

**THE POTOMAC EDISON COMPANY AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**

**THE POTOMAC EDISON COMPANY AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**(UNAUDITED)**

<i>(In millions)</i>	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>REVENUES:</b>				
Electric sales	\$ 233	\$ 240	\$ 636	\$ 703
Excise and gross receipts tax collections	5	5	13	13
Total revenues	238	245	649	716
<b>OPERATING EXPENSES:</b>				
Purchased power from non-affiliates	74	91	225	258
Purchased power from affiliates	56	57	162	172
Other operating expenses	51	45	131	122
Provision for depreciation	16	15	46	45
Amortization (deferral) of regulatory assets, net	13	8	(8)	10
General taxes	14	13	39	39
Total operating expenses	224	229	595	646
<b>OPERATING INCOME</b>	14	16	54	70
<b>OTHER INCOME (EXPENSE):</b>				
Miscellaneous income, net	4	5	9	13
Pension and OPEB mark-to-market adjustment	—	—	4	—
Interest expense	(10)	(9)	(28)	(25)
Capitalized financing costs	1	2	4	4
Total other expense	(5)	(2)	(11)	(8)
<b>INCOME BEFORE INCOME TAXES</b>	9	14	43	62
<b>INCOME TAXES</b>	1	5	8	15
<b>NET INCOME</b>	<u>\$ 8</u>	<u>\$ 9</u>	<u>\$ 35</u>	<u>\$ 47</u>

**THE POTOMAC EDISON COMPANY AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

<i>(In millions)</i>	September 30, 2023	December 31, 2022
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Restricted cash	\$ 4	\$ 7
Receivables-		
Customers	101	118
Less — Allowance for uncollectible customer receivables	7	8
	94	110
Affiliated companies	62	64
Other	14	11
Notes receivable from affiliates	18	—
Prepaid taxes and other	34	33
	226	225
<b>PROPERTY, PLANT AND EQUIPMENT:</b>		
In service	2,381	2,262
Less — Accumulated provision for depreciation	423	397
	1,958	1,865
Construction work in progress	133	121
	2,091	1,986
<b>DEFERRED CHARGES AND OTHER ASSETS:</b>		
Prepaid purchased power	47	51
Regulatory assets	269	—
Prepaid pension and OPEB costs	51	44
Other	34	34
	401	129
<b>TOTAL ASSETS</b>	<b>\$ 2,718</b>	<b>\$ 2,340</b>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Currently payable long-term debt	\$ 8	\$ 7
Short-term borrowings - affiliated companies	—	15
Accounts payable-		
Affiliated companies	19	51
Other	21	42
Accrued taxes	22	18
Accrued interest	10	7
Customer deposits	19	20
NUG contract buyout	55	—
Other	20	19
	174	179
<b>NONCURRENT LIABILITIES:</b>		
Long-term debt and other long-term obligations	868	726
Accumulated deferred income taxes, net	322	299
Regulatory liabilities	145	243
Retirement benefits	4	4
NUG contract buyout	293	—
Adverse power purchase contracts	—	24
Other	103	92
	1,735	1,388
<b>TOTAL LIABILITIES</b>	<b>1,909</b>	<b>1,567</b>
<b>EQUITY:</b>		
Common stockholder's equity-		
Other paid-in capital	365	364
Retained earnings	444	409
<b>TOTAL EQUITY</b>	<b>809</b>	<b>773</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 2,718</b>	<b>\$ 2,340</b>

**THE POTOMAC EDISON COMPANY AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

<i>(In millions)</i>	For the Nine Months Ended September 30,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 35	\$ 47
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation, amortization and impairments	39	60
Transmission revenue collections, net	1	11
Deferred income taxes, net	22	14
Retirement benefits, net of payments	(8)	(13)
Pension and OPEB mark-to-market adjustment	(4)	—
Changes in current assets and liabilities-		
Receivables	15	(7)
Prepaid taxes and other current assets	4	(1)
Accounts payable	(53)	(5)
Accrued taxes	4	7
Accrued interest	3	2
Customer deposits	(1)	1
Other current liabilities	—	(2)
Collateral, net	(5)	1
Other	18	17
Net cash provided from operating activities	70	132
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital investments	(171)	(134)
Loans to affiliated companies, net	(18)	15
Asset removal costs	(11)	(9)
Net cash used for investing activities	(200)	(128)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
New financing -		
Long-term debt	150	—
Redemptions and repayments-		
Long-term debt	(7)	(7)
Short-term borrowings - affiliated companies, net	(15)	—
Other	(1)	—
Net cash provided from (used for) financing activities	127	(7)
Net change in cash, cash equivalents, and restricted cash	(3)	(3)
Cash, cash equivalents, and restricted cash at beginning of period	7	7
Cash, cash equivalents, and restricted cash at end of period	\$ 4	\$ 4
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Significant non-cash transactions:		
Accrued capital investments	\$ 13	\$ 5