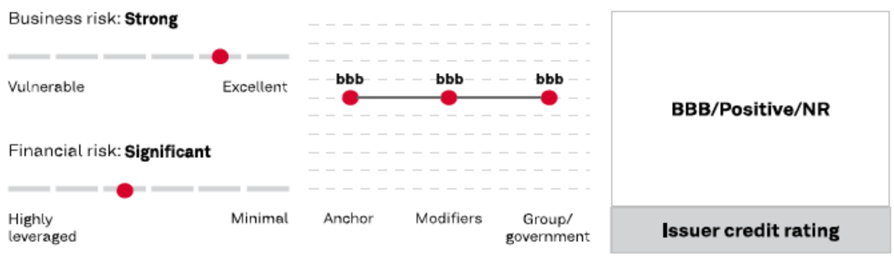
Although the company's Federal Energy Regulatory Commission (FERC) regulated transmission assets are only about a quarter of consolidated rate base currently, we expect investment in these operations to grow over the coming years, such that they become a larger proportion of the overall business. In our view, this could reduce the company's business risk, given our view of FERC regulation as one of the most credit-supportive jurisdictions in North America, largely due to generally constructive authorized return on equity levels, and consistency of the tariff-setting framework (which includes FERC's forward-looking formulaic rate construct with annual true-up mechanisms). We will continue to monitor the company's growth strategy, as well as its IIP filing, to determine what impact they have on credit quality.

While our base case doesn't include any expectation for wildfire related losses or liabilities, a portion of JCP&L's service territory has a relatively high wildfire risk classification according to the Federal Emergency Management Agency (FEMA). These areas are in Ocean County and Burlington County in and around the New Jersey Pinelands National Reserve and have a total population of about 90,000 people, 35,000-45,000 housing units (of which about 85%-95% are occupied), and estimated median home values of $300,000-$400,000 according to U.S. Census data. While JCP&L has not been found culpable for any wildfires in its service territory and is not currently party to any similar litigation, about 10% of JCP&L's distribution and transmission line miles are within these areas. Recently, the company has invested in numerous risk mitigation practices, such as more frequent vegetation management, meteorology staff, and non-reclosing lines. Furthermore, state, local, and national forestry departments prescribe controlled burns for parts of the Pinelands to reduce the risks of catastrophic fires there as well as within JCP&L's service territory. We will continue to monitor JCP&L's ability to effectively manage evolving risks associated with adverse weather events.

We expect JCP&L's financial measures to remain in the significant financial risk profile category. We assess JCP&L's financial measures using our medial volatility financial benchmarks, which reflect the company's lower-risk, rate-regulated electric T&D operations. Our base case includes the ongoing use of existing regulatory mechanisms, capital spending that averages about $1.2 billion annually, continued negative discretionary cash flow, and the refinancing of all debt maturities. Under this scenario we expect funds from operations (FFO) to debt to average 18%-21% over our forecast period.

We view JCP&L as a core subsidiary of FirstEnergy Corp. (FE). We view JCP&L as integral to the group's identity, highly unlikely to be sold, a significant contributor to the group, closely linked to the parent's name, and possessing a strong long-term commitment from the parent's management.

Ratings Score Snapshot



Recent Research

- FirstEnergy Transmission LLC And Subsidiaries Upgraded To 'A-' On Enactment Of Insulating Measures; Outlooks Positive, July 22, 2024
- FirstEnergy Corp. Upgraded To 'BBB' On Expected Deleveraging Following FET Minority Stake Sale; Outlook Positive, April 23, 2024

Company Description

JCP&L is a regulated utility that provides electric T&D services to residential, commercial, and industrial customers in northern, western, and east-central New Jersey. JCP&L operates as a subsidiary of FE and contributes around 15% of its EBITDA.

Outlook

The positive outlook on JCP&L reflects the positive outlook on FE.

Downside scenario

We could affirm the ratings on JCP&L and revise the outlook to stable within the next 12 months if we do the same to FE.

Upside scenario

We could raise the ratings on JCP&L within the next 12 months if we raise the rating on FE.

Key Metrics

Period ending	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026
(Mil. $)	2021a	2022a	2023a	2024e	2025f	2026f
EBITDA	435	538	416	559	671	816
Funds from operations (FFO)	331	386	302	543	570	671
Debt	2,228	2,336	2,735	2,314	2,807	3,378
Adjusted ratios						
Debt/EBITDA (x)	5.1	4.3	6.6	4.1	4.2	4.1
FFO/debt (%)	14.9	16.5	11.0	23.5	20.3	19.9
FFO cash interest coverage (x)	4.3	4.6	3.4	5.1	5.2	5.0

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. $--U.S. dollar.

Financial Summary

Jersey Central Power & Light Co.--Financial Summary

Period ending	Dec-31-2018	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023
Reporting period	2018a	2019a	2020a	2021a	2022a	2023a
Display currency (mil.)	$	$	$	$	$	$
Revenues	1,847	1,820	1,765	1,816	2,055	2,027
EBITDA	387	507	260	435	538	416
Funds from operations (FFO)	299	402	186	331	386	302
Interest expense	119	107	106	107	111	127
Cash interest paid	107	101	95	101	107	125
Operating cash flow (OCF)	201	444	230	344	440	256
Capital expenditure	344	382	460	354	451	619
Free operating cash flow (FOCF)	(143)	62	(230)	(10)	(11)	(363)
Discretionary cash flow (DCF)	(143)	(28)	(230)	(80)	(86)	(363)
Cash and short-term investments	0	0	0	170	0	0
Gross available cash	0	0	0	170	0	0
Debt	1,924	2,027	2,389	2,228	2,336	2,735
Common equity	3,515	3,564	3,707	3,908	3,967	4,132

Jersey Central Power & Light Co.--Financial Summary

Adjusted ratios						
EBITDA margin (%)	21.0	27.8	14.8	24.0	26.2	20.5
Return on capital (%)	6.4	6.0	5.7	4.2	4.5	4.7
EBITDA interest coverage (x)	3.3	4.8	2.4	4.1	4.8	3.3
FFO cash interest coverage (x)	3.8	5.0	3.0	4.3	4.6	3.4
Debt/EBITDA (x)	5.0	4.0	9.2	5.1	4.3	6.6
FFO/debt (%)	15.5	19.8	7.8	14.9	16.5	11.0
OCF/debt (%)	10.4	21.9	9.6	15.5	18.8	9.4
FOCF/debt (%)	(7.5)	3.1	(9.6)	(0.4)	(0.5)	(13.3)
DCF/debt (%)	(7.5)	(1.4)	(9.6)	(3.6)	(3.7)	(13.3)

Peer Comparison

Jersey Central Power & Light Co.--Peer Comparisons

	Jersey Central Power & Light Co.	Atlantic City Electric Co.	Public Service Electric & Gas Co.	PPL Electric Utilities Corp.
Foreign currency issuer credit rating	BBB/Positive/NR	A-/Stable/A-2	A-/Stable/A-2	A/Stable/A-1
Local currency issuer credit rating	BBB/Positive/NR	A-/Stable/A-2	A-/Stable/A-2	A/Stable/A-1
Period	Annual	Annual	Annual	Annual
Period ending	2023-12-31	2023-12-31	2023-12-31	2023-12-31
Mil.	$	$	$	$
Revenue	2,027	1,522	7,807	3,008
EBITDA	416	497	3,070	1,309
Funds from operations (FFO)	302	415	2,517	998
Interest	127	77	520	223
Cash interest paid	125	73	476	219
Operating cash flow (OCF)	256	202	1,547	898
Capital expenditure	619	455	2,975	962
Free operating cash flow (FOCF)	(363)	(253)	(1,428)	(64)
Discretionary cash flow (DCF)	(363)	(379)	(1,578)	(637)
Cash and short-term investments	0	21	30	51
Gross available cash	0	21	30	51
Debt	2,735	2,039	14,746	5,324
Equity	4,132	1,812	17,048	5,903
EBITDA margin (%)	20.5	32.7	39.3	43.5
Return on capital (%)	4.7	6.4	6.8	8.2
EBITDA interest coverage (x)	3.3	6.4	5.9	5.9
FFO cash interest coverage (x)	3.4	6.7	6.3	5.6
Debt/EBITDA (x)	6.6	4.1	4.8	4.1

Jersey Central Power & Light Co.--Peer Comparisons

FFO/debt (%)	11.0	20.3	17.1	18.7
OCF/debt (%)	9.4	9.9	10.5	16.9
FOCF/debt (%)	(13.3)	(12.4)	(9.7)	(1.2)
DCF/debt (%)	(13.3)	(18.6)	(10.7)	(12.0)

Environmental, Social, And Governance

Governance continues to be a negative consideration in our credit rating analysis of FE and its subsidiaries; we will monitor this potentially for a further rating action. This is based on FE's termination of CEO Chuck Jones and other executives for violating company policies and code of conduct. The company's lack of effective internal controls to proactively identify such gross violations of its code of conduct demonstrated a deficiency in its governance. We will also continue to monitor developments that could affect our assessment of FirstEnergy's management and governance (M&G), which include remaining pending lawsuits and investigations into FE concerning actions of its previous M&G shortfalls relating to House Bill 6 in Ohio.

This said, we believe FE has taken significant actions to address the material weakness identified in its internal controls following the House Bill 6 fallout. This includes enhancing internal controls and the remediation of material weaknesses identified in its investigations. In addition, we assess the deferred prosecution agreement (DPA) with the Department of Justice (DOJ) as well as recent settlements with the Office of the Ohio Attorney General and the U.S. Securities and Exchange Commission as reducing risk. Under our base case, we expect the DOJ will most likely dismiss its charges against FE, subject to FE fulfilling its obligations under the DPA.

Rating Component Scores	
Foreign currency issuer credit rating	**BBB/Positive/NR**
Local currency issuer credit rating	**BBB/Positive/NR**
Business risk	**Strong**
Country risk	Very Low
Industry risk	Very Low
Competitive position	Satisfactory
Financial risk	**Significant**
Cash flow/leverage	Significant
Anchor	**bbb**
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Moderately Negative (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	**bbb**
Group credit profile	bbb
Entity status within the group	Core (no impact on SACP)

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, April 4, 2024
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers, Dec. 7, 2016,
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013

- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

S&P Global Ratings

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Research Update:

FirstEnergy Transmission LLC And Subsidiaries Upgraded To 'A-' On Enactment Of Insulating Measures; Outlooks Positive

July 22, 2024

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Rating Action Overview

- FirstEnergy Corp. (FE) recently closed the sale of a minority interest in subsidiary FirstEnergy Transmission LLC (FET) to Brookfield Super-Core Infrastructure Partners (Brookfield), revising the separateness and structural insulating measures between FET and parent FE.
- As such, we raised our long-term issuer credit rating (ICR) on FET to 'A-' from 'BBB' and our rating on its senior unsecured debt to 'BBB+' from 'BBB-'.
- At the same time, we raised our long-term ICRs on FET's subsidiaries American Transmission Systems Inc. (ATSI), Trans-Allegheny Interstate Line Co. (TrAIL), and Mid-Atlantic Interstate Transmission LLC (MAIT) to 'A-' from 'BBB+'.
- Furthermore, we raised our ratings on the subsidiaries' senior unsecured debt to 'A-' from 'BBB+'.
- The positive outlooks on FET, ATSI, MAIT, and TRAIL reflect the positive outlook on parent FE as well as our expectation that FET will maintain stand-alone funds from operations (FFO) to debt consistently above 12%.

Rating Action Rationale

The upgrades follow our review of FET's revised separateness and structural insulating measures between FET and parent FE following FE's recent sale of a 30% minority interest in FET to Brookfield. We assess the cumulative value of the structural insulating measures in place as sufficient to rate FET up to two notches above the FE group credit profile (GCP).

Our analysis of the insulating measures incorporates the following:

- FET is a separate legal entity with its own capital structure, maintains its own records, and does not commingle funds, assets, or cash flows with the rest of the FE group;

- FET has its own credit facility and debt arrangements and has operations that are separate from the rest of the FE group;
- Each FET subsidiary is subject to the regulatory scrutiny of the Federal Energy Regulatory Commission (FERC), which regulates the companies' capital structures and sets limitations on short-term borrowing;
- We believe there is a strong economic basis for FE to preserve the credit strength of FET, reflecting FET's low-risk, profitable, and regulated operations that constitute a significant portion (about 30% of EBITDA) of the overall group;
- Brookfield is a significant minority shareholder of FET with a 49.9% ownership in the company and has an active economic interest with board member representation;
- Brookfield has various degrees of governance rights in place for bankruptcy filings, indebtedness, affiliate transactions, the annual budget, and dividend distribution; and
- There are no cross-default provisions between the rest of the FE group and FET (nor its subsidiaries) and the minority shareholder's governance rights support our opinion that a default at FE would not directly lead to a default at FET or its subsidiaries.

Because of our assessment of FET's separateness, the structural insulating measures in place, and FET's stand-alone credit profile, we raised the ICR on FET and its subsidiaries to 'A-' or two notches above parent FE's GCP.

Our assessment of FET's business risk profile as excellent reflects our expectation that it will effectively manage its regulatory risk across its monopolistic regulated electric transmission utility businesses. FET's operating companies are regulated by the FERC, which we view as highly supportive of credit quality. Under FERC regulation, FET's operating companies can file forward-looking formula rates that include annual true-ups to recover prudently incurred costs with an above-average authorized return on equity, which enables them to effectively manage regulatory risk.

We expect FET's forecast credit metrics will remain within the significant financial risk profile category. We use our low-volatility financial benchmark table to determine the company's financial risk profile due to its lower-risk electric transmission operations and effective management of regulatory risk under FERC's highly credit-supportive regulatory construct. Under our base case, we forecast funds from operations (FFO) to debt will average 12%-13% annually. Our base case assumes capital spending that averages about $1.4 billion annually, continued use of existing regulatory mechanisms, dividends of about $250 million-$300 million annually, negative discretionary cash flow, and the refinancing of all debt maturities. Because we view FET's financial metrics being at the higher end of the financial risk profile category, we ascribe a positive comparable ratings analysis modifier to the rating.

Governance is currently a negative consideration in our credit rating analysis of FirstEnergy Corp. and its subsidiaries, including FET, though we will monitor this for potentially further rating action. Our management and governance (M&G) modifier has a one-notch negative effect on the rating. This is based on parent FE's termination of former executives for violating company policies and code of conduct. The company's lack of effective internal controls to proactively identify such gross violations of its code of conduct demonstrated a deficiency in its governance.

We continue to actively monitor developments that could affect our assessment, which includes several pending lawsuits and investigations into FE concerning actions of its previous management and M&G shortfalls relating to House Bill 6 in Ohio. During the second quarter of 2023, management disclosed a subpoena from the Ohio Organized Crime Investigations Commission, which led to the indictments of former FE executives and a former Ohio regulator. Furthermore, the company disclosed a subpoena from the SEC related to House Bill 6, and the Public Utilities Commission of Ohio lifted stays of its investigations into the company, opened in 2020 regarding House Bill 6.

However, we believe FE has taken significant actions to address the material weakness identified in its internal controls. This includes enhancing internal controls and the remediation of significant weaknesses identified in its investigations. In addition, we assess the deferred prosecution agreement (DPA) with the Department of Justice (DOJ) as reducing risk. Under our base case, we expect the DOJ will most likely dismiss its charges against FE, assuming it fulfills its obligations under the DPA.

Outlook

The positive outlooks on FET, ATSI, MAIT, and TRAIL reflect the positive outlook on parent FE as well as our expectation that FET will maintain FFO to debt consistently above 12%.

Downside scenario

We could affirm the ratings on FET and its subsidiaries and revise the outlooks to stable within the next 12 months if we do the same to FE, reflecting that FE did not meet all of its obligations under the DPA, while maintaining FFO to debt above 12%.

Additionally, we could also affirm the ratings on FET and its subsidiaries and revise the outlooks to stable within the next 12 months if we upgrade FE reflecting an improvement to its governance but FET's FFO to debt weakens to below 12%.

Upside scenario

We could raise the ratings on FET and its subsidiaries within the next 12 months if we raise the rating on FE, reflecting improvement to its governance, while FET maintains FFO to debt above 12%.

Company Description

FET's operating subsidiaries build and operate transmission lines in Ohio, Pennsylvania, West Virginia, Maryland, and Virginia and are regulated by the FERC. FET is 50.1% owned by FirstEnergy. Brookfield owns the remaining 49.9% of the company. FET is headquartered in Ohio.

Liquidity

We assess FET's liquidity as adequate, with sources covering uses by 1.1x over the coming 12 months. Furthermore, we expect that its sources cover uses even if consolidated EBITDA declines 10%. We believe the predictable regulatory framework for FET provides manageable cash flow stability even in economic stress, supporting our use of slightly lower thresholds to assess liquidity. In addition, FET can absorb high-impact, low-probability events, with about $1.85 billion of credit facilities ($1 billion at the FET level through 2028 and $850 million at the subsidiaries' level through 2027). We believe that FET can reduce its capital spending (averaging about $1.3 billion annually over the next three years) during periods of stress. This indicates a limited need for refinancing under such conditions. Furthermore, our assessment reflects its generally prudent risk management, sound relationships with its banks, and satisfactory standing in the credit markets (bond prices in line with similarly rated peers). Overall, we believe FET could withstand adverse market circumstances over the next 12 months with sufficient liquidity to meet its obligations. In addition, its next large long-term debt maturities of about $1.2 billion are due in 2025, and we expect it to proactively address its debt maturities well in advance of their due dates.

Principal liquidity sources:

- Current credit facility availability of $1.6 billion;
- Cash FFO of about $1 billion; and
- Cash of about $80 million.

Principal liquidity uses:

- Capital spending of about $1.2 billion;
- Dividends of $265 million; and
- Debt maturities of about $785 million.

Covenants

Requirements

FET's revolving credit agreement includes a maximum debt to capital covenant of 75%.

Compliance expectations

We expect the company to maintain a significant cushion under the leverage covenants in its credit agreements even if consolidated EBITDA declines 10%.

Issue Ratings - Subordination Risk Analysis

Capital structure

FET's capital structure comprises about $5.86 billion of senior unsecured debt, approximately $3.62 billion of which is at its subsidiaries.

Analytical conclusions

We rate the senior unsecured debt at FET one notch lower than our ICR because it is structurally subordinated to the priority debt at the subsidiaries, which exceeds 50% of FET's consolidated debt capital structure.

We rate the senior unsecured debt at ATSI, MAIT, and TRAIL in-line with the ICRs on the companies, as this debt is senior unsecured debt of a qualifying investment-grade utility, as per our criteria.

Ratings Score Snapshot

FirstEnergy Transmission LLC

Issuer credit rating: A-/Positive/--

Business risk: Excellent

- Country risk: Very low
- Industry risk: Very low
- Competitive position: Strong

Financial risk: Significant

- Cash flow/leverage: Significant

Anchor: a-

Modifiers

- Diversification/portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Financial policy: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Management and governance: Moderately Negative (-1 notch)
- Comparable rating analysis: Positive (+1 notch)

Stand-alone credit profile: a-

- Group credit profile: bbb
- Entity status within group: Insulated (no impact on SACP)

American Transmission Systems Inc.

Issuer credit rating: A-/Positive/--

Business risk: Excellent

- Country risk: Very low
- Industry risk: Very low
- Competitive position: Strong

Financial risk: Intermediate

- Cash flow/leverage: Intermediate

Anchor: a+

Modifiers

- Diversification/portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Financial policy: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Management and governance: Moderately Negative (-1 notch)
- Comparable rating analysis: Neutral (no impact)

Stand-alone credit profile: a

- Group credit profile: bbb
- Entity status within group: Insulated (-1 notch from SACP)

Mid-Atlantic Interstate Transmission LLC

Issuer credit rating: A-/Positive/--

Business risk: Excellent

- Country risk: Very low
- Industry risk: Very low
- Competitive position: Excellent

Financial risk: Intermediate

- Cash flow/leverage: Intermediate

Anchor: a+

Modifiers

- Diversification/portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Financial policy: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Management and governance: Moderately Negative (-1 notch)
- Comparable rating analysis: Neutral (no impact)

Stand-alone credit profile: a

- Group credit profile: bbb
- Entity status within group: Insulated (-1 notch from SACP)

Trans-Allegheny Interstate Line Co.

