

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

PENNSYLVANIA POWER COMPANY
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	\$ 78	\$ 77	\$ 225	\$ 214
Gross receipts tax collections	5	5	13	13
Total revenues	83	82	238	227
OPERATING EXPENSES:				
Purchased power	44	43	115	109
Other operating expenses	17	18	59	50
Provision for depreciation	7	7	21	20
Deferral of regulatory assets, net	(5)	(4)	(19)	(8)
General taxes	5	5	15	15
Total operating expenses	68	69	191	186
OPERATING INCOME	15	13	47	41
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	—	2	3	6
Pension and OPEB mark-to-market adjustment	—	—	2	—
Interest expense	(3)	(2)	(9)	(8)
Total other expense	(3)	—	(4)	(2)
INCOME BEFORE INCOME TAXES (BENEFITS)	12	13	43	39
INCOME TAXES (BENEFITS)	2	(5)	9	1
NET INCOME	\$ 10	\$ 18	\$ 34	\$ 38
COMPREHENSIVE INCOME	\$ 10	\$ 18	\$ 34	\$ 38

PENNSYLVANIA POWER COMPANY
BALANCE SHEETS
(UNAUDITED)

<i>(In millions, except share amounts)</i>	September 30, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS:		
Receivables-		
Customers	\$ 46	\$ 51
Less — Allowance for uncollectible customer receivables	4	6
	42	45
Affiliated companies	11	7
Other	6	5
Notes receivable from affiliated companies	—	7
Prepaid taxes and other	5	4
	64	68
PROPERTY, PLANT AND EQUIPMENT:		
In service	929	905
Less — Accumulated provision for depreciation	268	256
	661	649
Construction work in progress	21	19
	682	668
INVESTMENTS AND OTHER NONCURRENT ASSETS:		
Investments in employee benefit trusts	11	11
Other	7	6
	18	17
TOTAL ASSETS	\$ 764	\$ 753
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Short-term borrowings - affiliated companies	\$ 3	\$ —
Accounts payable - other	22	24
Accrued taxes	1	5
Other	21	23
	47	52
NONCURRENT LIABILITIES:		
Long-term debt and other long-term obligations	248	248
Accumulated deferred income taxes, net	115	108
Retirement benefits	24	27
Regulatory liabilities	12	34
Other	41	41
	440	458
TOTAL LIABILITIES	487	510
EQUITY:		
Common stockholder's equity-		
Common stock, \$30 par value, authorized 6,500,000 shares - 3,110,836 shares outstanding	93	93
Other paid-in capital	19	19
Accumulated other comprehensive loss	(1)	(1)
Retained earnings	166	132
TOTAL EQUITY	277	243
TOTAL LIABILITIES AND EQUITY	\$ 764	\$ 753

PENNSYLVANIA POWER COMPANY
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	\$ 34	\$ 38
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation, amortization and impairments	2	13
Deferred income taxes	4	(1)
Pension and OPEB mark-to-market adjustment	(2)	—
Retirement benefits, net of payments	(3)	(7)
Change in current assets and liabilities-		
Receivables	(2)	(5)
Prepaid taxes and other current assets	(1)	(3)
Accounts payable	(2)	2
Accrued taxes	(4)	(3)
Other current liabilities	(2)	1
Other	1	2
Net cash provided from operating activities	25	37
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital investments	(30)	(28)
Loans to affiliated companies, net	7	—
Asset removal costs	(4)	(3)
Net cash used for investing activities	(27)	(31)
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Short-term borrowings - affiliated companies, net	3	79
Redemptions and repayments-		
Long-term debt	—	(100)
Equity contribution from parent	—	15
Other	(1)	—
Net cash provided from (used for) financing activities	2	(6)
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	\$ 1	\$ 1