

WEST PENN POWER COMPANY AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020

WEST PENN POWER COMPANY AND SUBSIDIARIES
CONSOLIDATED 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
REVENUES:				
Electric sales	\$ 211	\$ 225	\$ 454	\$ 474
Excise tax collections	12	13	25	28
Total revenues	223	238	479	502
OPERATING EXPENSES:				
Purchased power from affiliates	1	1	1	1
Purchased power	77	75	178	166
Other operating expenses	59	61	125	124
Provision for depreciation	25	25	50	49
Amortization (deferral) of regulatory assets, net	(6)	20	(16)	51
General taxes	14	15	30	32
Total operating expenses	170	197	368	423
OPERATING INCOME	53	41	111	79
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	3	6	10	11
Pension and OPEB mark-to-market adjustment	—	—	—	(21)
Interest expense	(12)	(10)	(24)	(21)
Capitalized financing costs	2	2	3	3
Total other expense	(7)	(2)	(11)	(28)
INCOME BEFORE INCOME TAXES	46	39	100	51
INCOME TAXES	11	8	21	10
NET INCOME	\$ 35	\$ 31	\$ 79	\$ 41
STATEMENTS OF COMPREHENSIVE INCOME				
NET INCOME	\$ 35	\$ 31	\$ 79	\$ 41
OTHER COMPREHENSIVE LOSS:				
Pension and OPEB prior service costs	(1)	(1)	(1)	(1)
Other comprehensive loss	(1)	(1)	(1)	(1)
Income tax benefits on other comprehensive loss	—	—	—	—
Other comprehensive loss, net of tax	(1)	(1)	(1)	(1)
COMPREHENSIVE INCOME	\$ 34	\$ 30	\$ 78	\$ 40

WEST PENN POWER COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

<i>(In millions, except share amounts)</i>	June 30, 2021	December 31, 2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 75	\$ 150
Receivables-		
Customers	148	162
Less — Allowance for uncollectible customer receivables	20	21
	128	141
Affiliated companies	17	39
Other, net of allowance for uncollectible accounts of \$12 in 2020	9	10
Notes receivable from affiliated companies	6	—
Prepaid taxes and other	29	5
	264	345
UTILITY PLANT:		
In service	2,760	2,685
Less — Accumulated provision for depreciation	479	445
	2,281	2,240
Construction work in progress	153	131
	2,434	2,371
INVESTMENTS AND OTHER NONCURRENT ASSETS:		
Regulatory assets	77	48
Investments	11	11
Other	61	55
	149	114
	<u>\$ 2,847</u>	<u>\$ 2,830</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 101	\$ 1
Short-term borrowings-		
Affiliated companies	—	68
Other	150	150
Accounts payable-		
Affiliated companies	9	4
Other	68	63
Accrued interest	7	8
Accrued taxes	14	19
Customer deposits	27	27
Other	21	21
	397	361
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, no par value, 32,000,000 shares authorized - 24,361,586 shares outstanding	559	557
Accumulated other comprehensive income	4	5
Retained earnings	413	358
Total common stockholder's equity	976	920
Long-term debt and other long-term obligations	870	971
	1,846	1,891
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	500	471
Retirement benefits	19	20
Asset retirement obligations	8	8
Other	77	79
	604	578
	<u>\$ 2,847</u>	<u>\$ 2,830</u>

WEST PENN POWER COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<i>(In millions)</i>	For the Six Months Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 79	\$ 41
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization of regulatory assets, net	31	100
Deferred income taxes and investment tax credits, net	21	3
Retirement benefits, net of payments	(14)	(10)
Pension and OPEB mark-to-market adjustment	—	21
Change in current assets and liabilities-		
Receivables	36	19
Prepaid taxes and other current assets	(24)	(25)
Accounts payable	10	(30)
Accrued taxes	(5)	(2)
Accrued interest	(1)	—
Other current liabilities	(3)	1
Other	(1)	(7)
Net cash provided from operating activities	129	111
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Short-term borrowings - affiliated companies, net	—	49
Redemptions and repayments-		
Short-term borrowings - affiliated companies, net	(68)	—
Common stock dividend payments	(24)	(35)
Other	—	(1)
Net cash provided from (used for) financing activities	(92)	13
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(100)	(113)
Loans to affiliated companies, net	(6)	—
Asset removal costs	(6)	(11)
Net cash used for investing activities	(112)	(124)
Net change in cash, cash equivalents, and restricted cash	(75)	—
Cash, cash equivalents, and restricted cash at beginning of period	150	—
Cash, cash equivalents, and restricted cash at end of period	\$ 75	\$ —