Issuer credit rating: A-/Positive/--

Business risk: Excellent

- Country risk: Very low
- Industry risk: Very low
- Competitive position: Excellent

Financial risk: Modest

- Cash flow/leverage: Modest

Anchor: aa

Modifiers

- Diversification/portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Financial policy: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Management and governance: Moderately Negative (-1 notch)
- Comparable rating analysis: Negative (-1 notch)

Stand-alone credit profile: a+

- Group credit profile: bbb
- Entity status within group: Insulated (-2 notches from SACP)

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, April 4, 2024
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014

- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- FirstEnergy Corp. Upgraded To 'BBB' On Expected Deleveraging Following FET Minority Stake Sale; Outlook Positive, April 23, 2024

Ratings List

Upgraded

	To	From
FirstEnergy Transmission LLC		
ssuer Credit Rating	A-/Positive/--	BBB/Positive/--
American Transmission Systems Inc.		
Trans-Allegheny Interstate Line Co.		
Mid-Atlantic Interstate Transmission LLC		
ssuer Credit Rating	A-/Positive/--	BBB+/Positive/--
FirstEnergy Transmission LLC		
Senior Unsecured	BBB+	BBB-
American Transmission Systems Inc.		
Mid-Atlantic Interstate Transmission LLC		
Trans-Allegheny Interstate Line Co.		
Senior Unsecured	A-	BBB+

S&P Global Ratings

RatingsDirect®

FirstEnergy Transmission LLC

August 12, 2025

This report does not constitute a rating action.

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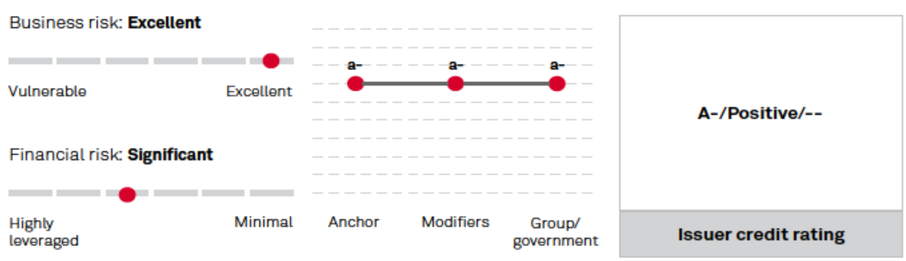
Ratings Score Snapshot



Credit Highlights

Overview

Key strengths	Key risks
Low-risk and monopolistic rate-regulated electric transmission operations in PJM	Forecast for negative discretionary cash flow (DCF) that indicates external funding needs
Regulation under the credit-supportive Federal Energy Regulatory Commission (FERC) construct, which supports timely recovery of costs	Some uncertainty over how the company will fund its investments in Valley Link Transmission Co. LLC (Valley Link)
Expected load growth over the near-to-medium term from data centers within its service territory	Service territory that is susceptible to severe weather, including winter storms

We expect FirstEnergy Transmission LLC will effectively manage regulatory risk, supporting our assessment of its excellent business risk profile. This reflects FirstEnergy Transmission LLC's (FET) operating companies' essential, electric transmission operations under a credit-supportive FERC regulatory framework.

We rate FET two notches above the FirstEnergy Corp. group credit profile. Following FirstEnergy Corp.'s (FE) sale of a 30% minority interest in FET to Brookfield Super-Core

Infrastructure Partners (Brookfield), S&P Global Ratings assesses the cumulative value of the structural insulating measures in place as sufficient to rate FET up to two notches above the FE group credit profile.

Our analysis of the insulating measures incorporates the following:

- FET is a separate legal entity with its own capital structure; maintains its own records; and does not commingle funds, assets, or cash flows with the rest of the FE group.
- FET has its own credit facility and debt arrangements and has operations separate from the rest of the FE group;
- Each FET subsidiary is subject to the regulatory scrutiny of the FERC, which regulates the companies' capital structures and sets limitations on short-term borrowing.
- We believe there is a strong economic basis for FE to preserve FET's credit strength, reflecting FET's low-risk, profitable, and regulated operations that constitute a significant portion (about 30% of EBITDA) of the overall group and we believe FET is a strategically important subsidiary to FE.
- Brookfield is a significant minority shareholder of FET, with a 49.9% ownership in the company and has an active economic interest with board member representation.
- Brookfield has various degrees of governance rights in place for bankruptcy filings, indebtedness, affiliate transactions, the annual budget, and dividend distribution.
- There are no cross-default provisions between the rest of the FE group and FET (nor its subsidiaries) and the minority shareholder's governance rights support our opinion that a default at FE would not directly lead to a default at FET or its subsidiaries.

Given the proximity of the company's service territory, we anticipate it will likely benefit from continued load growth related to data center demand. We believe that increased electricity demand from data centers will likely be generally supportive of regulated utilities' credit quality. However, this demand will also introduce new risks, notably related to FET's funding and pressures on the company's billing rates, which it will have to structure to protect its existing customers from cost increases related to rising data center demand. That said, we will continue to monitor load growth trends in FET's service territory, including their implications for the company's credit quality and any potential billing impacts for its customers.

Although FET is still finalizing its financing plan to fund its investments in Valley Link, we anticipate it will fund these in a manner that maintains its credit quality. Earlier this year, PJM selected several electric transmission projects for development that will be jointly owned by FET, Dominion Energy Inc., and American Electric Power Co. through its Transource Energy affiliate across multiple states within the PJM footprint. The companies will develop these projects through Valley Link, a joint venture (JV) among the companies. The projects are currently in the early stages of development and do not have a firm time frame yet for permitting, regulatory approvals, and construction, and we do not anticipate spending on the projects will start until later in our five-year forecast. That said, FET has indicated publicly that its current investment plan for these projects is anticipated to be about $1 billion. Our base-case scenario assumes that the company will fund these investments in a manner that supports its credit quality. That said, we will continue to monitor related developments that could affect credit quality, including the proposed JV's governance structure, extent of parental support, and its financing plan.

We expect FET's forecast credit metrics will remain within the significant financial risk profile category. Under our base-case scenario, we forecast funds from operations (FFO) to debt will average about 12% annually, evaluated using our low-volatility financial benchmark table.

Outlook

The positive outlook on FET reflects the positive outlook on parent FE as well as our expectation that FET will maintain FFO to debt at about 12%.

Downside scenario

We could affirm the ratings on FET and its subsidiaries and revise the outlook to stable within the next 12 months if we do the same to FE, reflecting that FE did not meet all of its obligations under the Deferred Prosecution Agreement, while maintaining FFO to debt above 12%.

In addition, we could take these actions on FET and its subsidiaries within the next 12 months if we upgrade FE reflecting an improvement to its governance but FET's FFO to debt weakens to below 12%.

Upside scenario

We could raise the ratings on FET and its subsidiaries within the next 12 months if we raise the rating on FE, reflecting improvement to FE's governance, while FET maintains FFO to debt above 12%.

Our Base-Case Scenario

Assumptions

- Continued use of existing regulatory mechanisms;
- Capital expenditures of about $1.7 billion-$1.8 billion annually;
- Dividend payments of about $260 million-$280 million annually;
- Negative DCF; and
- The refinancing of all debt maturities.

Key metrics

FirstEnergy Transmission LLC--Forecast summary

Period ending	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027
(Mil. $)	2021a	2022a	2023a	2024a	2025e	2026f	2027f
EBITDA (reported)	860	913	1,083	1,093	1,238	1,358	1,488
Plus: Operating lease adjustment (OLA) rent	21	21	21	21	27	27	27
Plus/(less): Other	(23)	7	1	2	6	7	8
EBITDA	858	941	1,105	1,116	1,271	1,392	1,523
Less: Cash interest paid	(248)	(269)	(251)	(286)	(311)	(353)	(405)
Less: Cash taxes paid	20	(18)	(74)	16	(70)	(71)	(75)

FirstEnergy Transmission LLC--Forecast summary

Plus/(less): Other	--	--	--	--	--	--	--
Funds from operations (FFO)	630	654	780	846	890	968	1,043
Discretionary cash flow (DCF)	13	(1,485)	(1,998)	(308)	(567)	(905)	(963)
Debt (reported)	5,048	6,271	5,658	6,166	6,797	7,657	8,622
Plus: Lease liabilities debt	413	412	412	412	412	412	412
Plus: Pension and other postretirement debt	--	--	--	--	--	--	--
Less: Accessible cash and liquid Investments	(275)	(77)	(76)	(8)	(10)	(16)	(22)
Plus/(less): Other	--	--	--	--	--	--	--
Debt	5,186	6,606	5,994	6,570	7,199	8,052	9,012
Equity	2,892	3,163	3,175	3,310	3,576	3,890	4,239
Adjusted ratios							
Debt/EBITDA (x)	6.0	7.0	5.4	5.9	5.7	5.8	5.9
FFO/debt (%)	12.2	9.9	13.0	12.9	12.4	12.0	11.6
FFO cash interest coverage (x)	3.5	3.4	4.1	4.0	3.9	3.7	3.6
EBITDA interest coverage (x)	3.5	3.4	4.3	3.8	4.1	3.9	3.8
CFO/debt (%)	16.0	10.7	10.4	17.1	15.2	12.9	12.1
FOCF/debt (%)	3.8	(1.9)	(6.8)	(0.5)	(4.1)	(7.9)	(7.7)
DCF/debt (%)	0.3	(22.5)	(33.3)	(4.7)	(7.9)	(11.2)	(10.7)
Return on capital (%)	7.6	8.3	9.0	8.8	8.7	8.7	8.7
Debt/debt and equity (%)	64.2	67.6	65.4	66.5	66.8	67.4	68.0

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. $--U.S. dollar.

Company Description

FET's operating subsidiaries build and operate transmission lines in Ohio, Pennsylvania, West Virginia, Maryland, and Virginia, and are regulated by the FERC. FET is 50.1% owned by FE, and Brookfield owns the remaining 49.9% of the company. FET is headquartered in Ohio.

Peer Comparison

FirstEnergy Transmission LLC--Peer Comparisons

	FirstEnergy Transmission LLC	AEP Transmission Co. LLC	AltaLink L.P.	ITC Holdings Corp.	Oncor Electric Delivery Co. LLC
Foreign currency issuer credit rating	A-/Positive/--	BBB+/Stable/--	A-/Stable/--	A-/Negative/A-2	A-/Stable/A-2
Local currency issuer credit rating	A-/Positive/--	BBB+/Stable/--	A-/Stable/--	A-/Negative/A-2	A-/Stable/A-2
Period	Annual	Annual	Annual	Annual	Annual
Period ending	2024-12-31	2024-12-31	2024-12-31	2024-12-31	2024-12-31
Mil.	$	$	$	$	$
Revenue	1,701	1,891	745	1,625	6,082
EBITDA	1,116	1,425	588	1,255	3,028
Funds from operations (FFO)	846	1,145	433	849	2,291
Interest	294	248	145	360	733
Cash interest paid	286	238	155	352	663

FirstEnergy Transmission LLC--Peer Comparisons

Operating cash flow (OCF)	1,123	1,205	385	826	1,943
Capital expenditure	1,155	1,448	209	1,050	4,639
Free operating cash flow (FOCF)	(32)	(243)	176	(224)	(2,696)
Discretionary cash flow (DCF)	(308)	(375)	(1)	(567)	(3,449)
Cash and short-term investments	8	0	0	19	36
Gross available cash	8	0	0	19	36
Debt	6,570	5,855	3,406	7,876	17,011
Equity	3,310	6,951	2,674	2,994	11,977
EBITDA margin (%)	65.6	75.4	78.9	77.2	49.8
Return on capital (%)	8.8	8.8	6.3	9.2	6.8
EBITDA interest coverage (x)	3.8	5.7	4.1	3.5	4.1
FFO cash interest coverage (x)	4.0	5.8	3.8	3.4	4.5
Debt/EBITDA (x)	5.9	4.1	5.8	6.3	5.6
FFO/debt (%)	12.9	19.6	12.7	10.8	13.5
OCF/debt (%)	17.1	20.6	11.3	10.5	11.4
FOCF/debt (%)	(0.5)	(4.1)	5.2	(2.8)	(15.8)
DCF/debt (%)	(4.7)	(6.4)	(0.0)	(7.2)	(20.3)

Business Risk

Our assessment of FET's business risk profile as excellent reflects our expectation that the company will effectively manage its regulatory risk across its monopolistic regulated electric transmission utility businesses. FET's operating companies are regulated by the FERC, which we view as highly supportive of credit quality. Under FERC regulation, FET's operating companies can file forward-looking formula rates that include annual true-ups to recover prudently incurred costs with an above-average authorized return on equity, which enables them to effectively manage regulatory risk.

Financial Risk

We expect FET's forecast credit metrics will remain within the significant financial risk profile category. We use our low-volatility financial benchmark table to determine the company's financial risk profile due to its lower-risk electric transmission operations and effective management of regulatory risk under FERC's highly credit-supportive regulatory construct. Under our base-case scenario, we forecast FFO to debt will average about 12% annually. Our base case assumes capital spending that averages about $1.7 billion-$1.8 billion annually, continued use of existing regulatory mechanisms, dividends of about $260 million-$280 million annually, negative DCF, and the refinancing of all debt maturities. Because we view FET's financial metrics being at the higher end of the financial risk profile category, we ascribe a positive comparable ratings analysis modifier to the rating.

FirstEnergy Transmission LLC--Financial Summary

Period ending	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024
Reporting period	2019a	2020a	2021a	2022a	2023a	2024a
Display currency (mil.)	$	$	$	$	$	$

FirstEnergy Transmission LLC--Financial Summary

Revenues	1,234	1,316	1,347	1,538	1,652	1,701
EBITDA	886	930	858	941	1,105	1,116
Funds from operations (FFO)	669	720	630	654	780	846
Interest expense	198	216	244	277	258	294
Cash interest paid	187	208	248	269	251	286
Operating cash flow (OCF)	602	579	831	704	625	1,123
Capital expenditure	824	756	633	828	1,030	1,155
Free operating cash flow (FOCF)	(222)	(177)	198	(124)	(405)	(32)
Discretionary cash flow (DCF)	(434)	(611)	13	(1,485)	(1,998)	(308)
Cash and short-term investments	71	221	275	77	76	8
Gross available cash	71	221	275	77	76	8
Debt	4,514	5,697	5,186	6,606	5,994	6,570
Common equity	2,863	2,801	2,892	3,163	3,175	3,310
Adjusted ratios						
EBITDA margin (%)	71.8	70.7	63.7	61.2	66.9	65.6
Return on capital (%)	9.8	8.9	7.6	8.3	9.0	8.8
EBITDA interest coverage (x)	4.5	4.3	3.5	3.4	4.3	3.8
FFO cash interest coverage (x)	4.6	4.5	3.5	3.4	4.1	4.0
Debt/EBITDA (x)	5.1	6.1	6.0	7.0	5.4	5.9
FFO/debt (%)	14.8	12.6	12.2	9.9	13.0	12.9
OCF/debt (%)	13.3	10.2	16.0	10.7	10.4	17.1
FOCF/debt (%)	(4.9)	(3.1)	3.8	(1.9)	(6.8)	(0.5)
DCF/debt (%)	(9.6)	(10.7)	0.3	(22.5)	(33.3)	(4.7)

Reconciliation Of FirstEnergy Transmission LLC Reported Amounts With S&P Global Adjusted Amounts (Mil. $)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Financial year	Dec-31-2024									
Company reported amounts	6,166	2,536	1,701	1,093	766	256	1,116	1,140	276	1,172
Cash taxes paid	-	-	-	-	-	-	16	-	-	-
Cash interest paid	-	-	-	-	-	-	(248)	-	-	-
Lease liabilities	412	-	-	-	-	-	-	-	-	-
Operating leases	-	-	-	21	21	21	(21)	0	-	-
Accessible cash and liquid investments	(8)	-	-	-	-	-	-	-	-	-
Capitalized interest	-	-	-	-	-	17	(17)	(17)	-	(17)
Nonoperating income (expense)	-	-	-	-	56	-	-	-	-	-
Noncontrolling/ minority interest	-	774	-	-	-	-	-	-	-	-

Reconciliation Of FirstEnergy Transmission LLC Reported Amounts With S&P Global Adjusted Amounts (Mil. $)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
EBITDA: other	-	-	-	2	2	-	-	-	-	-
D&A: other	-	-	-	-	(2)	-	-	-	-	-
Total adjustments	404	774	-	23	77	38	(270)	(17)	-	(17)
S&P Global Ratings adjusted	**Debt**	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from Operations**	**Operating cash flow**	**Dividends**	**Capital expenditure**
	6,570	3,310	1,701	1,116	843	294	846	1,123	276	1,155

Liquidity

We assess FET's liquidity as adequate, with sources covering uses by 1.1x over the coming 12 months. Furthermore, we expect that the company's sources cover uses even if consolidated EBITDA declines 10%. We believe the predictable regulatory framework for FET provides manageable cash flow stability even in economic stress, supporting our use of slightly lower thresholds to assess liquidity. In addition, FET can absorb high-impact, low-probability events, with about $1.85 billion of credit facilities ($1.0 billion at the FET level through 2029 and $850 million at the subsidiaries' level through 2028). We believe that FET can reduce its capital spending (averaging about $1.7 billion-$1.8 billion annually) during periods of stress. This indicates a limited need for refinancing under such conditions. Furthermore, our assessment reflects its generally prudent risk management, sound relationships with its banks, and satisfactory standing in the credit markets (bond yields in line with those of similarly rated peers). Overall, we believe FET could withstand adverse market circumstances over the next 12 months with sufficient liquidity to meet its obligations. In addition, its next large long-term debt maturities of about $75 million are due in 2026, and we expect it to proactively address its debt maturities well in advance of their due dates.

Principal liquidity sources

- Committed credit facility availability of about $1.4 billion;
- About $1.0 billion of cash FFO; and
- About $60 million of working capital inflows.

Principal liquidity uses

- Long-term debt maturities of $75 million;
- Capital spending of about $1.5 billion over the next 12 months; and
- Dividend payments of about $270 million over the next 12 months.

Covenant Analysis

Requirements

FET's revolving credit agreement includes a maximum debt to capital covenant of 75%. Its subsidiaries' revolving credit agreement includes a maximum debt to capital covenant of 65% for each subsidiary.

Compliance expectations

We expect FET and its subsidiaries will maintain sufficient cushion under the leverage covenants in their credit agreements.

Environmental, Social, And Governance

Governance remains a negative consideration in our credit rating analysis of FE and its subsidiaries; we will monitor this potentially for a further rating action. This currently affects our rating on FET by one notch. This is based on FE's termination of CEO Chuck Jones and other executives for violating company policies and code of conduct. The company's lack of effective internal controls to proactively identify such gross violations of its code of conduct demonstrated a deficiency in its governance. We will also continue to actively monitor developments that could affect our assessment of FE's management and governance (M&G), which include remaining pending lawsuits and investigations into FE concerning actions of its previous M&G shortfalls relating to House Bill 6 in Ohio.

That said, we believe FE has taken significant actions to address the material weakness identified in its internal controls following the House Bill 6 fallout. This includes enhancing internal controls and the remediation of material weaknesses identified in its investigations. In addition, we assess the DPA with the Department of Justice (DOJ) as well as recent settlements with the Office of the Ohio Attorney General and the U.S. Securities and Exchange Commission as reducing risk. Under our base-case scenario, we expect the DOJ will most likely dismiss its charges against FE, subject to FE fulfilling its obligations under the DPA.

Issue Ratings--Subordination Risk Analysis

Capital structure

FET's capital structure is composed of about $6.3 billion of senior unsecured debt, approximately $4.1 billion of which is at its subsidiaries.

Analytical conclusions

We rate the senior unsecured debt at FET one notch lower than our issuer credit rating on the company because it is structurally subordinated to the priority debt at its subsidiaries, which exceeds 50% of FET's consolidated debt capital structure.

Rating Component Scores	
Foreign currency issuer credit rating	**A-/Positive/--**
Local currency issuer credit rating	**A-/Positive/--**
Business risk	**Excellent**
Country risk	Very Low
Industry risk	Very Low
Competitive position	Strong
Financial risk	**Significant**
Cash flow/leverage	Significant
Anchor	**a-**
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Moderately Negative (-1 notch)
Comparable rating analysis	Positive (+1 notch)
Stand-alone credit profile	**a-**
Group credit profile	bbb
Entity status within group	Insulated (no impact on SACP)

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, July 7, 2025
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Ratings Detail (as of August 11, 2025)*	
FirstEnergy Transmission LLC	
Issuer Credit Rating	A-/Positive/--
Senior Unsecured	BBB+

Ratings Detail (as of August 11, 2025)*	
Issuer Credit Ratings History	
22-Jul-2024	A-/Positive/--
23-Apr-2024	BBB/Positive/--
10-Feb-2023	BBB-/Positive/--
08-Nov-2021	BBB-/Stable/--
23-Jul-2021	BB/Watch Pos/--
24-Nov-2020	BB/Watch Neg/--
30-Oct-2020	BB+/Watch Neg/--
Related Entities	
Allegheny Generating Co.	
Issuer Credit Rating	BBB-/Stable/NR
American Transmission Systems Inc.	
Issuer Credit Rating	A-/Positive/--
Senior Unsecured	A-
Cleveland Electric Illuminating Co.	
Issuer Credit Rating	BBB/Positive/--
Senior Unsecured	BBB
FirstEnergy Corp.	
Issuer Credit Rating	BBB/Positive/--
Senior Unsecured	BBB-
FirstEnergy Pennsylvania Electric Co.	
Issuer Credit Rating	BBB+/Positive/--
Senior Secured	A
Senior Unsecured	BBB+
Jersey Central Power & Light Co.	
Issuer Credit Rating	BBB/Positive/NR
Senior Unsecured	BBB
Mid-Atlantic Interstate Transmission LLC	
Issuer Credit Rating	A-/Positive/--
Senior Unsecured	A-
Monongahela Power Co.	
Issuer Credit Rating	BBB/Stable/NR
Senior Secured	A-
Ohio Edison Co.	
Issuer Credit Rating	BBB+/Positive/A-2
Senior Secured	A
Senior Unsecured	BBB+
Potomac Edison Co.	
Issuer Credit Rating	BBB/Stable/NR
Senior Secured	A-
Toledo Edison Co.	
Issuer Credit Rating	BBB+/Positive/--
Senior Secured	A

Ratings Detail (as of August 11, 2025)*

Trans-Allegheny Interstate Line Co.	
Issuer Credit Rating	A-/Positive/--
Senior Unsecured	A-

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

S&P Global
Ratings

Research

Monongahela Power Co.

