

PENNSYLVANIA ELECTRIC COMPANY AND SUBSIDIARY
UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

PENNSYLVANIA ELECTRIC COMPANY AND SUBSIDIARY
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
REVENUES:				
Electric sales	\$ 259	\$ 233	\$ 743	\$ 664
Gross receipts tax collections	16	14	45	39
Total revenues	275	247	788	703
OPERATING EXPENSES:				
Purchased power	119	107	316	274
Other operating expenses	70	69	201	205
Provision for depreciation	22	22	69	66
Deferral of regulatory assets, net	(11)	(40)	(24)	(58)
General taxes	18	16	52	46
Total operating expenses	218	174	614	533
OPERATING INCOME	57	73	174	170
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	5	8	16	23
Equity earnings from MAIT	11	6	32	24
Pension and OPEB mark-to-market adjustment	—	—	6	—
Interest expense	(20)	(16)	(56)	(45)
Capitalized financing costs	1	—	2	1
Total other income (expense)	(3)	(2)	—	3
INCOME BEFORE INCOME TAXES	54	71	174	173
INCOME TAXES	10	29	29	48
NET INCOME	\$ 44	\$ 42	\$ 145	\$ 125
STATEMENTS OF COMPREHENSIVE INCOME				
NET INCOME	\$ 44	\$ 42	\$ 145	\$ 125
OTHER COMPREHENSIVE LOSS:				
Pension and OPEB prior service costs	—	—	(1)	(1)
Other comprehensive loss	—	—	(1)	(1)
Income tax benefits on other comprehensive loss	—	—	—	—
Other comprehensive loss, net of tax	—	—	(1)	(1)
COMPREHENSIVE INCOME	\$ 44	\$ 42	\$ 144	\$ 124

PENNSYLVANIA ELECTRIC COMPANY AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

<i>(In millions, except share amounts)</i>	September 30, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS:		
Receivables-		
Customers	\$ 167	\$ 173
Less — Allowance for uncollectible customer receivables	12	20
	155	153
Affiliated companies	38	30
Other, net of allowance for uncollectible accounts of \$1 in 2023	15	17
Prepaid taxes and other	13	8
	221	208
PROPERTY, PLANT AND EQUIPMENT:		
In service	3,635	3,540
Less — Accumulated provision for depreciation	1,155	1,121
	2,480	2,419
Construction work in progress	70	68
	2,550	2,487
INVESTMENTS AND OTHER NONCURRENT ASSETS		
Goodwill	637	637
Investment in affiliate	489	457
Prepaid pension and OPEB costs	50	47
Other	33	36
	1,209	1,177
TOTAL ASSETS	\$ 3,980	\$ 3,872
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ —	\$ 1
Short-term borrowings - affiliated companies	11	183
Accounts payable-		
Affiliated companies	1	1
Other	66	79
Accrued taxes	3	9
Accrued interest	27	11
Customer deposits	31	29
Other	26	29
	165	342
NONCURRENT LIABILITIES:		
Long-term debt and other long-term obligations	1,591	1,292
Accumulated deferred income taxes, net	401	379
Retirement benefits	28	36
Regulatory liabilities	107	146
Other	320	325
	2,447	2,178
TOTAL LIABILITIES	2,612	2,520
EQUITY:		
Common stockholder's equity-		
Common stock, \$20 par value, authorized 5,400,000 shares - 4,427,577 shares outstanding	89	89
Other paid-in capital	877	875
Accumulated other comprehensive loss	(1)	—
Retained earnings	403	388
TOTAL EQUITY	1,368	1,352
TOTAL LIABILITIES AND EQUITY	\$ 3,980	\$ 3,872

PENNSYLVANIA ELECTRIC COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<i>(In millions)</i>	For the Nine Months Ended September 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 145	\$ 125
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation, amortization and impairments	46	9
Deferred income taxes and investment tax credits, net	12	46
Retirement benefits, net of payments	(12)	(20)
Pension and OPEB mark-to-market adjustment	(6)	—
Undistributed earnings from subsidiary company	(32)	(26)
Change in current assets and liabilities-		
Receivables	(8)	(7)
Prepaid taxes and other current assets	(5)	(8)
Accounts payable	(13)	4
Accrued taxes	(6)	(4)
Accrued interest	16	8
Customer deposits	2	3
Other current liabilities	(1)	(3)
Collateral, net	(3)	6
Other	3	12
Net cash provided from operating activities	138	145
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital investments	(120)	(108)
Asset removal costs	(12)	(12)
Net cash used for investing activities	(132)	(120)
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Long-term debt	300	—
Short-term borrowings - affiliated companies, net	—	117
Redemptions and repayments-		
Short-term borrowings - affiliated companies, net	(172)	—
Common stock dividend payments	(130)	(140)
Other	(4)	(2)
Net cash used for financing activities	(6)	(25)
Net change in cash, cash equivalents, and restricted cash	—	—
Cash, cash equivalents, and restricted cash at beginning of period	—	—
Cash, cash equivalents, and restricted cash at end of period	\$ —	\$ —
SUPPLEMENTAL CASH FLOW INFORMATION:		
Significant non-cash transactions:		
Accrued capital investments	\$ 10	\$ 5