

**PENNSYLVANIA POWER COMPANY**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020**

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

<i>(In millions)</i>	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
<b>REVENUES:</b>				
Electric sales	\$ 51	\$ 53	\$ 112	\$ 115
Gross receipts tax collections	5	3	9	7
Total revenues	56	56	121	122
<b>OPERATING EXPENSES:</b>				
Purchased power	22	21	49	47
Other operating expenses	10	13	22	25
Provision for depreciation	7	6	13	12
Amortization (deferral) of regulatory assets, net	(1)	(2)	(2)	1
General taxes	6	4	10	8
Total operating expenses	44	42	92	93
<b>OPERATING INCOME</b>	12	14	29	29
<b>OTHER INCOME (EXPENSE):</b>				
Miscellaneous income, net	3	3	5	4
Pension and OPEB mark-to-market adjustment	—	—	—	(7)
Interest expense	(3)	(3)	(6)	(6)
Total other expense	—	—	(1)	(9)
<b>INCOME BEFORE INCOME TAXES</b>	12	14	28	20
<b>INCOME TAXES</b>	2	3	4	4
<b>NET INCOME</b>	\$ 10	\$ 11	\$ 24	\$ 16

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

<i>(In millions, except share amounts)</i>	June 30, 2021	December 31, 2020
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ —	\$ 50
Receivables-		
Customers	39	42
Less — Allowance for uncollectible customer receivables	6	6
	<u>33</u>	<u>36</u>
Affiliated companies	3	7
Other	4	5
Prepaid taxes and other	10	5
	<u>50</u>	<u>103</u>
<b>UTILITY PLANT:</b>		
In service	855	839
Less — Accumulated provision for depreciation	237	231
	<u>618</u>	<u>608</u>
Construction work in progress	17	15
	<u>635</u>	<u>623</u>
<b>INVESTMENTS AND OTHER NONCURRENT ASSETS:</b>		
Investments in employee benefit trusts	12	11
Other	7	8
	<u>19</u>	<u>19</u>
	<u>\$ 704</u>	<u>\$ 745</u>
<b>LIABILITIES AND CAPITALIZATION</b>		
<b>CURRENT LIABILITIES:</b>		
Currently payable long-term debt	\$ 100	\$ 1
Short-term borrowings -		
Affiliated companies	32	32
Other	—	50
Accounts payable	15	16
Accrued taxes	3	2
Other	21	19
	<u>171</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	26	32
Retained earnings	93	74
Total common stockholder's equity	<u>212</u>	<u>199</u>
Long-term debt and other long-term obligations	99	199
	<u>311</u>	<u>398</u>
<b>NONCURRENT LIABILITIES:</b>		
Accumulated deferred income taxes	116	111
Retirement benefits	34	38
Regulatory liabilities	26	32
Other	46	46
	<u>222</u>	<u>227</u>
	<u>\$ 704</u>	<u>\$ 745</u>

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

For the Six Months  
 Ended June 30,

<i>(In millions)</i>	<u>2021</u> <u>2020</u>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 24	\$ 16
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	11	13
Deferred income taxes, net	1	(1)
Pension and OPEB mark-to-market adjustment	—	7
Retirement benefits, net of payments	(5)	(9)
Change in current assets and liabilities-		
Receivables	8	1
Prepaid taxes and other current assets	(5)	(6)
Accounts payable	(1)	(4)
Accrued taxes	1	1
Other current liabilities	—	2
Other	1	(1)
Net cash provided from operating activities	<u>35</u>	<u>19</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
New financing-		
Short-term borrowings - affiliated companies, net	—	6
Redemptions and repayments-		
Short-term borrowings - other, net	(50)	—
Common stock dividend payments	(11)	—
Net cash provided from (used for) financing activities	<u>(61)</u>	<u>6</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property additions	(21)	(22)
Asset removal costs	(3)	(3)
Net cash used for investing activities	<u>(24)</u>	<u>(25)</u>
Net change in cash, cash equivalents, and restricted cash	(50)	—
Cash, cash equivalents, and restricted cash at beginning of period	50	—
Cash, cash equivalents, and restricted cash at end of period	<u>\$ —</u>	<u>\$ —</u>