December 30, 2024

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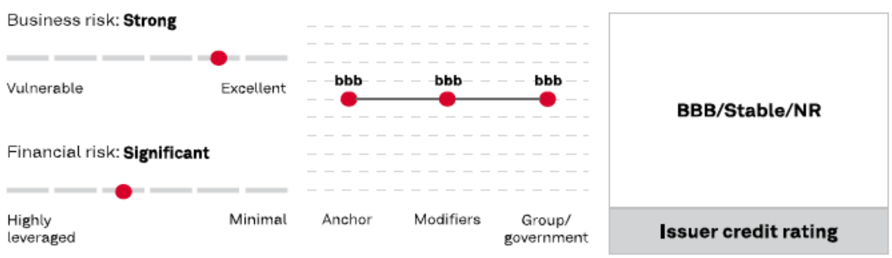
Ratings Score Snapshot



Credit Highlights

Overview

Key strengths	Key risks
Monopolistic, regulated vertically integrated electric utility operations.	Limited geographic diversity, with all operations in a historically challenging regulatory environment in West Virginia, leaves the company susceptible to local adverse weather, regulatory, and economic events.
Effective management of regulatory risk with supportive mechanisms present under the Public Service Commission of West Virginia (WVPSC) and Federal Energy Regulatory Commission (FERC) regulatory frameworks.	Exposure to environmental compliance risks because over 95% of the company's power comes from coal-fired generation.
	Our forecast for negative discretionary cash flow (DCF) indicates future external funding needs.
	Cyclical commercial and industrial customers make up about 60% of revenue.
	Parent FE is in the middle of ongoing lawsuits and investigations related to the fallout from Ohio House Bill 6.

We expect Monongahela Power Co. (MP) to effectively manage its regulatory risk, supporting our view of its strong business risk profile. The company derives all its cash flow from its

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monopolistic, regulated vertically integrated electric utility operations. Its operations are predominantly regulated by the WVPSC. While we believe the company's regulatory relationships in West Virginia have historically been challenging, the company benefits from some constructive regulatory mechanisms, including those for the timely recovery of fuel, and purchased power, as well as for securitization of certain costs.

That said, the company generally experiences regulatory lag and does not earn its authorized return on equity, largely given the use of historical test years in its rate cases. Furthermore, while the company does have transmission assets regulated by the FERC, we do not expect these operations to grow much at this company's level given parent FE's plan to expand its transmission business in this footprint through Keystone Appalachian Transmission Co. Furthermore, we will continue to monitor how the company navigates environmental compliance risks given recent rules passed by the U.S. Environmental Protection Agency aimed at fossil-fueled power plants.

Monongahela Power Co. and Potomac Edison Co (PE)--Joint rate case

	Requested by companies on May 31, 2023	Authorized by commission on March 26, 2024
Rate change amount (mil. $)	207.5	105.0
Rate change/revenue (%)	13.0	6.4
Rate case test year end date	Dec. 31, 2022	Dec. 31, 2022
Rate base (mil. $)	3,236.2	3,200.0
Rate base valuation method	Average	Average
Return on equity (%)	10.85	9.80
Common equity to total capital (%)	49.16	49.60
Rate of return (%)	7.48	N/A

N/A--Not applicable. Sources: S&P Capital IQ Pro and company filings.

While our base case doesn't include any expectation for wildfire related losses or liabilities, a portion of Mon Power's service territory borders an area with a relatively high wildfire risk classification according to the Federal Emergency Management Agency (FEMA). This area is spread over 110 square miles in Raleigh County, West Virginia and has a total population of about 6,000 people, 1,800-1,900 housing units (of which about 80%-90% are occupied), and estimated median home values of $180,000-$200,000 according to U.S. Census data. The company has no distribution or transmission line miles within this area. Recently, the company has invested in numerous risk mitigation practices, such as more frequent vegetation management, meteorology staff, and non-reclosing lines and we will continue to monitor its ability to effectively manage evolving risks associated with adverse weather events.

We expect MP's financial measures to remain consistently within the significant financial risk profile. Overall, our base case assumes MP's funds from operations (FFO) to debt will average 14%-17%.

Outlook

The stable outlook on MP reflects our expectation for its generally effective management of regulatory risk to continue while it maintains stand-alone FFO to debt of 14%-17%.

Downside scenario

We could downgrade MP if:

- Its stand-alone FFO to debt weakened to be consistently below 13% while we maintained the rating on FE; or
- Although highly unlikely at this time, we downgraded FE more than one notch.

Upside scenario

We could upgrade MP if:

- MP's stand-alone financial measures improved such that FFO to debt were consistently greater than 17%; or
- Although highly unlikely at this time, we upgraded FE more than one notch.

Our Base-Case Scenario

Assumptions

- Continued use of existing regulatory mechanisms,
- Average capital spending of about $450 million-$500 million annually,
- Dividends averaging about $125 million annually,
- Continued negative DCF, and
- All debt maturities are refinanced.

Key metrics

Monongahela Power Co.--Forecast summary

Period ending	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026
(Mil. $)	2020a	2021a	2022a	2023a	2024e	2025f	2026f
EBITDA (reported)	393	280	174	392	489	495	573
Plus: Operating lease adjustment (OLA) rent	3	4	5	5	5	5	5
Plus/(less): Other	(21)	(10)	(9)	(9)	(7)	(7)	(6)
EBITDA	375	274	170	388	487	493	572
Less: Cash interest paid	(76)	(80)	(81)	(84)	(109)	(112)	(125)
Less: Cash taxes paid	(9)	6	33	1	28	(13)	(39)
Plus/(less): Other	--	--	--	--	--	--	--
Funds from operations (FFO)	291	200	122	305	407	368	408
EBIT	237	263	213	215	301	331	361
Cash flow from operations (CFO)	324	284	96	222	373	361	400
Discretionary cash flow (DCF)	46	(60)	(198)	(152)	(208)	(207)	(196)

Monongahela Power Co.--Forecast summary

Debt (reported)	1,873	1,955	1,932	2,262	2,093	2,295	2,487
Plus: Lease liabilities debt	23	22	20	17	17	17	17
Plus: Pension and other postretirement debt	--	--	58	--	--	--	--
Less: Accessible cash and liquid Investments	(100)	(115)	(20)	(21)	(21)	(21)	(21)
Plus/(less): Other	(77)	(51)	(25)	6	4	28	52
Debt	1,719	1,811	1,965	2,264	2,093	2,319	2,535
Equity	1,335	1,366	1,611	1,690	1,849	1,892	1,949
Adjusted ratios							
Debt/EBITDA (x)	4.6	6.6	11.6	5.8	4.3	4.7	4.4
FFO/debt (%)	16.9	11.0	6.2	13.5	19.4	15.9	16.1
FFO cash interest coverage (x)	4.8	3.5	2.5	4.6	4.7	4.3	4.3
EBITDA interest coverage (x)	4.5	3.1	1.9	3.9	4.1	4.0	4.2
CFO/debt (%)	18.8	15.7	4.9	9.8	17.8	15.6	15.8
FOCF/debt (%)	7.1	4.2	(10.1)	(4.9)	(0.4)	(3.1)	(2.4)
DCF/debt (%)	2.7	(3.3)	(10.1)	(6.7)	(9.9)	(8.9)	(7.7)
Return on capital (%)	7.7	8.4	6.3	5.7	7.6	8.1	8.3
Debt/debt and equity (%)	56.3	57.0	55.0	57.3	53.1	55.1	56.5

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. $--U.S. dollar.

Company Description

MP, a subsidiary of FirstEnergy Corp. (FE), is a vertically integrated electric utility that serves about 400,000 customers in West Virginia. It has a generation capacity, primarily composed of coal-fired units, of about 3,580 megawatts (MW).

Monongahela Power Co.--Plant portfolio summary

Report year for financials and operations: Fiscal 2023

Power plant category	Average age of fleet (years)	Operating nameplate capacity (MW)	Net generation (MWh)	Capacity factor (%)	Average heat rate (Btu/kWh)
Total coal	53	3,093	15,607,217	58	10,367
Total hydro	39	488	656,733	15	N/A
Total	51	3,581	16,263,950	52	N/A

Source: S&P Capital IQ Pro. MW--Megawatt. MWh--Megawatt hour. Btu/kWh--British thermal units per kilowatt hour. N/A--Not applicable.

Peer Comparison

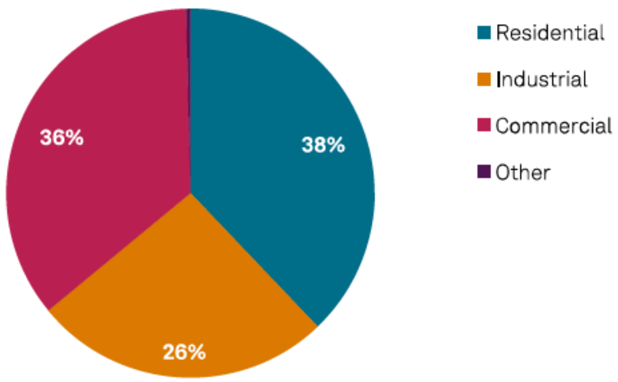
Monongahela Power Co.--Peer Comparisons

	Monongahela Power Co.	Appalachian Power Co.	Kentucky Power Co.	Kentucky Utilities Co.	Potomac Edison Co.
Foreign currency issuer credit rating	BBB/Stable/NR	BBB+/Negative/A-2	BBB/Negative/--	A-/Stable/A-2	BBB/Stable/NR
Local currency issuer credit rating	BBB/Stable/NR	BBB+/Negative/A-2	BBB/Negative/--	A-/Stable/A-2	BBB/Stable/NR
Period	Annual	Annual	Annual	Annual	Annual
Period ending	2023-12-31	2023-12-31	2023-12-31	2023-12-31	2023-12-31
Mil.	$	$	$	$	$
Revenue	1,541	3,689	615	1,884	888
EBITDA	388	1,106	189	943	161
Funds from operations (FFO)	305	788	126	739	139
Interest	100	306	72	142	36
Cash interest paid	84	271	66	126	34
Operating cash flow (OCF)	222	698	76	656	114
Capital expenditure	333	1,039	155	572	239
Free operating cash flow (FOCF)	(112)	(340)	(79)	84	(125)
Discretionary cash flow (DCF)	(152)	(341)	(79)	(190)	(125)
Cash and short-term investments	21	5	1	14	0
Gross available cash	21	5	1	14	0
Debt	2,264	6,409	1,364	3,242	846
Equity	1,690	5,277	955	4,152	813
EBITDA margin (%)	25.2	30.0	30.7	50.1	18.1
Return on capital (%)	5.7	4.9	2.9	7.3	5.5
EBITDA interest coverage (x)	3.9	3.6	2.6	6.6	4.5
FFO cash interest coverage (x)	4.6	3.9	2.9	6.9	5.2
Debt/EBITDA (x)	5.8	5.8	7.2	3.4	5.3
FFO/debt (%)	13.5	12.3	9.3	22.8	16.5
OCF/debt (%)	9.8	10.9	5.6	20.2	13.5
FOCF/debt (%)	(4.9)	(5.3)	(5.8)	2.6	(14.7)
DCF/debt (%)	(6.7)	(5.3)	(5.8)	(5.9)	(14.7)

Business Risk

Our assessment of MP's business risk profile incorporates its monopolistic, rate-regulated electric utility operations, relatively smaller customer base across West Virginia, load profile that is largely commercial and industrial in nature, and exposure to environmental compliance risks through its ownership of over 3,000 MW of coal-fired generation. Furthermore, our assessment considers the company’s management of regulatory risk, which has historically been generally in-line with peers.

Monongahela Power Co. -- 2023 Electrical revenue by customer class



Source: Company filings

While the company benefits from some constructive regulatory mechanisms, including those for the timely recovery of fuel, and purchased power, as well as for securitization of certain costs, it generally experiences regulatory lag and does not earn its authorized return on equity given the use of historical test years in its rate cases.

Furthermore, we continue to monitor regulatory developments within the state. Earlier this year, the WVPSC disallowed about $232 million of under-recovered energy costs sought during Appalachian Power Co.'s and Wheeling Power Co.'s Expanded Net Energy Cost (ENEC) filing. The WVPSC also ordered Appalachian Power and Wheeling Power to recover their remaining under-recovered balance of $321 million over a 10-year period. Previously Appalachian Power and Wheeling Power had reached a settlement with the West Virginia Energy Users Group and West Virginia Coal Association, but not the WVPSC staff, to recover all the under-recovered costs.

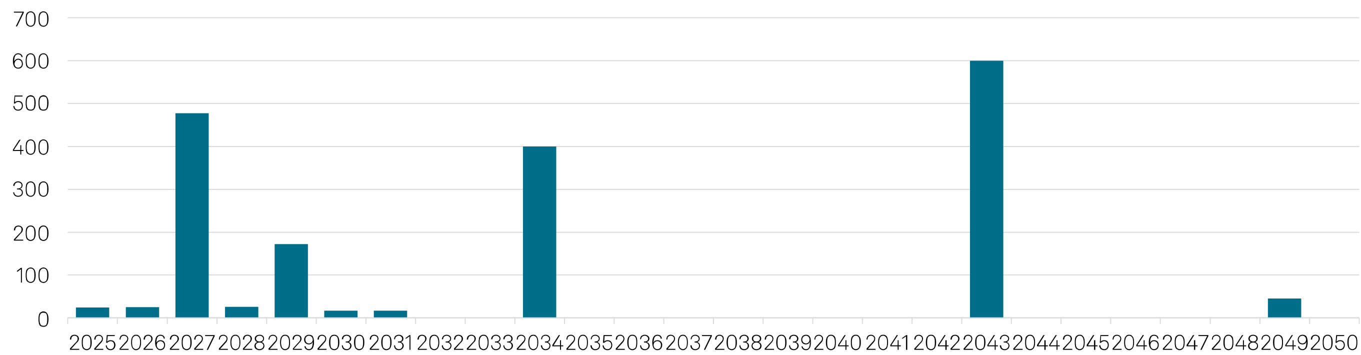
While we view this development as negative for Appalachian Power and Wheeling Power, we do not believe this indicates broader negative credit ramifications for MP. MP and PE recently reached constructive settlements with WVPSC staff, among various other intervenors, concerning the companies' rate case and ENEC filings, which were ultimately approved by the WVPSC. MP and PE's 2024 ENEC orders include recovery of the companies' ENEC under-recovered balance of about $255 million between 2024 and 2026, which should bolster operating cash flows for the utilities over this time period.

Financial Risk

We assess MP's financial measures using our medial volatility financial benchmarks, largely reflecting the company's vertically integrated regulated electric utility operations and its effective management of regulatory risk. Under our base case scenario--which includes the continued use of existing regulatory mechanisms, capital spending averaging about $450 million-$500 million annually, dividend payments averaging about $125 million annually, continued negative DCF, and the refinancing of all debt maturities--we expect FFO to debt to average 14%-17% over the forecast period, consistent with our significant financial risk profile assessment for MP.

Debt maturities

Monongahela Power Co. -- Long-term debt maturities



Source: Company filings

Monongahela Power Co.--Financial Summary

Period ending	Dec-31-2018	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023
Reporting period	2018a	2019a	2020a	2021a	2022a	2023a
Display currency (mil.)	$	$	$	$	$	$
Revenues	1,667	1,530	1,359	1,459	1,667	1,541
EBITDA	402	359	375	274	170	388
Funds from operations (FFO)	319	246	291	200	122	305
Net income from continuing operations	136	119	87	156	89	116
Operating cash flow (OCF)	258	202	324	284	96	222
Capital expenditure	267	227	202	207	293	333
Free operating cash flow (FOCF)	(9)	(26)	121	76	(198)	(112)
Discretionary cash flow (DCF)	(159)	(102)	46	(60)	(198)	(152)
Cash and short-term investments	0	25	100	115	20	21
Gross available cash	0	25	100	115	20	21
Debt	1,638	1,735	1,719	1,811	1,965	2,264
Common equity	1,266	1,318	1,335	1,366	1,611	1,690
Adjusted ratios						
EBITDA margin (%)	24.1	23.5	27.6	18.8	10.2	25.2
Return on capital (%)	10.6	8.1	7.7	8.4	6.3	5.7
EBITDA interest coverage (x)	4.8	4.6	4.5	3.1	1.9	3.9
FFO cash interest coverage (x)	5.3	4.4	4.8	3.5	2.5	4.6
Debt/EBITDA (x)	4.1	4.8	4.6	6.6	11.6	5.8
FFO/debt (%)	19.5	14.2	16.9	11.0	6.2	13.5
OCF/debt (%)	15.7	11.6	18.8	15.7	4.9	9.8
FOCF/debt (%)	(0.6)	(1.5)	7.1	4.2	(10.1)	(4.9)

Monongahela Power Co.--Financial Summary

DCF/debt (%)	(9.7)	(5.9)	2.7	(3.3)	(10.1)	(6.7)
Debt/debt and equity (%)	56.4	56.8	56.3	57.0	55.0	57.3
Fixed-charge coverage (x)	4.8	4.6	4.5	3.1	1.9	3.9
Total coverage (all equity distributions (x)	4.8	2.3	2.4	1.2	1.9	2.8
Debt/debt and undepreciated equity (%)	56.4	56.8	45.4	57.0	55.0	57.3

Reconciliation Of Monongahela Power Co. Reported Amounts With S&P Global Adjusted Amounts (Mil. $)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Financial year	Dec-31-2023									
Company reported amounts	2,262	1,690	1,572	392	187	88	388	241	40	335
Cash taxes paid	-	-	-	-	-	-	1	-	-	-
Cash interest paid	-	-	-	-	-	-	(83)	-	-	-
Lease liabilities	17	-	-	-	-	-	-	-	-	-
Operating leases	-	-	-	5	1	1	(1)	4	-	-
Accessible cash and liquid investments	(21)	-	-	-	-	-	-	-	-	-
Capitalized interest	-	-	-	-	-	6	(6)	(6)	-	(6)
Share-based compensation expense	-	-	-	3	-	-	-	-	-	-
Securitized stranded costs	(163)	-	(31)	(31)	(9)	(9)	9	(22)	-	-
Power purchase agreements	103	-	-	8	4	4	(4)	4	-	4
Asset-retirement obligations	66	-	-	11	11	11	-	-	-	-
Nonoperating income (expense)	-	-	-	-	22	-	-	-	-	-
Total adjustments	2	-	(31)	(4)	28	12	(83)	(19)	-	(2)
S&P Global Ratings adjusted	**Debt**	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from Operations**	**Operating cash flow**	**Dividends**	**Capital expenditure**
	2,264	1,690	1,541	388	215	100	305	222	40	333

Liquidity

We assess MP's liquidity as adequate, with sources of cash covering uses by 1.1x over the coming 12 months. In addition, we believe that its sources would cover uses even if forecast consolidated EBITDA declines 10%. We believe the predictable regulatory framework for MP provides a manageable level of cash flow stability for the company even in times of economic stress, supporting our use of slightly lower thresholds to assess liquidity. In addition, MP can absorb high-impact, low-probability events, reflecting its $250 million sublimit under the $400 million of credit facility availability committed to FE's subsidiaries in West Virginia and Maryland through 2028. We also believe the company can significantly lower its elevated capital spending (averaging about $450 million-$500 million annually over our forecast period) during stressful periods, indicative of a limited need for refinancing under such conditions.

