

**PENNSYLVANIA POWER COMPANY**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020**

**PENNSYLVANIA POWER COMPANY  
STATEMENTS OF INCOME  
(UNAUDITED)**

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2021	2020
<b>REVENUES:</b>		
Electric sales	\$ 61	\$ 62
Gross receipts tax collections	4	4
Total revenues	65	66
<b>OPERATING EXPENSES:</b>		
Purchased power	27	26
Other operating expenses	12	12
Provision for depreciation	6	6
Amortization (deferral) of regulatory assets, net	(1)	3
General taxes	4	4
Total operating expenses	48	51
<b>OPERATING INCOME</b>	17	15
<b>OTHER INCOME (EXPENSE):</b>		
Miscellaneous income, net	2	1
Pension and OPEB mark-to-market adjustment	—	(7)
Interest expense	(3)	(3)
Total other expense	(1)	(9)
<b>INCOME BEFORE INCOME TAXES</b>	16	6
<b>INCOME TAXES</b>	2	1
<b>NET INCOME</b>	\$ 14	\$ 5

**PENNSYLVANIA POWER COMPANY**  
**BALANCE SHEETS**  
**(UNAUDITED)**

<i>(In millions, except share amounts)</i>	March 31, 2021	December 31, 2020
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 50	\$ 50
Receivables-		
Customers	40	42
Less — Allowance for uncollectible customer receivables	6	6
	<u>34</u>	<u>36</u>
Affiliated companies	6	7
Other	4	5
Prepaid taxes and other	15	5
	<u>109</u>	<u>103</u>
<b>UTILITY PLANT:</b>		
In service	846	839
Less — Accumulated provision for depreciation	234	231
	<u>612</u>	<u>608</u>
Construction work in progress	18	15
	<u>630</u>	<u>623</u>
<b>INVESTMENTS AND OTHER NONCURRENT ASSETS:</b>		
Investments in employee benefit trusts	11	11
Other	7	8
	<u>18</u>	<u>19</u>
	<u>\$ 757</u>	<u>\$ 745</u>
<b>LIABILITIES AND CAPITALIZATION</b>		
<b>CURRENT LIABILITIES:</b>		
Currently payable long-term debt	\$ 1	\$ 1
Short-term borrowings -		
Affiliated companies	30	32
Other	50	50
Accounts payable	15	16
Accrued taxes	3	2
Other	20	19
	<u>119</u>	<u>120</u>
<b>CAPITALIZATION:</b>		
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	32	32
Retained earnings	88	74
Total common stockholder's equity	<u>213</u>	<u>199</u>
Long-term debt and other long-term obligations	199	199
	<u>412</u>	<u>398</u>
<b>NONCURRENT LIABILITIES:</b>		
Accumulated deferred income taxes	113	111
Retirement benefits	36	38
Regulatory liabilities	30	32
Other	47	46
	<u>226</u>	<u>227</u>
	<u>\$ 757</u>	<u>\$ 745</u>

**PENNSYLVANIA POWER COMPANY**  
**STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 14	\$ 5
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	6	9
Deferred income taxes, net	1	(1)
Pension and OPEB mark-to-market adjustment	—	7
Retirement benefits, net of payments	(2)	(7)
Change in current assets and liabilities-		
Receivables	4	1
Prepaid taxes and other current assets	(10)	(9)
Accounts payable	(1)	(4)
Accrued taxes	1	2
Other current liabilities	—	1
Other	1	(1)
Net cash provided from operating activities	14	3
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
New financing-		
Short-term borrowings - affiliated companies, net	—	8
Redemptions and repayments-		
Short-term borrowings - affiliated companies, net	(2)	—
Net cash provided from (used for) financing activities	(2)	8
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property additions	(11)	(11)
Asset removal costs	(1)	(1)
Other	—	1
Net cash used for investing activities	(12)	(11)
Net change in cash, cash equivalents, and restricted cash	—	—
Cash, cash equivalents, and restricted cash at beginning of period	50	—
Cash, cash equivalents, and restricted cash at end of period	\$ 50	\$ —