

THE POTOMAC EDISON COMPANY AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

THE POTOMAC EDISON COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2022	2021
REVENUES:		
Electric sales	\$ 259	\$ 247
Excise and gross receipts tax collections	5	5
Total revenues	264	252
OPERATING EXPENSES:		
Purchased power from non-affiliates	98	84
Purchased power from affiliates	66	54
Other operating expenses	37	35
Provision for depreciation	15	17
Amortization (deferral) of regulatory assets, net	(1)	9
General taxes	14	14
Total operating expenses	229	213
OPERATING INCOME	35	39
OTHER INCOME (EXPENSE):		
Miscellaneous income, net	4	4
Interest expense	(8)	(8)
Capitalized financing costs	1	1
Total other expense	(3)	(3)
INCOME BEFORE INCOME TAXES	32	36
INCOME TAXES	7	7
NET INCOME	\$ 25	\$ 29

THE POTOMAC EDISON COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

<i>(In millions)</i>	March 31, 2022	December 31, 2021
ASSETS		
CURRENT ASSETS:		
Restricted cash	\$ 5	\$ 7
Receivables-		
Customers	104	102
Less — Allowance for uncollectible customer receivables	6	8
	98	94
Affiliated companies	34	41
Other	12	11
Notes receivable from affiliates	69	65
Prepaid taxes and other	23	25
	241	243
UTILITY PLANT:		
In service	2,187	2,159
Less — Accumulated provision for depreciation	378	370
	1,809	1,789
Construction work in progress	86	86
	1,895	1,875
DEFERRED CHARGES AND OTHER ASSETS:		
Prepaid purchased power	55	56
Other	61	58
	116	114
	<u>\$ 2,252</u>	<u>\$ 2,232</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 7	\$ 7
Accounts payable-		
Affiliated companies	38	44
Other	26	30
Accrued taxes	17	15
Accrued interest	9	7
Customer deposits	20	19
Other	21	22
	138	144
CAPITALIZATION:		
Common stockholder's equity-		
Other paid-in capital	361	360
Accumulated other comprehensive income	1	1
Retained earnings	377	352
Total common stockholder's equity	739	713
Long-term debt and other long-term obligations	731	734
	1,470	1,447
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	291	282
Regulatory liabilities	262	267
Retirement benefits	13	13
Adverse power purchase contracts	26	27
Other	52	52
	644	641
	<u>\$ 2,252</u>	<u>\$ 2,232</u>

THE POTOMAC EDISON COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 25	\$ 29
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	15	29
Deferred income taxes, net	7	8
Retirement benefits, net of payments	(4)	(4)
Changes in current assets and liabilities-		
Receivables	2	(4)
Prepaid taxes and other current assets	2	2
Accounts payable	(10)	(1)
Accrued taxes	2	2
Accrued interest	2	2
Customer deposits	1	(1)
Other current liabilities	(3)	(3)
Other	6	8
Net cash provided from operating activities	45	67
CASH FLOWS FROM FINANCING ACTIVITIES:		
Redemptions and repayments-		
Long-term debt	(3)	(3)
Short-term borrowings - affiliated companies, net	—	(28)
Net cash used for financing activities	(3)	(31)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(29)	(30)
Loans to affiliated companies, net	(4)	—
Asset removal costs	(3)	(3)
Other	(8)	(4)
Net cash used for investing activities	(44)	(37)
Net change in cash, cash equivalents, and restricted cash	(2)	(1)
Cash, cash equivalents, and restricted cash at beginning of period	7	106
Cash, cash equivalents, and restricted cash at end of period	\$ 5	\$ 105