Furthermore, our assessment reflects the company's generally prudent risk management, sound relationships with its banking group (which includes over 20 well-established banks through its parent FE), and its generally satisfactory standing in the credit markets (bond yields are in line with those of investment-grade peers). Overall, we believe that the company could withstand adverse market circumstances over the next 12 months with sufficient liquidity to meet its obligations. The company's next large long-term debt maturity is not until 2027, with about $450 million coming due, and we expect it to proactively address this maturity well in advance of its due date.

Principal liquidity sources

- Revolving credit facility availability of $250 million, and
- Cash FFO of about $385 million over the next 12 months.

Principal liquidity uses

- Debt maturities, including intercompany money pool borrowings, of about $200 million over the next 12 months;
- Assumed maintenance capital spending of about $215 million over the next 12 months; and
- Dividend payments of about $150 million over the next 12 months.

Covenant Analysis

Requirements

MP's covenants require the company to maintain a maximum total funded debt ratio of 0.65x to 1.00x.

Compliance expectations

Under our base case scenario, we expect MP to remain compliant with these covenants with sufficient headroom.

Environmental, Social, And Governance

Governance continues to be a negative consideration in our credit rating analysis of FE and its subsidiaries; we will monitor this potentially for a further rating action. This is based on FE's termination of CEO Chuck Jones and other executives for violating company policies and code of conduct. The company's lack of effective internal controls to proactively identify such gross violations of its code of conduct demonstrated a deficiency in its governance. We will also continue to actively monitor developments that could affect our assessment of FirstEnergy's management and governance, which include remaining pending lawsuits and investigations into

FE concerning actions of its previous management and governance shortfalls relating to House Bill 6 in Ohio.

This said, we believe FE has taken significant actions to address the material weakness identified in its internal controls following the House Bill 6 fallout. This includes enhancing internal controls and the remediation of material weaknesses identified in its investigations. In addition, we assess the Deferred Prosecution Agreement (DPA) with the Department of Justice (DOJ) as well as recent settlements with the Office of the Ohio Attorney General and the U.S. Securities and Exchange Commission as reducing risk. Under our base case, we expect the DOJ will most likely dismiss its charges against FE, subject to FE fulfilling its obligations under the DPA.

Group Influence

MP is a wholly owned subsidiary of FE. Under our group rating methodology, we assess MP to be a strategically important subsidiary of parent FE, which largely reflects our view that it is unlikely to be sold, is important to the group's long-term strategy, has a long-term commitment from senior management, and is successful at what it does. Because MP’s stand-alone credit profile is at the same level as FE’s group credit profile, the rating on MP does not benefit from any further uplift, nor is it made worse, given our assessment of its standing in the broader FE group.

Issue Ratings--Recovery Analysis

Key analytical factors

MP's first-mortgage bonds benefit from a first-priority lien on substantially all of the utility's real property owned or subsequently acquired. Collateral coverage of more than 1.5x supports a recovery rating of '1+' and an issue rating two notches above the issuer credit rating.

Rating Component Scores	
Foreign currency issuer credit rating	**BBB/Stable/NR**
Local currency issuer credit rating	**BBB/Stable/NR**
Business risk	**Strong**
Country risk	Very Low
Industry risk	Very Low
Competitive position	Satisfactory
Financial risk	**Significant**
Cash flow/leverage	Significant
Anchor	**bbb**
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Moderately Negative (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	**bbb**
Group credit profile	bbb
Entity status within group	Strategically important (no impact on SACP)

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, April 4, 2024
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- ARCHIVE | Criteria | Corporates | Utilities: Collateral Coverage And Issue Notching Rules For '1+' And '1' Recovery Ratings On Senior Bonds Secured By Utility Real Property, Feb. 14, 2013

- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Research Update: FirstEnergy Transmission LLC And Subsidiaries Upgraded To 'A-' On Enactment Of Insulating Measures; Outlooks Positive, July 22, 2024
- Research Update: FirstEnergy Corp. Upgraded To 'BBB' On Expected Deleveraging Following FET Minority Stake Sale; Outlook Positive, April 23, 2024

Ratings Detail (as of December 30, 2024)*	
Monongahela Power Co.	
Issuer Credit Rating	BBB/Stable/NR
Senior Secured	A-
Issuer Credit Ratings History	
08-Nov-2021	BBB/Stable/NR
19-Oct-2021	BB+/Watch Pos/NR
23-Jul-2021	BB/Watch Pos/NR
24-Nov-2020	BB/Watch Neg/NR
30-Oct-2020	BB+/Watch Neg/NR
23-Jul-2020	BBB/Watch Neg/NR
Related Entities	
Allegheny Generating Co.	
Issuer Credit Rating	BBB-/Stable/NR
American Transmission Systems Inc.	
Issuer Credit Rating	A-/Positive/--
Senior Unsecured	A-
Cleveland Electric Illuminating Co.	
Issuer Credit Rating	BBB/Positive/--
Senior Unsecured	BBB
FirstEnergy Corp.	
Issuer Credit Rating	BBB/Positive/--
Senior Unsecured	BBB-
FirstEnergy Pennsylvania Electric Co.	
Issuer Credit Rating	BBB+/Positive/--
Senior Secured	A
Senior Unsecured	BBB+
FirstEnergy Transmission LLC	
Issuer Credit Rating	A-/Positive/--
Senior Unsecured	BBB+
Jersey Central Power & Light Co.	
Issuer Credit Rating	BBB/Positive/NR
Senior Unsecured	BBB
Mid-Atlantic Interstate Transmission LLC	

Ratings Detail (as of December 30, 2024)*	
Issuer Credit Rating	A-/Positive/--
Senior Unsecured	A-
Ohio Edison Co.	
Issuer Credit Rating	BBB+/Positive/A-2
Senior Secured	A
Senior Unsecured	BBB+
Potomac Edison Co.	
Issuer Credit Rating	BBB/Stable/NR
Senior Secured	A-
Toledo Edison Co.	
Issuer Credit Rating	BBB+/Positive/--
Senior Secured	A
Trans-Allegheny Interstate Line Co.	
Issuer Credit Rating	A-/Positive/--
Senior Unsecured	A-

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings credit ratings on the global scale are comparable across countries. S&P Global Ratings credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

Potomac Edison Co.

December 30, 2024

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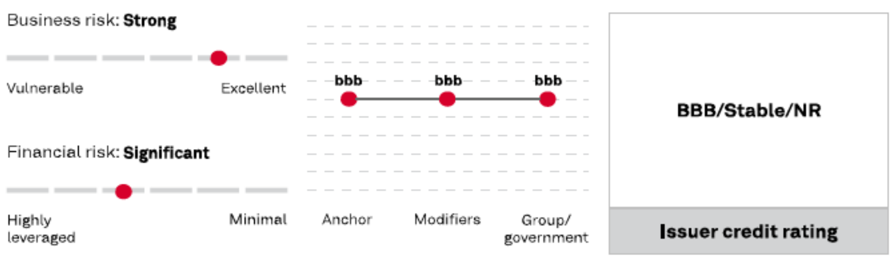
Ratings Score Snapshot



Credit Highlights

Overview

Key strengths	Key risks
Monopolistic, regulated electric transmission and distribution (T&D) utility operations.	Operates in historically challenging regulatory environments in Maryland and West Virginia.
Effective management of regulatory risk with supportive mechanisms under the Maryland Public Service Commission (MDPSC), Public Service Commission of West Virginia (WVPSC), and Federal Energy Regulatory Commission (FERC) regulatory frameworks.	Limited geographic diversity leaves the company susceptible to adverse weather, regulatory, and local economic events.
	Our forecast for negative discretionary cash flow (DCF) indicates future external funding needs.
	Parent FirstEnergy Corp. (FE) is in the middle of ongoing lawsuits and investigations related to the fallout from Ohio House Bill 6.

We expect Potomac Edison Co. (PE) to effectively manage its regulatory risk, supporting our view of its strong business risk profile. The company derives all its cash flow from its monopolistic, regulated electric T&D utility operations. Its distribution operations (about three quarters of rate base) are regulated by MDPSC and WVPSC. While we believe the company's regulatory relationships in Maryland and West Virginia have historically been challenging, the company benefits from some constructive regulatory mechanisms, including those for the timely recovery of fuel, purchased power, and energy efficiency investments, as well as the securitization of certain costs.

This said, the company generally experiences regulatory lag and does not earn its authorized return on equity, largely given the use of historical test years in its rate cases. Furthermore, while the company has transmission assets regulated by FERC in Maryland, Virginia, and West Virginia, we do not expect much growth of these operations at the PE level given parent FE's (BBB/Positive/--) plan to grow its transmission business in this footprint through Keystone Appalachian Transmission Co. This said, given the company's proximity, it may also potentially benefit from significant data center demand growth for its existing assets. We will continue to monitor developments surrounding this.

Monongahela Power Co. and Potomac Edison Co.--Joint rate case

	Requested by companies on May 31, 2023	Authorized by commission on March 26, 2024
Rate change amount (mil. $)	207.5	105.0
Rate change/revenue (%)	13.0	6.4
Rate case test year end date	Dec. 31, 2022	Dec. 31, 2022
Rate base (mil. $)	3,236.2	3,200.0
Rate base valuation method	Average	Average
Return on equity (%)	10.85	9.80
Common equity to total capital (%)	49.16	49.60
Rate of return (%)	7.48	N/A

N/A--Not applicable. Sources: S&P Capital IQ Pro and company filings.

We expect PE's financial measures to consistently remain within the significant financial risk profile. Overall, our base case assumes PE's funds from operations (FFO) to debt will average 13%-16%.

Outlook

The stable outlook on PE reflects our expectations for its generally effective management of regulatory risk to continue while it maintains stand-alone FFO to debt of 13%-16%.

Downside scenario

We could downgrade PE if:

- Its stand-alone FFO to debt weakens consistently below 13% while we maintain the rating on FE; or
- Although highly unlikely at this time, we downgrade FE more than one notch.

Upside scenario

We could upgrade PE if:

- PE's stand-alone financial metrics consistently improve, such that FFO to debt is greater than 17%; or

- Although highly unlikely at this time, we upgrade FE by more than one notch.

Our Base-Case Scenario

Assumptions

- Continued use of existing regulatory mechanisms;
- Significant load growth due to increased data center and industrial demand;
- Capital spending averaging about $300 million - $350 million annually;
- Continued negative DCF; and
- All debt maturities refinanced.

Key metrics

Potomac Edison Co.--Forecast summary

Period ending	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027
(Mil. $)	2020a	2021a	2022a	2023a	2024e	2025f	2026f	2027f
EBITDA (reported)	147	205	145	167	243	229	235	253
Plus: Operating lease adjustment (OLA) rent	2	4	3	3	3	3	3	3
Plus/(less): Other	(8)	(8)	(8)	(9)	(9)	(8)	(9)	(9)
EBITDA	141	201	140	161	237	223	229	247
Less: Cash interest paid	(25)	(28)	(30)	(34)	(47)	(52)	(62)	(68)
Less: Cash taxes paid	12	(6)	(11)	12	7	7	(5)	(7)
Plus/(less): Other	--	--	--	--	--	--	--	--
Funds from operations (FFO)	128	167	98	139	198	178	162	172
EBIT	89	110	114	86	132	131	125	154
Interest expense	26	29	29	36	47	52	62	68
Cash flow from operations (CFO)	50	182	129	114	205	185	194	181
Capital expenditure (capex)	119	136	154	239	291	268	300	323
Free operating cash flow (FOCF)	(69)	46	(25)	(125)	(86)	(83)	(106)	(142)
Dividends	--	--	--	--	--	--	--	--
Share repurchases (reported)	--	--	--	--	--	--	--	--
Discretionary cash flow (DCF)	(69)	46	(25)	(125)	(86)	(83)	(106)	(142)
Debt (reported)	781	741	748	885	992	1,093	1,219	1,307
Plus: Lease liabilities debt	15	17	16	14	14	14	14	14
Plus: Pension and other postretirement debt	--	--	3	2	2	2	2	2
Less: Accessible cash and liquid Investments	(100)	--	--	--	--	(0)	--	--
Plus/(less): Other	(75)	(69)	(62)	(55)	(55)	(47)	(39)	(32)

Potomac Edison Co.--Forecast summary								
Debt	621	689	705	846	953	1,063	1,197	1,292
Equity	637	713	773	813	883	947	1,003	1,152
FOCF (adjusted for lease capex)	(73)	42	(28)	(126)	(88)	(85)	(109)	(144)
Interest expense (reported)	29	31	30	34	44	49	55	61
Capex (reported)	120	137	156	243	296	273	308	332
Cash and short-term investments (reported)	100	--	--	--	--	0	(0)	(0)
Adjusted ratios								
Debt/EBITDA (x)	4.4	3.4	5.0	5.3	4.0	4.8	5.2	5.2
FFO/debt (%)	20.5	24.3	14.0	16.5	20.8	16.7	13.5	13.3
FFO cash interest coverage (x)	6.0	7.0	4.3	5.2	5.2	4.4	3.6	3.5
EBITDA interest coverage (x)	5.3	7.0	4.8	4.5	5.1	4.3	3.7	3.6
CFO/debt (%)	8.0	26.5	18.4	13.5	21.5	17.4	16.2	14.0
FOCF/debt (%)	(11.2)	6.7	(3.5)	(14.7)	(9.0)	(7.8)	(8.9)	(11.0)
DCF/debt (%)	(11.2)	6.7	(3.5)	(14.7)	(9.0)	(7.8)	(8.9)	(11.0)
Return on capital (%)	7.5	8.3	7.9	5.5	7.6	6.8	5.9	6.6
Debt/debt and equity (%)	49.4	49.1	47.7	51.0	51.9	52.9	54.4	52.9

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. $--U.S. dollar.

Company Description

PE, a subsidiary of FE, provides transmission and distribution services to about 400,000 customers in Maryland and West Virginia. It also has transmission operations in Virginia.

Peer Comparison

Potomac Edison Co.--Peer Comparisons

	Potomac Edison Co.	Appalachian Power Co.	Baltimore Gas and Electric Co.	Monongahela Power Co.	Potomac Electric Power Co.
Foreign currency issuer credit rating	BBB/Stable/NR	BBB+/Negative/A-2	A/Negative/A-1	BBB/Stable/NR	A-/Stable/A-2
Local currency issuer credit rating	BBB/Stable/NR	BBB+/Negative/A-2	A/Negative/A-1	BBB/Stable/NR	A-/Stable/A-2
Period	Annual	Annual	Annual	Annual	Annual
Period ending	2023-12-31	2023-12-31	2023-12-31	2023-12-31	2023-12-31
Mil.	$	$	$	$	$
Revenue	888	3,689	4,027	1,541	2,824
EBITDA	161	1,106	1,442	388	901
Funds from operations (FFO)	139	788	1,232	305	709
Interest	36	306	193	100	200
Cash interest paid	34	271	181	84	186
Operating cash flow (OCF)	114	698	946	222	677
Capital expenditure	239	1,039	1,358	333	926

Potomac Edison Co.--Peer Comparisons					
Free operating cash flow (FOCF)	(125)	(340)	(412)	(112)	(249)
Discretionary cash flow (DCF)	(125)	(341)	(728)	(152)	(501)
Cash and short-term investments	0	5	47	21	48
Gross available cash	0	5	47	21	48
Debt	846	6,409	5,107	2,264	4,278
Equity	813	5,277	5,490	1,690	4,144
EBITDA margin (%)	18.1	30.0	35.8	25.2	31.9
Return on capital (%)	5.5	4.9	7.9	5.7	6.6
EBITDA interest coverage (x)	4.5	3.6	7.5	3.9	4.5
FFO cash interest coverage (x)	5.2	3.9	7.8	4.6	4.8
Debt/EBITDA (x)	5.3	5.8	3.5	5.8	4.7
FFO/debt (%)	16.5	12.3	24.1	13.5	16.6
OCF/debt (%)	13.5	10.9	18.5	9.8	15.8
FOCF/debt (%)	(14.7)	(5.3)	(8.1)	(4.9)	(5.8)
DCF/debt (%)	(14.7)	(5.3)	(14.2)	(6.7)	(11.7)

Business Risk

Our assessment of PE's business risk profile reflects its monopolistic, rate-regulated T&D utility operations, historically challenging regulatory environments, and smaller customer base of about 400,000 customers across a smaller service territory in Maryland and West Virginia.

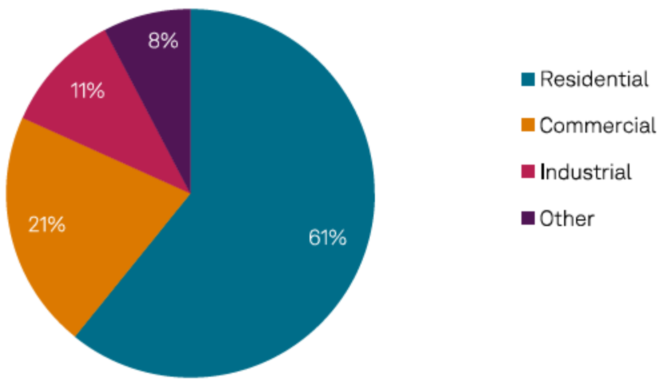
Although it operates in multiple regulatory jurisdictions, PE's relationship with West Virginia and Maryland regulators has been historically challenging. While PE benefits from some constructive regulatory mechanisms, including those for the timely recovery of fuel, purchased power, and energy efficiency investments, as well as for securitization of certain costs, it generally experiences regulatory lag and does not earn its authorized return on equity given the use of historical test years in its rate cases.

Furthermore, we continue to monitor regulatory developments within West Virginia. Earlier this year, the WVPSC disallowed about $232 million of under-recovered energy costs sought during Appalachian Power Co.'s and Wheeling Power Co.'s Expanded Net Energy Cost (ENEC) filing. The WVPSC also ordered Appalachian Power and Wheeling Power to recover their remaining under-recovered balance of $321 million over a 10-year period. Previously, Appalachian Power and Wheeling Power reached a settlement with the West Virginia Energy Users Group and West Virginia Coal Association, but not the WVPSC staff, to recover all the under-recovered costs.

While we view this development as unfavorable for Appalachian Power and Wheeling Power , we do not believe this indicates broader negative credit ramifications for PE or Monongahela Power Co. (MP). MP and PE recently reached constructive settlements with WVPSC staff, among various other intervenors, concerning the companies' rate case and ENEC filings, which were ultimately approved by the WVPSC. MP and PE's 2024 ENEC orders include recovery of the companies' ENEC under-recovered balance of about $255 million between 2024 and 2026, which we believe will bolster operating cash flows for the utilities over this time period.

Given the company's service territory proximity, there is potential for load growth due to data center demand. We believe that increased electricity demand from data centers should prove generally supportive of regulated utilities' credit quality. However, it will also introduce new risks, notably related to funding and pressures on billing, which will have to be structured to protect existing clients from cost increases related to data center driven growth. We will continue to monitor load growth trends within the company's service territory and what it may mean for its credit quality.

Potomac Edison Co.--Revenue breakdown



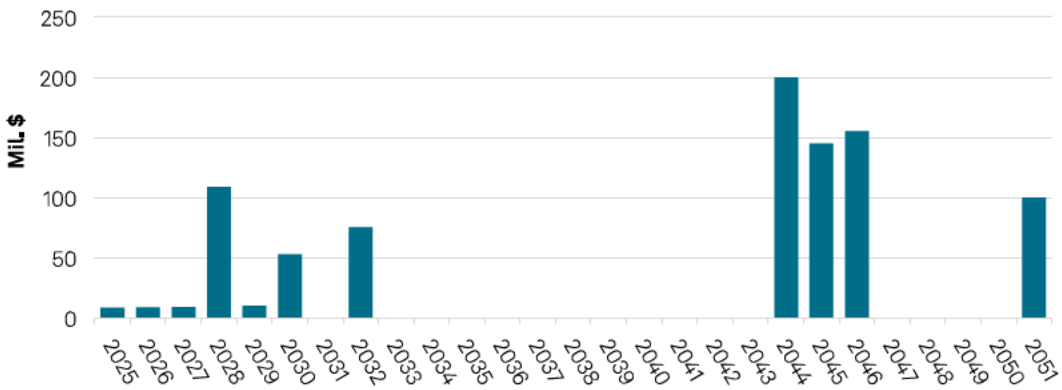
Source: Company filings.

Financial Risk

We assess PE's financial risk profile using our medial volatility table, which reflects its lower-risk, rate-regulated T&D operations and effective management of regulatory risk. Our base case includes the continued use of existing regulatory mechanisms, capital spending that averages about $300 million - $350 million annually, continued negative DCF, and the refinancing of all debt maturities. Under this scenario, we expect financial measures to reflect the significant financial risk profile category. Specifically, we estimate the company's FFO to debt will average 13%-16% over our forecast period.

Debt maturities

Potomac Edison Co.--Long-term debt maturities



Source: Company filings.

