

THE POTOMAC EDISON COMPANY AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021

THE POTOMAC EDISON 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,	
	2022	2021	2022	2021
REVENUES:				
Electric sales	\$ 204	\$ 185	\$ 463	\$ 432
Excise and gross receipts tax collections	3	4	8	9
Total revenues	207	189	471	441
OPERATING EXPENSES:				
Purchased power from non-affiliates	69	57	167	141
Purchased power from affiliates	49	48	115	102
Other operating expenses	40	35	77	70
Provision for depreciation	15	16	30	33
Amortization of regulatory assets, net	3	7	2	16
General taxes	12	11	26	25
Total operating expenses	188	174	417	387
OPERATING INCOME	19	15	54	54
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	4	4	8	8
Interest expense	(8)	(8)	(16)	(16)
Capitalized financing costs	1	1	2	2
Total other expense	(3)	(3)	(6)	(6)
INCOME BEFORE INCOME TAXES	16	12	48	48
INCOME TAXES	3	3	10	10
NET INCOME	<u>\$ 13</u>	<u>\$ 9</u>	<u>\$ 38</u>	<u>\$ 38</u>

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

<i>(In millions)</i>	June 30, 2022	December 31, 2021
ASSETS		
CURRENT ASSETS:		
Restricted cash	\$ 18	\$ 7
Receivables-		
Customers	97	102
Less — Allowance for uncollectible customer receivables	9	8
	88	94
Affiliated companies	40	41
Other	15	11
Notes receivable from affiliates	61	65
Prepaid taxes and other	24	25
	246	243
UTILITY PLANT:		
In service	2,212	2,159
Less — Accumulated provision for depreciation	386	370
	1,826	1,789
Construction work in progress	96	86
	1,922	1,875
DEFERRED CHARGES AND OTHER ASSETS:		
Prepaid purchased power	53	56
Other	64	58
	117	114
	<u>\$ 2,285</u>	<u>\$ 2,232</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 7	\$ 7
Accounts payable-		
Affiliated companies	35	44
Other	25	30
Accrued taxes	25	15
Accrued interest	7	7
Customer deposits	19	19
Other	32	22
	150	144
CAPITALIZATION:		
Common stockholder's equity-		
Other paid-in capital	361	360
Accumulated other comprehensive income	1	1
Retained earnings	390	352
Total common stockholder's equity	752	713
Long-term debt and other long-term obligations	731	734
	1,483	1,447
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	294	282
Regulatory liabilities	257	267
Retirement benefits	13	13
Adverse power purchase contracts	25	27
Other	63	52
	652	641
	<u>\$ 2,285</u>	<u>\$ 2,232</u>

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

<i>(In millions)</i>	For the Six Months Ended June 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 38	\$ 38
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	32	59
Deferred income taxes, net	9	12
Retirement benefits, net of payments	(8)	(9)
Changes in current assets and liabilities-		
Receivables	3	20
Prepaid taxes and other current assets	1	7
Accounts payable	(14)	(6)
Accrued taxes	10	(1)
Customer deposits	—	(1)
Other current liabilities	(2)	(4)
Collateral, net	12	(4)
Other	17	9
Net cash provided from operating activities	98	120
CASH FLOWS FROM FINANCING ACTIVITIES:		
Redemptions and repayments-		
Long-term debt	(3)	(3)
Short-term borrowings - affiliated companies, net	—	(34)
Net cash used for financing activities	(3)	(37)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(63)	(61)
Loans to affiliated companies, net	4	(5)
Asset removal costs	(6)	(5)
Other	(19)	(11)
Net cash used for investing activities	(84)	(82)
Net change in cash, cash equivalents, and restricted cash	11	1
Cash, cash equivalents, and restricted cash at beginning of period	7	106
Cash, cash equivalents, and restricted cash at end of period	\$ 18	\$ 107