Potomac Edison Co.--Financial Summary

Period ending	Dec-31-2018	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023
Reporting period	2018a	2019a	2020a	2021a	2022a	2023a
Display currency (mil.)	$	$	$	$	$	$
Revenues	893	837	818	898	952	888
EBITDA	177	116	141	201	140	161
Funds from operations (FFO)	134	87	128	167	98	139
Interest expense	24	24	26	29	29	36
Cash interest paid	24	23	25	28	30	34
Operating cash flow (OCF)	140	97	50	182	129	114
Capital expenditure	120	124	119	136	154	239
Free operating cash flow (FOCF)	20	(27)	(69)	46	(25)	(125)
Discretionary cash flow (DCF)	(15)	(42)	(69)	46	(25)	(125)
Cash and short-term investments	0	0	100	0	0	0
Gross available cash	0	0	100	0	0	0
Debt	533	539	621	689	705	846
Common equity	550	595	637	713	773	813
Adjusted ratios						
EBITDA margin (%)	19.8	13.8	17.2	22.4	14.7	18.1
Return on capital (%)	9.5	8.1	7.5	8.3	7.9	5.5
EBITDA interest coverage (x)	7.4	4.8	5.3	7.0	4.8	4.5
FFO cash interest coverage (x)	6.6	4.8	6.0	7.0	4.3	5.2
Debt/EBITDA (x)	3.0	4.7	4.4	3.4	5.0	5.3
FFO/debt (%)	25.1	16.1	20.5	24.3	14.0	16.5
OCF/debt (%)	26.2	17.9	8.0	26.5	18.4	13.5

Potomac Edison Co.--Financial Summary

FOCF/debt (%)	3.7	(5.1)	(11.2)	6.7	(3.5)	(14.7)
DCF/debt (%)	(2.8)	(7.9)	(11.2)	6.7	(3.5)	(14.7)

Reconciliation Of Potomac Edison Co. Reported Amounts With S&P Global Adjusted Amounts (Mil. $)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Financial year	Dec-31-2023									
Company reported amounts	885	813	898	167	74	34	161	123	-	243
Cash taxes paid	-	-	-	-	-	-	12	-	-	-
Cash interest paid	-	-	-	-	-	-	(32)	-	-	-
Lease liabilities	14	-	-	-	-	-	-	-	-	-
Operating leases	-	-	-	3	1	1	(1)	2	-	-
Postretirement benefit obligations/ deferred compensation	2	-	-	-	-	-	-	-	-	-
Capitalized interest	-	-	-	-	-	4	(4)	(4)	-	(4)
Share-based compensation expense	-	-	-	1	-	-	-	-	-	-
Securitized stranded costs	(55)	-	(10)	(10)	(3)	(3)	3	(7)	-	-
Nonoperating income (expense)	-	-	-	-	14	-	-	-	-	-
Total adjustments	(39)	-	(10)	(6)	12	2	(22)	(9)	-	(4)
S&P Global Ratings adjusted	**Debt**	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from Operations**	**Operating cash flow**	**Dividends**	**Capital expenditure**
	846	813	888	161	86	36	139	114	-	239

Liquidity

We assess PE's liquidity as adequate, with sources covering uses by 1.1x over the coming 12 months, and we forecast that its sources cover uses even if forecast consolidated EBITDA declines 10%. We believe the predictable regulatory framework for PE provides a manageable level of cash flow stability for the company even in times of economic stress, supporting our use of slightly lower thresholds to assess liquidity.

We believe PE can absorb high-impact, low-probability events, reflecting its $150 million sublimit under the $400 million of credit facility availability committed to FE's subsidiaries in West Virginia and Maryland through 2028. We also believe the company can significantly lower its elevated capital spending (averaging about $300 million - $350 million annually over our forecast period) during stressful periods, indicating a limited need for refinancing under such conditions.

Furthermore, our assessment reflects the company's generally prudent risk management, sound relationships with its banking group (over 20 well-established banks through its parent FE), and a satisfactory standing in the credit markets based on recent bond yields. Overall, we believe the company can withstand adverse market circumstances over the next 12 months with sufficient liquidity to meet its obligations. The company has its next large long-term debt maturity is in 2028 with about $100 million coming due, and we expect it to proactively address this maturity well in advance of its scheduled due date.

Principal liquidity sources

- Credit facility availability of about $150 million;
- Cash FFO of about $195 million; and
- Working capital inflows of $5 million.

Principal liquidity uses

- Debt maturities, including those from intercompany money pool borrowings, of about $40 million over the next 12 months; and
- Maintenance capital expenditure of about $165 million over the next 12 months.

Covenant Analysis

Requirements

PE's covenants require the company to maintain a maximum total funded debt ratio of 0.65x to 1.00x.

Compliance expectations

Under our base case scenario, we expect PE to remain compliant with these covenants with sufficient headroom.

Environmental, Social, And Governance

Governance continues to be a negative consideration in our credit rating analysis of FE and its subsidiaries; we will monitor this potentially for a further rating action. This is based on FE's termination of CEO Chuck Jones and other executives for violating company policies and code of conduct. The company's lack of effective internal controls to proactively identify such gross violations of its code of conduct demonstrated a deficiency in its governance. We will also continue to actively monitor developments that could affect our assessment of FE's management and governance, which include remaining pending lawsuits and investigations into FE concerning actions of its previous management and governance shortfalls relating to House Bill 6 in Ohio.

This said, we believe FE has taken significant actions to address the material weakness identified in its internal controls following the House Bill 6 fallout. This includes enhancing internal controls and the remediation of material weaknesses identified in its investigations. In addition, we assess the Deferred Prosecution Agreement (DPA) with the Department of Justice (DOJ) as well as recent settlements with the Office of the Ohio Attorney General and the U.S.

Securities and Exchange Commission as reducing risk. Under our base case, we expect the DOJ will most likely dismiss its charges against FE, subject to FE fulfilling its obligations under the DPA.

Group Influence

PE is a wholly owned subsidiary of FE. Under our group rating methodology, we assess PE to be a strategically important subsidiary of parent FE, which largely reflects our view that it is unlikely to be sold, is important to the group's long-term strategy, has a long-term commitment from senior management, and is successful at what it does. Because PE's stand-alone credit profile is at the same level as FE's group credit profile, the rating on PE does not benefit from any further uplift, nor is it lowered, given our assessment of its standing in the broader FE group.

Issue Ratings--Recovery Analysis

Key analytical factors

PE's first-mortgage bonds benefit from a first-priority lien on substantially all of the utility's real property owned or subsequently acquired. Collateral coverage of more than 1.5x supports a recovery rating of '1+' and an issue-level rating two notches above the issuer credit rating.

Rating Component Scores

Foreign currency issuer credit rating	**BBB/Stable/NR**
Local currency issuer credit rating	**BBB/Stable/NR**
Business risk	**Strong**
Country risk	Very Low
Industry risk	Very Low
Competitive position	Satisfactory
Financial risk	**Significant**
Cash flow/leverage	Significant
Anchor	**bbb**
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Moderately Negative (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	**bbb**
Group credit profile	bbb
Entity status within group	Strategically Important (no impact on SACP)

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, April 4, 2024
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Criteria | Corporates | Utilities: Collateral Coverage And Issue Notching Rules For '1+' And '1' Recovery Ratings On Senior Bonds Secured By Utility Real Property, Feb. 14, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Ratings Detail (as of December 30, 2024)*	
Potomac Edison Co.	
Issuer Credit Rating	BBB/Stable/NR
Senior Secured	A-
Issuer Credit Ratings History	
08-Nov-2021	BBB/Stable/NR
19-Oct-2021	BB+/Watch Pos/NR
23-Jul-2021	BB/Watch Pos/NR
24-Nov-2020	BB/Watch Neg/NR
30-Oct-2020	BB+/Watch Neg/NR
23-Jul-2020	BBB/Watch Neg/NR
Related Entities	
Allegheny Generating Co.	
Issuer Credit Rating	BBB-/Stable/NR
American Transmission Systems Inc.	
Issuer Credit Rating	A-/Positive/--
Senior Unsecured	A-
Cleveland Electric Illuminating Co.	

Ratings Detail (as of December 30, 2024)*	
Issuer Credit Rating	BBB/Positive/--
Senior Unsecured	BBB
FirstEnergy Corp.	
Issuer Credit Rating	BBB/Positive/--
Senior Unsecured	BBB-
FirstEnergy Pennsylvania Electric Co.	
Issuer Credit Rating	BBB+/Positive/--
Senior Secured	A
Senior Unsecured	BBB+
FirstEnergy Transmission LLC	
Issuer Credit Rating	A-/Positive/--
Senior Unsecured	BBB+
Jersey Central Power & Light Co.	
Issuer Credit Rating	BBB/Positive/NR
Senior Unsecured	BBB
Mid-Atlantic Interstate Transmission LLC	
Issuer Credit Rating	A-/Positive/--
Senior Unsecured	A-
Monongahela Power Co.	
Issuer Credit Rating	BBB/Stable/NR
Senior Secured	A-
Ohio Edison Co.	
Issuer Credit Rating	BBB+/Positive/A-2
Senior Secured	A
Senior Unsecured	BBB+
Toledo Edison Co.	
Issuer Credit Rating	BBB+/Positive/--
Senior Secured	A
Trans-Allegheny Interstate Line Co.	
Issuer Credit Rating	A-/Positive/--
Senior Unsecured	A-

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings credit ratings on the global scale are comparable across countries. S&P Global Ratings credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

S&P Global Ratings

RatingsDirect®

American Transmission Systems Inc.

May 22, 2025

This report does not constitute a rating action.

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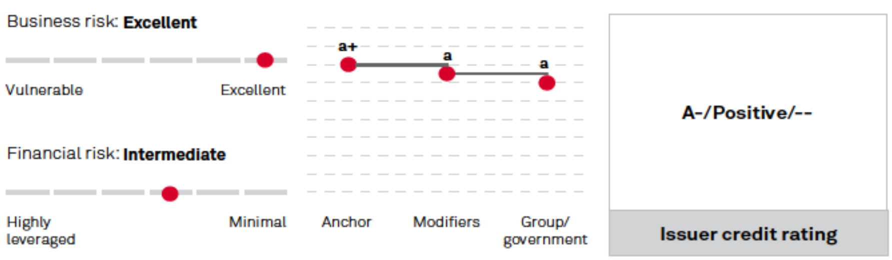
Ratings Score Snapshot



Credit Highlights

Overview

Key strengths	Key risks
Low-risk and monopolistic rate-regulated electric transmission operations in PJM.	Forecast for negative discretionary cash flow (DCF) that indicates external funding needs.
Regulation under the credit-supportive Federal Energy Regulatory Commission (FERC) construct, which supports timely recovery of costs.	Service territory that is susceptible to severe weather, including winter storms.
Expected load growth over the near and intermediate-terms from data centers within its service territory.	

We expect American Transmission Systems Inc. (ATSI) will effectively manage regulatory risk, supporting our assessment of its excellent business risk profile. This reflects the company's essential, electric transmission operations under a credit-supportive FERC regulatory framework.

Following FirstEnergy Corp.'s (FE) sale of a 30% minority interest in FirstEnergy Transmission LLC (FET) to Brookfield Super-Core Infrastructure Partners (Brookfield), we assess the cumulative value of the structural insulating measures in place as sufficient to rate FET and its subsidiaries, including ATSI, up to two notches above the FE group credit profile. Our analysis of the insulating measures incorporates the following:

- FET is a separate legal entity with its own capital structure, maintains its own records, and does not commingle funds, assets, or cash flows with the rest of the FE group.
- FET has its own credit facility and debt arrangements and has operations that are separate from the rest of the FE group;
- Each FET subsidiary is subject to the regulatory scrutiny of the FERC, which regulates the companies' capital structures and sets limitations on short-term borrowing.
- We believe there is a strong economic basis for FE to preserve the credit strength of FET, reflecting FET's low-risk, profitable, and regulated operations that constitute a significant portion (about 30% of EBITDA) of the overall group.
- Brookfield is a significant minority shareholder of FET with a 49.9% ownership in the company and has an active economic interest with board member representation.
- Brookfield has various degrees of governance rights in place for bankruptcy filings, indebtedness, affiliate transactions, the annual budget, and dividend distribution.
- There are no cross-default provisions between the rest of the FE group and FET (nor its subsidiaries) and the minority shareholder's governance rights support our opinion that a default at FE would not directly lead to a default at FET or its subsidiaries.

Given the proximity of the company's service territory, we anticipate it will likely benefit from continued load growth related to data center demand. We believe that increased electricity demand from data centers will likely be generally supportive of regulated utilities' credit quality. However, this demand will also introduce new risks, notably related to ATSI's funding and pressures on its billing rates, which it will have to structure to protect its existing clients from cost increases related to rising data center demand. This said, we will continue to monitor load growth trends in ATSI's service territory, including their implications for its credit quality and any potential billing impacts for its customers.

We expect ATSI's forecast credit metrics to remain within the intermediate financial risk profile category. We forecast funds from operations (FFO) to debt to average 19%-21%, evaluated using our low-volatility financial benchmark tables.

Outlook

The positive outlooks on FET and its subsidiaries, including ATSI, reflect the positive outlook on parent FE as well as our expectation that FET will maintain FFO to debt consistently above 12%.

Downside scenario

We could affirm the ratings on FET and its subsidiaries, including ATSI, and revise the outlooks to stable within the next 12 months if we do the same to FE, reflecting that FE did not meet all of its obligations under the DPA, while maintaining FFO to debt above 12%.

We could also affirm the ratings on FET and its subsidiaries, including ATSI, and revise the outlooks to stable within the next 12 months if we upgrade FE reflecting an improvement to its governance but FET's FFO to debt weakens to below 12%.

Upside scenario

We could raise the ratings on FET and its subsidiaries, including ATSI, within the next 12 months if we raise the rating on FE, reflecting improvement to its governance, while FET maintains FFO to debt above 12%.

Our Base-Case Scenario

Assumptions

- Capital spending that averages about $800 million annually.
- Formulaic rate increases under FERC's regulatory construct;
- Dividend payments and equity infusions commensurate with the company's regulated capital structure.
- Negative discretionary cash flow.
- All debt maturities refinanced.

Key metrics

American Transmission Systems Inc.--Forecast summary

Period ending	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027
(Mil. $)	2021a	2022a	2023a	2024a	2025e	2026f	2027f
EBITDA (reported)	430	466	555	540	636	686	747
Plus: Operating lease adjustment (OLA) rent	21	21	21	21	21	21	21
Plus/(less): Other	--	1	--	--	--	--	--
EBITDA	451	488	576	561	657	707	768
Less: Cash interest paid	(100)	(73)	(88)	(93)	(102)	(115)	(126)
Less: Cash taxes paid	4	(52)	(11)	(4)	(51)	(36)	(47)
Plus/(less): Other	--	--	--	--	--	--	--
Funds from operations (FFO)	355	363	477	464	504	557	595
Discretionary cash flow (DCF)	(28)	(125)	(140)	86	(156)	(247)	(211)
Debt (reported)	1,566	1,525	1,715	1,786	2,055	2,215	2,422
Plus: Lease liabilities debt	413	412	412	412	412	412	412
Plus: Pension and other postretirement debt	--	--	--	--	--	--	--
Less: Accessible cash and liquid Investments	--	--	--	--	--	--	(0)
Plus/(less): Other	--	--	--	--	--	--	--
Debt	1,979	1,937	2,127	2,198	2,467	2,627	2,834

American Transmission Systems Inc.--Forecast summary

Adjusted ratios							
Debt/EBITDA (x)	4.4	4.0	3.7	3.9	3.8	3.7	3.7
FFO/debt (%)	18.0	18.8	22.4	21.1	20.4	21.2	21.0
FFO cash interest coverage (x)	4.6	6.0	6.4	6.0	5.9	5.8	5.7
EBITDA interest coverage (x)	4.9	6.1	6.4	5.8	6.5	6.2	6.1
CFO/debt (%)	22.9	21.1	17.9	30.0	25.4	21.6	22.0
FOCF/debt (%)	7.7	0.0	(6.6)	3.9	(2.8)	(6.7)	(6.6)
DCF/debt (%)	(1.4)	(6.4)	(6.6)	3.9	(6.3)	(9.4)	(7.4)
Return on capital (%)	7.5	8.6	9.4	8.3	8.7	8.7	8.7
Debt/debt and equity (%)	50.4	46.3	46.0	44.5	45.4	44.8	44.2

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. $--U.S. dollar.

Company Description

ATSI is a wholly owned subsidiary of FET, which is a consolidated subsidiary of FE. ATSI owns high-voltage transmission facilities in PJM, which consist of 7,964 circuit miles of transmission lines with nominal voltages of 345 kV, 138 kV, and 69 kV in Ohio and Pennsylvania. The FERC regulates ATSI's rates.

Peer Comparison

American Transmission Systems, Inc.--Peer Comparisons

	American Transmission Systems Inc.	AEP Transmission Co. LLC	ITC Holdings Corp.	Mid-Atlantic Interstate Transmission LLC	Trans-Allegheny Interstate Line Co.
Foreign currency issuer credit rating	A-/Positive/--	BBB+/Negative/--	A-/Negative/A-2	A-/Positive/--	A-/Positive/--
Local currency issuer credit rating	A-/Positive/--	BBB+/Negative/--	A-/Negative/A-2	A-/Positive/--	A-/Positive/--
Period	Annual	Annual	Annual	Annual	Annual
Period ending	2024-12-31	2024-12-31	2024-12-31	2024-12-31	2024-12-31
Mil.	$	$	$	$	$
Revenue	1,000	1,891	1,625	440	274
EBITDA	561	1,425	1,255	330	227
Funds from operations (FFO)	464	1,145	849	261	201
Interest	97	248	360	57	25
Cash interest paid	93	238	352	55	24
Operating cash flow (OCF)	658	1,205	826	329	216
Capital expenditure	572	1,448	1,050	535	49
Free operating cash flow (FOCF)	86	(243)	(224)	(206)	167
Discretionary cash flow (DCF)	86	(375)	(567)	(371)	58
Cash and short-term investments	0	0	19	0	0
Gross available cash	0	0	19	0	0
Debt	2,198	5,855	7,876	1,277	625

American Transmission Systems, Inc.--Peer Comparisons

Equity	2,740	6,951	2,994	2,094	953
EBITDA margin (%)	56.1	75.4	77.2	75.0	82.8
Return on capital (%)	8.3	8.8	9.2	8.7	11.0
EBITDA interest coverage (x)	5.8	5.7	3.5	5.8	9.1
FFO cash interest coverage (x)	6.0	5.8	3.4	5.7	9.4
Debt/EBITDA (x)	3.9	4.1	6.3	3.9	2.8
FFO/debt (%)	21.1	19.6	10.8	20.4	32.2
OCF/debt (%)	30.0	20.6	10.5	25.8	34.6
FOCF/debt (%)	3.9	(4.1)	(2.8)	(16.1)	26.7
DCF/debt (%)	3.9	(6.4)	(7.2)	(29.1)	9.3

Business Risk

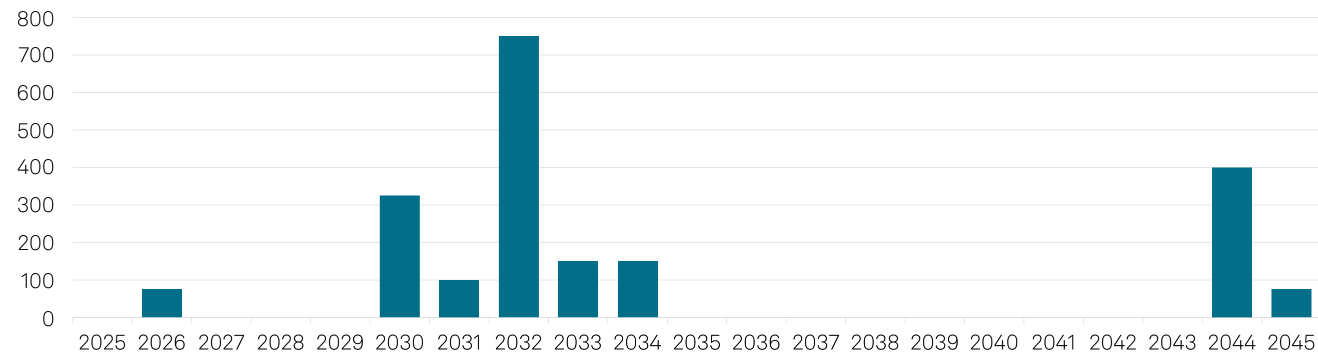
Our business risk assessment for ATSI reflects its very low risk, regulated electric transmission business. ATSI serves customers in the PJM region with transmission systems in Ohio and Pennsylvania that are largely connected to FE’s distribution systems. ATSI is regulated by FERC, which we view as one of the most supportive regulatory frameworks for credit quality. Under FERC regulation, ATSI can file forward-looking formula rates that include annual true-ups to recover prudently incurred costs with an above-average return on equity, which enables it to effectively manage regulatory risk. Marginally offsetting credit factors are the company's limited size and lack of business diversity.

Financial Risk

We assess ATSI's financial measures using our low-volatility benchmark table, reflecting its low-risk, regulated transmission business model and effective management of regulatory risk. Under our base-case scenario, we expect capital spending to average about $800 million annually, dividend payments to and equity infusions by the parent commensurate with the company's capital structure, formulaic rate increases under FERC's regulatory construct, negative discretionary cash flow, and the refinancing of all debt maturities. As such, we expect stand-alone FFO to debt of 19%-21%.

Debt maturities

ATSI long-term debt maturities (mil. $)



Source: Company filings.

American Transmission Systems, Inc.--Financial Summary

Period ending	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024
Reporting period	2019a	2020a	2021a	2022a	2023a	2024a
Display currency (mil.)	$	$	$	$	$	$
Revenues	758	809	820	924	982	1,000
EBITDA	493	509	451	488	576	561
Funds from operations (FFO)	416	407	355	363	477	464
Interest expense	84	86	92	81	91	97
Cash interest paid	82	85	100	73	88	93
Operating cash flow (OCF)	416	301	452	409	381	658
Capital expenditure	421	351	300	409	521	572
Free operating cash flow (FOCF)	(5)	(50)	152	0	(140)	86
Discretionary cash flow (DCF)	(5)	(355)	(28)	(125)	(140)	86
Cash and short-term investments	0	150	0	0	0	0
Gross available cash	0	150	0	0	0	0
Debt	1,704	1,991	1,979	1,937	2,127	2,198
Common equity	1,973	1,879	1,945	2,247	2,494	2,740
Adjusted ratios						
EBITDA margin (%)	65.0	62.9	55.0	52.8	58.7	56.1
Return on capital (%)	10.3	9.7	7.5	8.6	9.4	8.3
EBITDA interest coverage (x)	5.9	5.9	4.9	6.1	6.4	5.8
FFO cash interest coverage (x)	6.1	5.8	4.6	6.0	6.4	6.0
Debt/EBITDA (x)	3.5	3.9	4.4	4.0	3.7	3.9
FFO/debt (%)	24.4	20.5	18.0	18.8	22.4	21.1
OCF/debt (%)	24.4	15.1	22.9	21.1	17.9	30.0

American Transmission Systems, Inc.--Financial Summary						
FOCF/debt (%)	(0.3)	(2.5)	7.7	0.0	(6.6)	3.9
DCF/debt (%)	(0.3)	(17.8)	(1.4)	(6.4)	(6.6)	3.9

Reconciliation Of American Transmission Systems, Inc. Reported Amounts With S&P Global Adjusted Amounts (Mil. $)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Financial year	Dec-31-2024									
Company reported amounts	1,786	2,740	1,000	540	352	69	561	665	-	579
Cash taxes paid	-	-	-	-	-	-	(4)	-	-	-
Cash interest paid	-	-	-	-	-	-	(65)	-	-	-
Lease liabilities	412	-	-	-	-	-	-	-	-	-
Operating leases	-	-	-	21	21	21	(21)	0	-	-
Capitalized interest	-	-	-	-	-	7	(7)	(7)	-	(7)
Nonoperating income (expense)	-	-	-	-	23	-	-	-	-	-
Total adjustments	412	-	-	21	44	28	(97)	(7)	-	(7)
S&P Global Ratings adjusted	**Debt**	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from Operations**	**Operating cash flow**	**Dividends**	**Capital expenditure**
	2,198	2,740	1,000	561	396	97	464	658	-	572

Liquidity

We assess ATSI's liquidity as adequate, with sources of cash covering uses by 1.1x over the coming 12 months. Additionally, we believe that its sources cover uses even if forecasted consolidated EBITDA declines 10%. We believe the predictable regulatory framework for ATSI provides a manageable level of cash flow stability for the company even in times of economic stress, supporting our use of slightly lower thresholds to assess liquidity.

In addition, ATSI can absorb high-impact, low-probability events. This reflects its $350 million sublimit under the $850 million of credit facility availability committed to FE’s transmission operating subsidiaries through 2028, and our belief that the company can lower its elevated capital spending (averaging about $800 million annually over our forecast period) during stressful periods, indicating a limited need for refinancing under such conditions. Our assessment also reflects the company's generally prudent risk management, sound relationships with its banking group (which includes over 20 well-established banks through its parent FE), and its generally satisfactory standing in the credit markets (credit default swap spreads are in line with those of investment-grade peers).

Overall, we believe that the company can withstand adverse market circumstances over the next 12 months with sufficient liquidity to meet its obligations. Furthermore, the company's next long-term debt maturity of $75 million is not due until 2026, and we expect that the company will proactively address this maturity in advance of the due date.

Principal liquidity sources

- Credit facility availability of about $350 million; and
- Cash FFO of about $605 million.

Principal liquidity uses

- Capital spending of about $705 million;
- Dividends of about $85 million; and
- Debt maturities of about $75 million.

Covenant Analysis

Requirements

ATSI's covenants require the company to maintain a maximum total funded debt to capital ratio of 0.65 to 1.00.

Compliance expectations

Under our base-case scenario, we expect ATSI to remain compliant with its covenants, with sufficient headroom.

Environmental, Social, And Governance

Governance continues to be a negative consideration in our credit rating analysis of FE and its subsidiaries; we will monitor this potentially for a further rating action. This currently affects our rating on ATSI by one-notch. This is based on FE's termination of CEO Chuck Jones and other executives for violating company policies and code of conduct. The company's lack of effective internal controls to proactively identify such gross violations of its code of conduct demonstrated a deficiency in its governance. We will also continue to actively monitor developments that could affect our assessment of FirstEnergy's M&G, which include remaining pending lawsuits and investigations into FE concerning actions of its previous management and governance shortfalls relating to House Bill 6 in Ohio.

This said, we believe FE has taken significant actions to address the material weakness identified in its internal controls following the House Bill 6 fallout. This includes enhancing internal controls and the remediation of material weaknesses identified in its investigations. In addition, we assess the DPA with the Department of Justice (DOJ) as well as recent settlements with the Office of the Ohio Attorney General and the U.S. Securities and Exchange Commission as reducing risk. Under our base case, we expect the DOJ will most likely dismiss its charges against FE, subject to FE fulfilling its obligations under the DPA.

Issue Ratings--Subordination Risk Analysis

Capital structure

ATSI's capital structure consists of about $2 billion of long-term debt, all of which is unsecured.

Analytical conclusions

We rate the senior unsecured debt at ATSI at the same level as our issuer credit rating because it is the senior unsecured debt of a qualifying investment-grade utility under our criteria.

Rating Component Scores

Foreign currency issuer credit rating	**A-/Positive/--**
Local currency issuer credit rating	**A-/Positive/--**
Business risk	**Excellent**
Country risk	Very Low
Industry risk	Very Low
Competitive position	Strong
Financial risk	**Intermediate**
Cash flow/leverage	Intermediate
Anchor	**a+**
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Moderately Negative (-1 notch)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	**a**
Group credit profile	bbb
Entity status within group	Insulated (-1 notch from SACP)

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, April 4, 2024
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019

- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Ratings Detail (as of May 22, 2025)*	
American Transmission Systems Inc.	
Issuer Credit Rating	A-/Positive/--
Senior Unsecured	A-
Issuer Credit Ratings History	
22-Jul-2024	A-/Positive/--
23-Apr-2024	BBB+/Positive/--
10-Feb-2023	BBB/Positive/--
08-Nov-2021	BBB/Stable/--
19-Oct-2021	BB+/Watch Pos/--
23-Jul-2021	BB/Watch Pos/--
24-Nov-2020	BB/Watch Neg/--
30-Oct-2020	BB+/Watch Neg/--
23-Jul-2020	BBB/Watch Neg/--
Related Entities	
Allegheny Generating Co.	
Issuer Credit Rating	BBB-/Stable/NR
Cleveland Electric Illuminating Co.	
Issuer Credit Rating	BBB/Positive/--
Senior Unsecured	BBB
FirstEnergy Corp.	
Issuer Credit Rating	BBB/Positive/--
Senior Unsecured	BBB-
FirstEnergy Pennsylvania Electric Co.	
Issuer Credit Rating	BBB+/Positive/--
Senior Secured	A
Senior Unsecured	BBB+
FirstEnergy Transmission LLC	
Issuer Credit Rating	A-/Positive/--
Senior Unsecured	BBB+
Jersey Central Power & Light Co.	
Issuer Credit Rating	BBB/Positive/NR
Senior Unsecured	BBB

Ratings Detail (as of May 22, 2025)*	
Mid-Atlantic Interstate Transmission LLC	
Issuer Credit Rating	A-/Positive/--
Senior Unsecured	A-
Monongahela Power Co.	
Issuer Credit Rating	BBB/Stable/NR
Senior Secured	A-
Ohio Edison Co.	
Issuer Credit Rating	BBB+/Positive/A-2
Senior Secured	A
Senior Unsecured	BBB+
Potomac Edison Co.	
Issuer Credit Rating	BBB/Stable/NR
Senior Secured	A-
Toledo Edison Co.	
Issuer Credit Rating	BBB+/Positive/--
Senior Secured	A
Trans-Allegheny Interstate Line Co.	
Issuer Credit Rating	A-/Positive/--
Senior Unsecured	A-

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

S&P Global Ratings

RatingsDirect®

Trans-Allegheny Interstate Line Co.

June 25, 2025

This report does not constitute a rating action.

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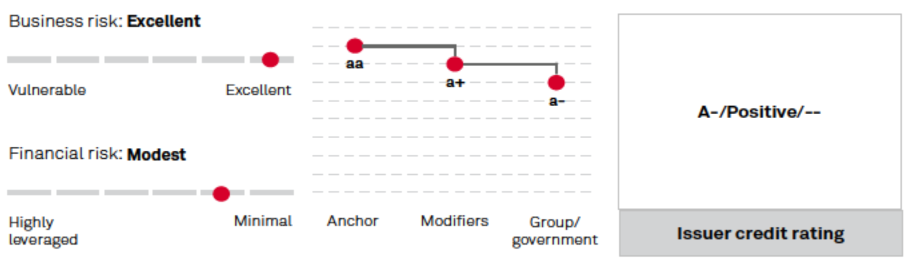
Ratings Score Snapshot



Credit Highlights

Overview

Key strengths	Key risks
Low-risk, rate-regulated electric transmission operations.	Limited size of operations and lack of business diversity.
Effective management of regulatory risk.	Subsidiary of intermediate holding company FirstEnergy Transmission LLC (FET) that operates with higher leverage.
Credit-supportive and constructive regulatory framework under the Federal Energy Regulatory Commission (FERC).	Ongoing lawsuits and investigations at ultimate parent FirstEnergy Corp. (FE) related to the fallout from the Ohio House Bill 6.

We assess Trans-Allegheny Interstate Line Co. (TRAIL) as a core subsidiary of intermediate holding company FET. This reflects our view that TRAIL is highly unlikely to be sold and is integral to FET's overall strategy. TRAIL is reasonably successful at what it does, possessing a strong long-term commitment from its parent. It is a significant contributor to FET and is linked to the group's reputation and risk management. The company has been operating for more than five years and has been established as a separate legal entity. Furthermore, we do not assess the insulating measures between TRAIL and FET as sufficient to rate TRAIL above FET. As such, despite our ‘a+’ stand-alone credit profile (SACP) on TRAIL being above our ‘a-‘ SACP on FET, our ratings on TRAIL are constrained by our rating on FET.

TRAIL’s low-risk transmission operations are regulated by FERC, which we assess as a most credit supportive regulatory jurisdiction. Under FERC’s regulation, TRAIL can file forward-looking formula rates that include annual true-ups to recover prudently incurred costs with an above-average authorized return on equity that reduces the regulatory lag and allows TRAIL to effectively manage regulatory risk. As such, we expect the company’s cash flows will be generally stable and predictable, supporting our assessment of TRAIL’s excellent business risk profile.

Outlook

The positive outlook on TRAIL is consistent with our positive outlook on intermediate holding company FET. Under our base-case scenario, we expect TRAIL’s stand-alone funds from operations FFO to debt will reflect 24%-27% through 2029.

Downside scenario

We could affirm our ratings on TRAIL and revise the outlook to stable within the next 12 months if we do the same for FET.

Upside scenario

We could raise the ratings on TRAIL within the next 12 months if we raise the rating on FET.

Our Base-Case Scenario

Assumptions

- Gross margin growth supported by FERC's formulaic rates;
- Average capital spending of about $40 million annually;
- Dividend payments of $100 million-$120 million annually; and
- All debt maturities are refinanced.

Trans-Allegheny Interstate Line Co.--Forecast summary

Period ending	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028
(Mil. $)	2021a	2022a	2023a	2024a	2025e	2026f	2027f	2028f
EBITDA (reported)	207	216	234	227	225	225	228	229
Plus: Operating lease adjustment (OLA) rent	--	--	--	--	--	--	--	--
Plus/(less): Other	--	--	--	--	--	--	--	--
EBITDA	207	216	234	227	225	225	228	229
Less: Cash interest paid	(26)	(25)	(24)	(24)	(28)	(31)	(32)	(32)
Less: Cash taxes paid	(2)	28	(65)	(2)	(34)	(38)	(37)	(39)
Plus/(less): Other	--	--	--	--	--	--	--	--

Trans-Allegheny Interstate Line Co.--Forecast summary

Funds from operations (FFO)	179	219	145	201	164	156	159	159
Discretionary cash flow (DCF)	54	48	(22)	58	(19)	9	9	6
Debt (reported)	631	623	624	625	625	632	632	628
Plus: Lease liabilities debt	--	--	--	--	--	--	--	--
Plus: Pension and other postretirement debt	--	--	--	--	--	--	--	--
Less: Accessible cash and liquid Investments	--	--	--	--	(1)	--	--	--
Plus/(less): Other	--	--	--	--	--	--	--	--
Debt	631	623	624	625	624	632	632	628
Adjusted ratios								
Debt/EBITDA (x)	3.0	2.9	2.7	2.8	2.8	2.8	2.8	2.7
FFO/debt (%)	28.4	35.2	23.2	32.2	26.2	24.7	25.2	25.3
FFO cash interest coverage (x)	7.9	9.8	7.0	9.4	6.8	6.0	6.0	6.0
EBITDA interest coverage (x)	8.0	8.6	9.4	9.1	8.0	7.2	7.2	7.3
CFO/debt (%)	34.9	29.9	20.4	34.6	28.0	24.3	24.7	25.3
FOCF/debt (%)	25.2	23.4	14.7	26.7	23.0	18.8	17.8	18.3
DCF/debt (%)	8.6	7.7	(3.5)	9.3	(3.1)	1.4	1.5	1.0
Return on capital (%)	10.1	10.6	11.8	11.0	11.5	11.3	11.5	11.6
Debt/debt and equity (%)	40.1	39.5	39.5	39.6	41.0	41.5	41.5	41.4

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. $--U.S. dollar.

Company Description

TRAIL owns, operates, and maintains transmission expansion projects, including a 500-kilovolt transmission line extending approximately 150 miles from southwestern Pennsylvania through West Virginia to northern Virginia. TRAIL is a direct subsidiary of intermediate holding company FET, which is a subsidiary of ultimate parent, FE. TRAIL is headquartered in Greensburg, Pa.

Peer Comparison

Trans-Allegheny Interstate Line Company--Peer Comparisons

	Trans-Allegheny Interstate Line Co.	Mid-Atlantic Interstate Transmission LLC	American Transmission Systems Inc.	ITC Holdings Corp.	New England Power Co.
Foreign currency issuer credit rating	A-/Positive/--	A-/Positive/--	A-/Positive/--	A-/Negative/A-2	BBB+/Stable/A-2
Local currency issuer credit rating	A-/Positive/--	A-/Positive/--	A-/Positive/--	A-/Negative/A-2	BBB+/Stable/A-2
Period	Annual	Annual	Annual	Annual	Annual
Period ending	2024-12-31	2024-12-31	2024-12-31	2024-12-31	2024-03-31

Trans-Allegheny Interstate Line Company--Peer Comparisons

Mil.	$	$	$	$	$
Revenue	274	440	1,000	1,625	570
EBITDA	227	330	561	1,255	391
Funds from operations (FFO)	201	261	464	849	335
Interest	25	57	97	360	52
Cash interest paid	24	55	93	352	45
Operating cash flow (OCF)	216	329	658	826	291
Capital expenditure	49	535	572	1,050	405
Free operating cash flow (FOCF)	167	(206)	86	(224)	(114)
Discretionary cash flow (DCF)	58	(371)	86	(567)	(265)
Cash and short-term investments	0	0	0	19	0
Gross available cash	0	0	0	19	0
Debt	625	1,277	2,198	7,876	1,206
Equity	953	2,094	2,740	2,994	2,030
EBITDA margin (%)	82.8	75.0	56.1	77.2	68.7
Return on capital (%)	11.0	8.7	8.3	9.2	8.6
EBITDA interest coverage (x)	9.1	5.8	5.8	3.5	7.6
FFO cash interest coverage (x)	9.4	5.7	6.0	3.4	8.4
Debt/EBITDA (x)	2.8	3.9	3.9	6.3	3.1
FFO/debt (%)	32.2	20.4	21.1	10.8	27.8
OCF/debt (%)	34.6	25.8	30.0	10.5	24.1
FOCF/debt (%)	26.7	(16.1)	3.9	(2.8)	(9.5)
DCF/debt (%)	9.3	(29.1)	3.9	(7.2)	(21.9)

Business Risk

Our business risk assessment of excellent reflects TRAIL's very low-risk, regulated electric transmission business. TRAIL serves customers in the Pennsylvania-New Jersey-Virginia-Maryland region with transmission systems located in southwest, south central, and northern Pennsylvania; northern, central, eastern, and southeastern West Virginia; northern Virginia; and western Maryland. TRAIL is regulated by FERC, which we view as a most credit supportive regulatory jurisdiction. Under FERC regulation, TRAIL can file forward-looking formula rates that include annual true-ups to recover prudently incurred costs, which enables it to reduce its regulatory lag and effectively manage regulatory risk. Furthermore, FERC typically authorizes above-average return on equity and equity ratios that we assess as supportive of credit quality. Marginally offsetting credit factors are the company's limited size and lack of business diversity.

Financial Risk

We assess TRAIL's financial measures using our low volatility financial benchmark table to reflect its low-risk, regulated electric transmission operations and effective management of regulatory risk. Our base-case assumptions include formulaic rate recovery under FERC's regulatory construct, capital spending averaging about $40 million annually, maintenance of the company's capital structure close to authorized levels, and the refinancing of all debt maturities. TRAIL’s FFO to debt was 32.2% in 2024, which we expect will weaken, reflecting one-time lower cash tax payments in 2024. As such, we expect FFO to debt will reflect 24%-27% through 2029, consistent with the lower end of the range for its financial risk profile category. Accordingly, we assess the comparable ratings analysis modifier as negative, which lowers TRAIL’s SACP by one notch.

Debt maturities

Trail has senior unsecured notes of $600 million due in 2031.

Trans-Allegheny Interstate Line Company--Financial Summary

Period ending	**Dec-31-2019**	**Dec-31-2020**	**Dec-31-2021**	**Dec-31-2022**	**Dec-31-2023**	**Dec-31-2024**
Reporting period	2019a	2020a	2021a	2022a	2023a	2024a
Display currency (mil.)	$	$	$	$	$	$
Revenues	251	255	240	279	279	274
EBITDA	228	226	207	216	234	227
Funds from operations (FFO)	132	178	179	219	145	201
Interest expense	26	26	26	25	25	25
Cash interest paid	25	25	26	25	24	24
Operating cash flow (OCF)	123	169	220	186	127	216
Capital expenditure	38	83	61	40	35	49
Free operating cash flow (FOCF)	85	86	159	146	92	167
Discretionary cash flow (DCF)	(28)	(20)	54	48	(22)	58
Cash and short-term investments	0	0	0	0	0	0
Gross available cash	0	0	0	0	0	0
Debt	661	682	631	623	624	625
Common equity	935	938	942	956	954	953
Adjusted ratios						
EBITDA margin (%)	90.8	88.6	86.3	77.4	83.9	82.8
Return on capital (%)	11.0	11.0	10.1	10.6	11.8	11.0
EBITDA interest coverage (x)	8.8	8.7	8.0	8.6	9.4	9.1
FFO cash interest coverage (x)	6.3	8.1	7.9	9.8	7.0	9.4
Debt/EBITDA (x)	2.9	3.0	3.0	2.9	2.7	2.8
FFO/debt (%)	20.0	26.1	28.4	35.2	23.2	32.2
OCF/debt (%)	18.6	24.8	34.9	29.9	20.4	34.6
FOCF/debt (%)	12.9	12.6	25.2	23.4	14.7	26.7
DCF/debt (%)	(4.2)	(2.9)	8.6	7.7	(3.5)	9.3

Reconciliation Of Trans-Allegheny Interstate Line Company Reported Amounts With S&P Global Adjusted Amounts (Mil. $)

		Debt	**Shareholder Equity**	**Revenue**	**EBITDA**	**Operating income**	**Interest expense**	**S&PGR adjusted EBITDA**	**Operating cash flow**	**Dividends**	**Capital expenditure**
Financial year	Dec-31-2024										

Reconciliation Of Trans-Allegheny Interstate Line Company Reported Amounts With S&P Global Adjusted Amounts (Mil. $)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Company reported amounts	625	953	274	227	169	25	227	216	109	49
Cash taxes paid	-	-	-	-	-	-	(2)	-	-	-
Cash interest paid	-	-	-	-	-	-	(24)	-	-	-
Nonoperating income (expense)	-	-	-	-	4	-	-	-	-	-
Total adjustments	-	-	-	-	4	-	(26)	-	-	-
S&P Global Ratings adjusted	**Debt**	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from Operations**	**Operating cash flow**	**Dividends**	**Capital expenditure**
	625	953	274	227	173	25	201	216	109	49

Liquidity

We assess TRAIL's liquidity as adequate, with sources covering uses by 1.1x over the coming 12 months. Furthermore, we expect its sources would cover uses even if consolidated EBITDA declines 10%. We believe the predictable regulatory framework for TRAIL provides manageable cash flow stability even in economic stress, supporting our use of slightly lower thresholds to assess liquidity. In addition, TRAIL can absorb high-impact, low-probability events, with about $150 million of credit facilities at the TRAIL level through 2028. We believe the company can reduce its capital spending (averaging about $40 million annually over the next three years) during periods of stress. This indicates a limited need for refinancing under such conditions.

Furthermore, our assessment reflects its generally prudent risk management, sound relationships with its banks, and a satisfactory standing in the credit markets (bond prices in line with similarly rated peers). Overall, we believe TRAIL could withstand adverse market circumstances over the next 12 months with sufficient liquidity to meet its obligations. In addition, its next large long-term debt maturities of about $600 million are due in 2031, and we expect it to proactively address its debt maturities well in advance of their due dates.

Principal liquidity sources

- Credit facility availability of about $150 million;
- Minimal working capital inflow in the next 12 months; and
- Cash FFO of about $170 million.

Principal liquidity uses

- Capital spending of about $35 million; and
- Dividend distribution of about $150 million.

Covenant Analysis

Requirements

TRAIL's revolving credit agreement includes a maximum debt-to-capital covenant ratio of 65%.

Compliance expectations

Under our base-case scenario, we expect TRAIL to remain compliant with its covenants, with sufficient headroom.

Environmental, Social, And Governance

Governance continues to be a negative consideration in our credit rating analysis of FE and its subsidiaries, including FET and TRAIL. This is based on FE's termination of CEO Chuck Jones and other executives for violating company policies and code of conduct related to House Bill 6. The company's lack of effective internal controls to proactively identify such gross violations of its code of conduct demonstrated a deficiency in its governance. As such, we assess management and governance for FE, FET, and TRAIL as moderately negative, which lowers our SACP on TRAIL by one notch.

This said, we believe FE has taken significant actions to address the material weakness identified in its internal controls following the House Bill 6 fallout. This includes enhancing internal controls and the remediation of material weaknesses identified in its investigations. In addition, we assess the deferred prosecution agreement with the Department of Justice (DOJ) as well as recent settlements with the Office of the Ohio Attorney General and the U.S. Securities and Exchange Commission as reducing risk. Under our base case, we expect the DOJ will most likely dismiss its charges against FE, subject to FE fulfilling its obligations under the deferred prosecution agreement. Accordingly, we will continue to carefully monitor all related developments.

Issue Ratings--Subordination Risk Analysis

Capital structure

TRAIL's capital structure consists of about $625 million of long-term debt, all of which is unsecured.

Analytical conclusions

We rate TRAIL's senior unsecured debt 'A-', the same as the issuer credit rating, because it is the unsecured debt of a qualifying investment-grade regulated utility.

Rating Component Scores	
Foreign currency issuer credit rating	**A-/Positive/--**
Local currency issuer credit rating	**A-/Positive/--**
Business risk	**Excellent**
Country risk	Very Low
Industry risk	Very Low
Competitive position	Excellent
Financial risk	**Modest**
Cash flow/leverage	Modest
Anchor	**aa**
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Moderately Negative (-1 notch)
Comparable rating analysis	Negative (-1 notch)
Stand-alone credit profile	**a+**
Group credit profile	**a-**
Entity status within group	**Core (-2 notches from SACP)**

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, April 4, 2024
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- FirstEnergy Transmission LLC And Subsidiaries Upgraded To 'A-' On Enactment Of Insulating Measures; Outlooks Positive, July 22, 2024
- FirstEnergy Corp. Outlook Revised To Positive From Stable; Actions Taken On Subsidiaries, Feb. 10, 2023

Ratings Detail (as of June 25, 2025)*	
Trans-Allegheny Interstate Line Co.	
Issuer Credit Rating	A-/Positive/--
Senior Unsecured	A-
Issuer Credit Ratings History	
22-Jul-2024	A-/Positive/--
23-Apr-2024	BBB+/Positive/--
10-Feb-2023	BBB/Positive/--
08-Nov-2021	BBB/Stable/--
19-Oct-2021	BB+/Watch Pos/--
23-Jul-2021	BB/Watch Pos/--
24-Nov-2020	BB/Watch Neg/--
30-Oct-2020	BB+/Watch Neg/--
23-Jul-2020	BBB/Watch Neg/--
Related Entities	
Allegheny Generating Co.	
Issuer Credit Rating	BBB-/Stable/NR
American Transmission Systems Inc.	
Issuer Credit Rating	A-/Positive/--
Senior Unsecured	A-
Cleveland Electric Illuminating Co.	
Issuer Credit Rating	BBB/Positive/--
Senior Unsecured	BBB
FirstEnergy Corp.	
Issuer Credit Rating	BBB/Positive/--
Senior Unsecured	BBB-
FirstEnergy Pennsylvania Electric Co.	
Issuer Credit Rating	BBB+/Positive/--
Senior Secured	A
Senior Unsecured	BBB+
FirstEnergy Transmission LLC	
Issuer Credit Rating	A-/Positive/--
Senior Unsecured	BBB+
Jersey Central Power & Light Co.	
Issuer Credit Rating	BBB/Positive/NR

Ratings Detail (as of June 25, 2025)*	
Senior Unsecured	BBB
Mid-Atlantic Interstate Transmission LLC	
Issuer Credit Rating	A-/Positive/--
Senior Unsecured	A-
Monongahela Power Co.	
Issuer Credit Rating	BBB/Stable/NR
Senior Secured	A-
Ohio Edison Co.	
Issuer Credit Rating	BBB+/Positive/A-2
Senior Secured	A
Senior Unsecured	BBB+
Potomac Edison Co.	
Issuer Credit Rating	BBB/Stable/NR
Senior Secured	A-
Toledo Edison Co.	
Issuer Credit Rating	BBB+/Positive/--
Senior Secured	A

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

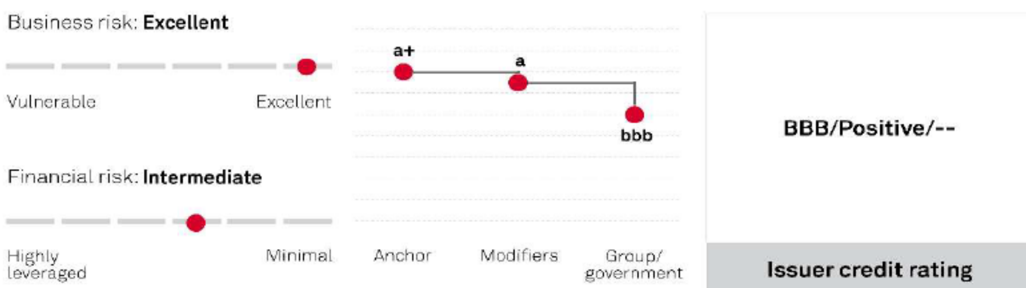
S&P Global
Ratings

Research

Mid-Atlantic Interstate Transmission LLC

November 29, 2023

Ratings Score Snapshot



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Credit Highlights

Overview

Key strengths	Key risks
Low-risk and monopolistic rate-regulated electric transmission operations in Pennsylvania.	Forecast for negative discretionary cash flow (DCF) that indicates future external funding needs.
Regulation under the credit-supportive Federal Energy Regulatory Commission (FERC) construct, which supports timely recovery of costs.	Service territory that is susceptible to severe weather, including winter storms.
Insulated subsidiary of its ultimate parent FirstEnergy Corp (FE), rated one notch above the parent.	Ongoing lawsuits and investigations related to the fallout from Ohio House Bill 6 for parent FE.

We expect Mid-Atlantic Interstate Transmission LLC (MAIT) will effectively manage regulatory risk, supporting our assessment of its excellent business risk profile. This reflects the company's essential, electric transmission operations under a credit-supportive FERC regulatory framework.

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We consider the management and governance (M&G) of FE and its subsidiaries, including MAIT, as fair. In our view, FE has taken significant action to address the material weakness identified in its internal controls following the House Bill 6 fallout. Since FE announced the termination of three executives in October 2020 following the determination that they violated company policies and its code of conduct, it has enhanced its internal controls and remediated the material weaknesses its investigation identified. In addition, its deferred prosecution agreement (DPA) with the Department of Justice (DOJ) reduces risk for FE and its subsidiaries, as the DOJ will most likely dismiss its charges against FE if it fully meets its obligations under the agreement that ends in 2024.

FE management reported that it gave the second of three updates to the DOJ concerning its DPA. However, there are also several pending lawsuits and investigations into FE concerning actions of its prior management and governance shortfalls that could impede it and its subsidiaries, including numerous shareholder lawsuits. Additionally, management recently disclosed new subpoenas during the second quarter from the Ohio Organized Crime Investigations Commission and Securities and Exchange Commission related to the legal fallout from House Bill 6. We will continue to actively monitor these developments.

We expect MAIT's forecast credit metrics to remain within the intermediate financial risk profile category. We forecast funds from operations (FFO) to debt to average 16%-18%, evaluated using our low-volatility financial benchmark tables.

Outlook

The positive outlook on MAIT reflects the positive outlook on the parent FE. The outlook on FE reflects our expectation that at the close of its sale of a minority interest in FirstEnergy Transmission LLC (FET), FE's financial measures will improve. Specifically, we expect FE's FFO to debt to be consistently above 12%. The outlook also incorporates the prospect for a further upgrade if financial measures strengthen while FE meets its obligations under its DPA, which ends in July 2024 (subject to the company fulfilling all DPA obligations).

Downside scenario

We could affirm the ratings on MAIT and revise its outlook to stable over the next 12-24 months if we do the same to FE. This could happen if:

- FE's FFO to debt remains below 12%; and
- FE does not meet its obligations under its DPA.

Upside scenario

We could raise the ratings on MAIT over the next 12-24 months if we do the same on FE. This could happen if:

- Upon close of the FET minority stake sale, FE uses proceeds in a credit supportive manner such that its FFO to debt is consistently above 12%; or
- FE meets its obligations under its DPA.

Our Base-Case Scenario

Assumptions

- Capital spending that averages about $565 million annually;
- Formulaic rate increases under FERC's regulatory construct;
- Dividend payments and equity infusions commensurate with the company's regulated capital structure;
- Negative discretionary cash flow; and
- All debt maturities refinanced

Key metrics

Mid-Atlantic Interstate Transmission LLC--Forecast summary

Period ending	2021a	2022a	2023e	2024f	2025f
Revenue	293	344	388	437	493
EBITDA (reported)	219	230	284	337	387
EBITDA	219	230	284	337	387
Less: Cash interest paid	(33)	(35)	(65)	(88)	(97)
Less: Cash taxes paid	--	(15)	(8)	(11)	(15)
Funds from operations (FFO)	186	180	211	237	275
Cash flow from operations (CFO)	224	172	224	221	241
Capital expenditure (capex)	271	379	519	552	504
Free operating cash flow (FOCF)	(47)	(207)	(295)	(331)	(263)
Dividends	106	110	160	179	208
Discretionary cash flow (DCF)	(153)	(317)	(477)	(510)	(471)
Debt (reported)	867	969	1160	1408	1695
Less: Accessible cash and liquid Investments	(200)	--	--	(0)	(0)
Debt	667	969	1160	1408	1695
Equity	1468	1517	1750	1992	2145
Cash and short-term investments (reported)	200	--	(0)	0	0
Adjusted ratios					
Debt/EBITDA (x)	3.0	4.2	4.1	4.2	4.4
FFO/debt (%)	27.9	18.6	18.2	16.8	16.2
FFO cash interest coverage (x)	6.6	6.1	4.2	3.7	3.8
EBITDA interest coverage (x)	6.6	7.0	4.3	3.8	4.0
CFO/debt (%)	33.6	17.8	19.3	15.7	14.2
FOCF/debt (%)	(7.0)	(21.4)	(25.5)	(23.5)	(15.5)
DCF/debt (%)	(22.9)	(32.7)	(41.1)	(36.2)	(27.8)
Debt/debt and equity (%)	31.2	39.0	39.9	41.4	44.1

Mid-Atlantic Interstate Transmission LLC--Forecast summary

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast.

Company Description

MAIT owns and operates transmission facilities including roughly 4,300 circuit miles of transmission lines in the PJM Region. The company is a subsidiary of FirstEnergy Transmission LLC (FET), a majority owned subsidiary of FirstEnergy Corp. (FE)

Peer Comparison

Mid-Atlantic Interstate Transmission LLC--Peer Comparisons

	Mid-Atlantic Interstate Transmission LLC	American Transmission Systems Inc.	ITC Holdings Corp.	New England Power Co.	Trans-Allegheny Interstate Line Co.
Foreign currency issuer credit rating	BBB/Positive/--	BBB/Positive/--	A-/Negative/A-2	BBB+/Stable/A-2	BBB/Positive/--
Local currency issuer credit rating	BBB/Positive/--	BBB/Positive/--	A-/Negative/A-2	BBB+/Stable/A-2	BBB/Positive/--
Period	Annual	Annual	Annual	Annual	Annual
Period ending	2022-12-31	2022-12-31	2022-12-31	2023-03-31	2022-12-31
Mil.	$	$	$	$	$
Revenue	344	924	1,466	484	279
EBITDA	230	488	1,135	329	216
Funds from operations (FFO)	180	363	868	268	219
Interest	33	81	278	40	25
Cash interest paid	35	73	256	30	25
Operating cash flow (OCF)	172	409	883	273	186
Capital expenditure	379	409	924	329	40
Free operating cash flow (FOCF)	(207)	0	(41)	(56)	146
Discretionary cash flow (DCF)	(317)	(125)	(314)	(96)	48
Cash and short-term investments	0	0	4	0	0
Gross available cash	0	0	4	0	0
Debt	969	1,937	6,991	1,089	623
Equity	1,517	2,247	2,672	2,007	956
EBITDA margin (%)	66.9	52.8	77.4	67.9	77.4
Return on capital (%)	8.1	8.6	9.0	7.6	10.6

Mid-Atlantic Interstate Transmission LLC--Peer Comparisons

EBITDA interest coverage (x)	7.0	6.1	4.1	8.1	8.6
FFO cash interest coverage (x)	6.1	6.0	4.4	9.8	9.8
Debt/EBITDA (x)	4.2	4.0	6.2	3.3	2.9
FFO/debt (%)	18.6	18.8	12.4	24.6	35.2
OCF/debt (%)	17.8	21.1	12.6	25.1	29.9
FOCF/debt (%)	(21.4)	0.0	(0.6)	(5.1)	23.4
DCF/debt (%)	(32.7)	(6.4)	(4.5)	(8.8)	7.7

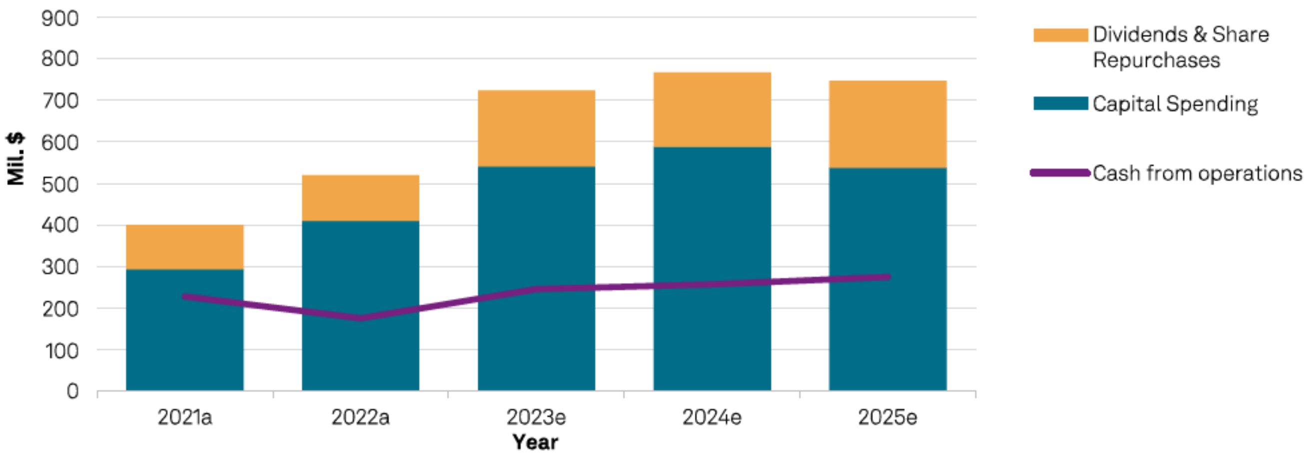
Business Risk

Our business risk assessment for MAIT reflects its very low-risk, regulated electric transmission business. MAIT serves customers in the PJM region with transmission systems in Pennsylvania connected to Metropolitan Edison Co. and Pennsylvania Electric Co.'s distribution systems. MAIT is regulated by FERC, which we view as one of the most supportive regulatory frameworks for credit quality. Under FERC regulation, MAIT can file forward-looking formula rates that include annual true-ups to recover prudently incurred costs with an above-average return on equity, which enables it to effectively manage regulatory risk. Marginally offsetting credit factors are the company's limited size and lack of business diversity. Additionally, we assess the company’s M&G as fair, primarily reflecting our view on the parent, which leads to us to apply a negative one-notch adjustment.

Financial Risk

We assess MAIT's financial measures using our low-volatility benchmark table, reflecting its low-risk, regulated transmission business model and effective management of regulatory risk. Under our base-case scenario, we expect capital spending to average about $565 million annually, dividend payments to and equity infusions by the parent commensurate with the company's capital structure, formulaic rate increases under FERC's regulatory construct, negative discretionary cash flow, and the refinancing of all debt maturities. As such, we expect stand-alone FFO to debt of 16%-18%.

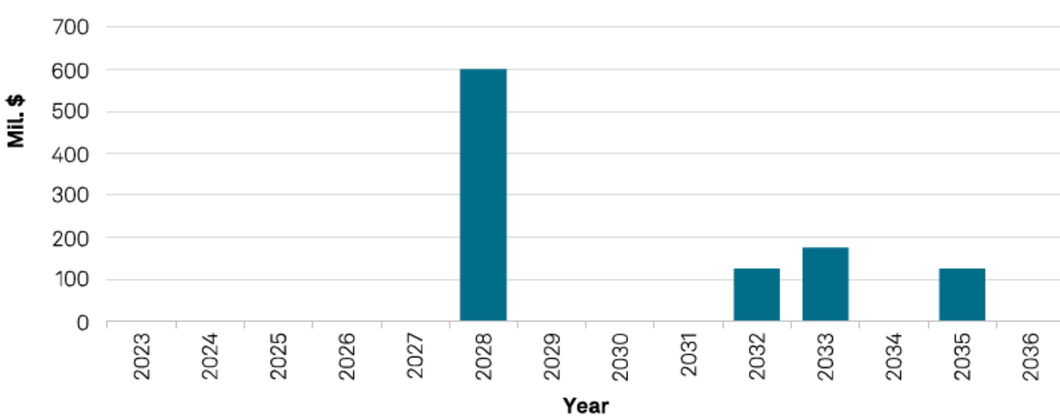
MAIT Cash Flow Forecast



Sources: Company filings, S&P Global Ratings. a-Actual. e-Estimate

Debt maturities

MAIT Long-Term Debt Maturities



Source: Company filings

Mid-Atlantic Interstate Transmission LLC--Financial Summary

Period ending	Dec-31-2017	Dec-31-2018	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022
Reporting period	2017a	2018a	2019a	2020a	2021a	2022a
Display currency (mil.)	$	$	$	$	$	$
Revenues	109	154	227	254	293	344
EBITDA	68	101	158	197	219	230
Funds from operations (FFO)	89	84	156	185	186	180
Interest expense	1	15	22	28	33	33
Cash interest paid	1	12	22	25	33	35
Operating cash flow (OCF)	81	83	108	152	224	172
Capital expenditure	229	362	364	322	271	379
Free operating cash flow (FOCF)	(148)	(279)	(256)	(170)	(47)	(207)
Discretionary cash flow (DCF)	(166)	(329)	(333)	(264)	(153)	(317)
Cash and short-term investments	0	0	0	0	200	0
Gross available cash	0	0	0	0	200	0
Debt	137	446	732	758	667	969
Common equity	790	929	926	1,192	1,468	1,517
Adjusted ratios						
EBITDA margin (%)	63.0	65.5	69.3	77.6	74.7	66.9
Return on capital (%)	6.4	7.3	8.3	8.9	8.3	8.1
EBITDA interest coverage (x)	56.9	6.8	7.2	7.0	6.6	7.0
FFO cash interest coverage (x)	78.8	7.9	8.2	8.4	6.6	6.1
Debt/EBITDA (x)	2.0	4.4	4.6	3.8	3.0	4.2
FFO/debt (%)	64.6	18.8	21.3	24.4	27.9	18.6
OCF/debt (%)	59.1	18.6	14.8	20.1	33.6	17.8
FOCF/debt (%)	(107.9)	(62.6)	(34.9)	(22.4)	(7.0)	(21.4)
DCF/debt (%)	(121.1)	(73.8)	(45.5)	(34.8)	(22.9)	(32.7)

Reconciliation Of Mid-Atlantic Interstate Transmission LLC Reported Amounts With S&P Global Adjusted Amounts (Mil. $)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Financial year	Dec-31-2022									
Company reported amounts	969	1,517	344	230	171	29	230	176	110	383
Cash taxes paid	-	-	-	-	-	-	(15)	-	-	-
Cash interest paid	-	-	-	-	-	-	(31)	-	-	-

Reconciliation Of Mid-Atlantic Interstate Transmission LLC Reported Amounts With S&P Global Adjusted Amounts (Mil. $)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Capitalized interest	-	-	-	-	-	4	(4)	(4)	-	(4)
Nonoperating income (expense)	-	-	-	-	17	-	-	-	-	-
Total adjustments	-	-	-	-	17	4	(50)	(4)	-	(4)

S&P Global Ratings adjusted	Debt	Equity	Revenue	EBITDA	EBIT	Interest expense	Funds from Operations	Operating cash flow	Dividends	Capital expenditure
	969	1,517	344	230	188	33	180	172	110	379

Liquidity

We assess MAIT's liquidity as adequate, with sources of cash covering uses by 1.1x over the coming 12 months. Additionally, we believe that its sources cover uses even if forecasted consolidated EBITDA declines 10%. We believe the predictable regulatory framework for MAIT provides a manageable level of cash flow stability for the company even in times of economic stress, supporting our use of slightly lower thresholds to assess liquidity.

In addition, MAIT can absorb high impact, low probability events. This reflects its $350 million sublimit under the $850 million of credit facility availability committed to FE's transmission operating subsidiaries through 2027, and our belief that the company can significantly lower its elevated capital spending (averaging about $565 million annually over our forecast period) during stressful periods, indicating a limited need for refinancing under such conditions. Our assessment also reflects the company's generally prudent risk management, sound relationships with its banking group (which includes over 20 well-established banks through its parent FE), and its generally satisfactory standing in the credit markets (bond yields are in line with those of investment-grade peers).

Overall, we believe that the company can withstand adverse market circumstances over the next 12 months with sufficient liquidity to meet its obligations. Furthermore, the company's next large long-term debt maturity of $600 million is not due until 2028, and we expect that the company will proactively address this maturity in advance of the due date.

Principal liquidity sources

- Credit facility availability of about $350 million;
- Cash FFO of about $255 million; and
- Minimal cash.

Principal liquidity uses

- Assumed maintenance capital spending of about $300 million over the next 12 months;
- Dividend payments of about $180 million over the next 12 months.

Covenant Analysis

Compliance expectations

Under our base-case scenario, we expect MAIT to remain compliant with these covenants, with sufficient headroom.

Requirements

MAIT's covenants require the company to maintain a maximum total funded debt ratio of 0.65 to 1.00

Environmental, Social, And Governance

Governance factors are currently a negative consideration in our credit rating analysis of MAIT. Our assessment of the company's governance primarily reflects our assessment of FE's governance. This is based on FE's termination of CEO, Chuck Jones, and other executives for violating company policies and its code of conduct. FE's lack of effective internal control to proactively identify such gross violations of its code of conduct demonstrates a deficiency in its governance.

Group Influence

MAIT is a wholly owned subsidiary of FET. Under our group rating methodology, we assess the company as core to FET, which we view as strategically important to FE. Furthermore, we view the insulating measures in place between MAIT and FET as sufficient to allow us to rate MAIT up to one notch above FET subgroup credit profile of 'bbb-'. Insulating measures include:

- MAIT is a separate stand-alone legal entity that functions independently (both financially and operationally), files its own rate cases, and is independently regulated;
- MAIT has its own records and books, including stand-alone audited financial statements;
- MAIT has its own funding arrangements, issues its own long-term debt, and has a distinct sublimit under its committed credit facility for its short-term funding needs;
- We believe there is a strong economic basis for FET to preserve MAIT's credit strength, which reflects the utility's low-risk, profitable, and regulated nature; and
- There are no cross-default provisions between MAIT and the rest of the FET group that could directly lead to a default at the entity.

Issue Ratings--Subordination Risk Analysis

Capital structure

MAIT's capital structure consists of about $1 billion of long-term debt, all of which is unsecured.

Analytical conclusions

We rate the senior unsecured debt at MAIT at the same level as our issuer credit rating because it is the senior unsecured debt of a qualifying investment-grade utility under our criteria.

Rating Component Scores

Foreign currency issuer credit rating	BBB/Positive/--
Local currency issuer credit rating	BBB/Positive/--
Business risk	Excellent
Country risk	Very Low
Industry risk	Very Low
Competitive position	Excellent
Financial risk	Intermediate
Cash flow/leverage	Intermediate
Anchor	a+
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Fair (-1 notch)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	a
Group credit profile	bbb-
Entity status within the group	Insulated (-3 notches from SACP)

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Criteria | Corporates | Utilities: Collateral Coverage And Issue Notching Rules For '1+' And '1' Recovery Ratings On Senior Bonds Secured By Utility Real Property, Feb. 14, 2013

- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Ratings Detail (as of November 29, 2023)*

Mid-Atlantic Interstate Transmission LLC	
Issuer Credit Rating	BBB/Positive/--
Senior Unsecured	BBB
Issuer Credit Ratings History	
10-Feb-2023	BBB/Positive/--
08-Nov-2021	BBB/Stable/--
19-Oct-2021	BB+/Watch Pos/--
23-Jul-2021	BB/Watch Pos/--
24-Nov-2020	BB/Watch Neg/--
30-Oct-2020	BB+/Watch Neg/--
23-Jul-2020	BBB/Watch Neg/--
Related Entities	
Allegheny Generating Co.	
Issuer Credit Rating	BB+/Positive/NR
American Transmission Systems Inc.	
Issuer Credit Rating	BBB/Positive/--
Senior Unsecured	BBB
Cleveland Electric Illuminating Co.	
Issuer Credit Rating	BBB/Positive/--
Senior Secured	A-
Senior Unsecured	BBB
FirstEnergy Corp.	
Issuer Credit Rating	BBB-/Positive/--
Preferred Stock	BB
Senior Unsecured	BB+
FirstEnergy Transmission LLC	
Issuer Credit Rating	BBB-/Positive/--
Senior Unsecured	BB+
Jersey Central Power & Light Co.	
Issuer Credit Rating	BBB/Positive/NR
Senior Unsecured	BBB
Metropolitan Edison Co.	
Issuer Credit Rating	BBB/Positive/NR

Ratings Detail (as of November 29, 2023)*

Senior Unsecured	BBB
Monongahela Power Co.	
Issuer Credit Rating	BBB/Stable/NR
Senior Secured	A-
Ohio Edison Co.	
Issuer Credit Rating	BBB/Positive/A-2
Senior Secured	A-
Senior Unsecured	BBB
Pennsylvania Electric Co.	
Issuer Credit Rating	BBB/Positive/NR
Senior Unsecured	BBB
Pennsylvania Power Co.	
Issuer Credit Rating	BBB/Positive/--
Senior Secured	A-
Potomac Edison Co.	
Issuer Credit Rating	BBB/Stable/NR
Senior Secured	A-
Toledo Edison Co.	
Issuer Credit Rating	BBB/Positive/--
Senior Secured	A-
Trans-Allegheny Interstate Line Co.	
Issuer Credit Rating	BBB/Positive/--
Senior Unsecured	BBB
West Penn Power Co.	
Issuer Credit Rating	BBB/Positive/NR
Senior Secured	A-

***Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings credit ratings on the global scale are comparable across countries. S&P Global Ratings credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.**

Tear Sheet:

Mid-Atlantic Interstate Transmission LLC

October 25, 2024

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We expect Mid-Atlantic Interstate Transmission LLC's (MAIT) forecast credit metrics to remain within the intermediate financial risk profile category. We evaluate MAIT's financial measures using our low-volatility financial benchmark table and forecast the company's funds from operations (FFO) to debt to average 17%-20% over our forecast period. S&P Global Ratings' base case scenario assumes capital spending that averages $650 million to $700 million annually, dividend payments to and equity infusions by the parent commensurate with MAIT's regulated capital structure, formulaic rate increases under the Federal Energy Regulatory Commission's (FERC) regulatory construct, negative discretionary cash flow, and the refinancing of all debt maturities.

We expect MAIT will continue to effectively manage regulatory risk, supporting our assessment of its excellent business risk profile. Our business risk assessment for MAIT reflects its very low-risk, regulated electric transmission business. MAIT serves customers in the PJM region with transmission systems in Pennsylvania connected to FirstEnergy Pennsylvania Electric Co.'s distribution system. MAIT is regulated by FERC, which we view as one of the most supportive regulatory frameworks for credit quality. Under FERC regulation, MAIT can file forward-looking formula rates that include annual true-ups to recover prudently incurred costs with an above-average return on equity, which enables it to effectively manage regulatory risk. Marginally offsetting credit factors are the company's limited size and lack of business diversity.

The recent upgrades of FirstEnergy Transmission LLC (FET) and its subsidiaries, including MAIT, reflect FET's revised separateness and structural insulating measures between FET and ultimate parent FirstEnergy Corp. (FE) following FE's recent sale of a 30% minority interest in FET to Brookfield Super-Core Infrastructure Partners (Brookfield). We assess the cumulative value of the structural insulating measures in place as sufficient to rate FET and its subsidiaries up to two notches above the FE group credit profile. Our analysis of the insulating measures incorporates the following:

- FET is a separate legal entity with its own capital structure, maintains its own records, and does not commingle funds, assets, or cash flows with the rest of the FE group.
- FET has its own credit facility and debt arrangements and has operations that are separate from the rest of the FE group;
- Each FET subsidiary is subject to the regulatory scrutiny of the FERC, which regulates the companies' capital structures and sets limitations on short-term borrowing.

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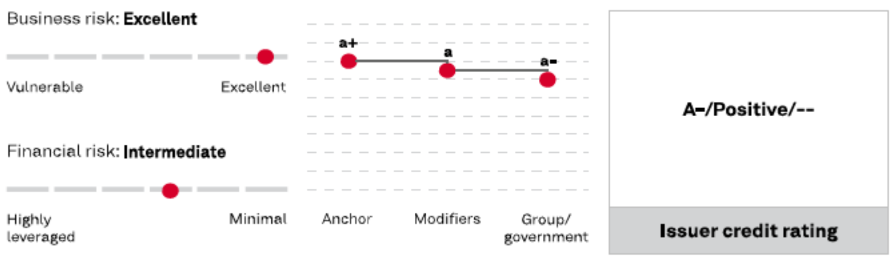
- We believe there is a strong economic basis for FE to preserve the credit strength of FET, reflecting FET's low-risk, profitable, and regulated operations that constitute a significant portion (about 30% of EBITDA) of the overall group.
- Brookfield is a significant minority shareholder of FET with a 49.9% ownership in the company and has an active economic interest with board member representation.
- Brookfield has various degrees of governance rights in place for bankruptcy filings, indebtedness, affiliate transactions, the annual budget, and dividend distribution.
- There are no cross-default provisions between the rest of the FE group and FET (nor its subsidiaries) and the minority shareholder's governance rights support our opinion that a default at FE would not directly lead to a default at FET or its subsidiaries.

Ratings Score Snapshot



Recent Research

- FirstEnergy Transmission LLC And Subsidiaries Upgraded To 'A-' On Enactment Of Insulating Measures; Outlooks Positive, July 22, 2024
- FirstEnergy Corp. Upgraded To 'BBB' On Expected Deleveraging Following FET Minority Stake Sale; Outlook Positive, April 23, 2024

Company Description

MAIT owns and operates transmission facilities including roughly 4,300 circuit miles of transmission lines in the PJM Region. The company is a subsidiary of FirstEnergy Transmission LLC (FET), a majority owned subsidiary of FirstEnergy Corp. (FE)

Outlook

The positive outlooks on FET and its subsidiaries, including MAIT, reflect the positive outlook on parent FE as well as our expectation that FET will maintain FFO to debt consistently above 12%.

Downside scenario

We could affirm the ratings on FET and its subsidiaries, including MAIT, and revise the outlooks to stable within the next 12 months if we do the same to FE, reflecting that FE did not meet all of its obligations under the DPA, while maintaining funds from operations (FFO) to debt above 12%.

Additionally, we could also affirm the ratings on FET and its subsidiaries, including MAIT and revise the outlooks to stable within the next 12 months if we upgrade FE reflecting an improvement to its governance but FET's FFO to debt weakens to below 12%.

Upside scenario

We could raise the ratings on FET and its subsidiaries, including MAIT, within the next 12 months if we raise the rating on FE, reflecting improvement to its governance, while FET maintains FFO to debt above 12%.

Key Metrics

Mid-Atlantic Interstate Transmission LLC--Forecast summary

Period ending	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026
(Mil. $)	2020a	2021a	2022a	2023a	2024e	2025f	2026f
EBITDA	197	219	230	294	338	391	449
Funds from operations (FFO)	185	186	180	255	253	272	323
Debt	758	667	969	1,154	1,309	1,512	1,666
Adjusted ratios							
Debt/EBITDA (x)	3.8	3.0	4.2	3.9	3.9	3.9	3.7
FFO/debt (%)	24.4	27.9	18.6	22.1	19.3	18.0	19.4
CFO/debt (%)	20.1	33.6	17.8	17.9	21.8	20.8	25.8

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. $--U.S. dollar.

Financial Summary

Mid-Atlantic Interstate Transmission LLC--Financial Summary

Period ending	Dec-31-2018	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023
Reporting period	2018a	2019a	2020a	2021a	2022a	2023a
Display currency (mil.)	$	$	$	$	$	$
Revenues	154	227	254	293	344	399
EBITDA	101	158	197	219	230	294
Funds from operations (FFO)	84	156	185	186	180	255
Interest expense	15	22	28	33	33	43
Cash interest paid	12	22	25	33	35	41
Operating cash flow (OCF)	83	108	152	224	172	206
Capital expenditure	362	364	322	271	379	474
Free operating cash flow (FOCF)	(279)	(256)	(170)	(47)	(207)	(268)

Mid-Atlantic Interstate Transmission LLC--Financial Summary

Discretionary cash flow (DCF)	(329)	(333)	(264)	(153)	(317)	(422)
Cash and short-term investments	0	0	0	200	0	0
Gross available cash	0	0	0	200	0	0
Debt	446	732	758	667	969	1,154
Common equity	929	926	1,192	1,468	1,517	1,788
Adjusted ratios						
EBITDA margin (%)	65.5	69.3	77.6	74.7	66.9	73.7
Return on capital (%)	7.3	8.3	8.9	8.3	8.1	9.0
EBITDA interest coverage (x)	6.8	7.2	7.0	6.6	7.0	6.8
FFO cash interest coverage (x)	7.9	8.2	8.4	6.6	6.1	7.2
Debt/EBITDA (x)	4.4	4.6	3.8	3.0	4.2	3.9
FFO/debt (%)	18.8	21.3	24.4	27.9	18.6	22.1
OCF/debt (%)	18.6	14.8	20.1	33.6	17.8	17.9
FOCF/debt (%)	(62.6)	(34.9)	(22.4)	(7.0)	(21.4)	(23.2)
DCF/debt (%)	(73.8)	(45.5)	(34.8)	(22.9)	(32.7)	(36.6)

Peer Comparison

Mid-Atlantic Interstate Transmission LLC--Peer Comparisons

	Mid-Atlantic Interstate Transmission LLC	American Transmission Systems Inc.	ITC Holdings Corp.	New England Power Co.	Trans-Allegheny Interstate Line Co.
Foreign currency issuer credit rating	A-/Positive/--	A-/Positive/--	A-/Negative/A-2	BBB+/Stable/A-2	A-/Positive/--
Local currency issuer credit rating	A-/Positive/--	A-/Positive/--	A-/Negative/A-2	BBB+/Stable/A-2	A-/Positive/--
Period	Annual	Annual	Annual	Annual	Annual
Period ending	2023-12-31	2023-12-31	2023-12-31	2024-03-31	2023-12-31
Mil.	$	$	$	$	$
Revenue	399	982	1,545	570	279
EBITDA	294	576	1,196	391	234
Funds from operations (FFO)	255	477	840	335	145
Interest	43	91	326	52	25
Cash interest paid	41	88	307	45	24
Operating cash flow (OCF)	206	381	838	291	127
Capital expenditure	474	521	807	405	35
Free operating cash flow (FOCF)	(268)	(140)	31	(114)	92
Discretionary cash flow (DCF)	(422)	(140)	(252)	(265)	(22)
Cash and short-term investments	0	0	328	0	0
Gross available cash	0	0	328	0	0
Debt	1,154	2,127	7,274	1,206	624
Equity	1,788	2,494	2,854	2,030	954

Mid-Atlantic Interstate Transmission LLC--Peer Comparisons

EBITDA margin (%)	73.7	58.7	77.4	68.7	83.9
Return on capital (%)	9.0	9.4	9.4	8.6	11.8
EBITDA interest coverage (x)	6.8	6.4	3.7	7.6	9.4
FFO cash interest coverage (x)	7.2	6.4	3.7	8.4	7.0
Debt/EBITDA (x)	3.9	3.7	6.1	3.1	2.7
FFO/debt (%)	22.1	22.4	11.5	27.8	23.2
OCF/debt (%)	17.9	17.9	11.5	24.1	20.4
FOCF/debt (%)	(23.2)	(6.6)	0.4	(9.5)	14.7
DCF/debt (%)	(36.6)	(6.6)	(3.5)	(21.9)	(3.5)

Environmental, Social, And Governance

Governance continues to be a negative consideration in our credit rating analysis of FE and its subsidiaries; we will monitor this potentially for a further rating action. This is based on FE's termination of CEO Chuck Jones and other executives for violating company policies and code of conduct. The company's lack of effective internal controls to proactively identify such gross violations of its code of conduct demonstrated a deficiency in its governance. We will also continue to actively monitor developments that could affect our assessment of FirstEnergy's M&G, which include remaining pending lawsuits and investigations into FE concerning actions of its previous management and governance shortfalls relating to House Bill 6 in Ohio.

This said, we believe FE has taken significant actions to address the material weakness identified in its internal controls following the House Bill 6 fallout. This includes enhancing internal controls and the remediation of material weaknesses identified in its investigations. In addition, we assess the DPA with the Department of Justice (DOJ) as well as recent settlements with the Office of the Ohio Attorney General and the U.S. Securities and Exchange Commission as reducing risk. Under our base case, we expect the DOJ will most likely dismiss its charges against FE, subject to FE fulfilling its obligations under the DPA.

Rating Component Scores	
Foreign currency issuer credit rating	**A-/Positive/--**
Local currency issuer credit rating	**A-/Positive/--**
Business risk	**Excellent**
Country risk	Very Low
Industry risk	Very Low
Competitive position	Excellent
Financial risk	**Intermediate**
Cash flow/leverage	Intermediate
Anchor	**a+**
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Moderately Negative (-1 notch)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	**a**
Group credit profile	bbb
Entity status within the group	Insulated (-1 notch from SACP)

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, April 4, 2024
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
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