

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
<i>(In millions)</i>	2022	2021	2022	2021
REVENUES:				
Electric sales	\$ 264	\$ 290	\$ 696	\$ 768
Excise and gross receipts tax collections	18	17	49	48
Total revenues	282	307	745	816
OPERATING EXPENSES:				
Purchased power	44	32	92	86
Other operating expenses	107	108	321	309
Provision for depreciation	32	31	95	90
Amortization (deferral) of regulatory assets, net	1	25	(17)	47
General taxes	54	52	156	153
Total operating expenses	238	248	647	685
OPERATING INCOME	44	59	98	131
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	4	9	11	16
Interest expense	(19)	(19)	(58)	(57)
Capitalized financing costs	1	1	3	4
Total other expense	(14)	(9)	(44)	(37)
INCOME BEFORE INCOME TAXES	30	50	54	94
INCOME TAXES	2	7	4	12
NET INCOME	\$ 28	\$ 43	\$ 50	\$ 82
COMPREHENSIVE INCOME	\$ 28	\$ 43	\$ 50	\$ 82

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

<i>(In millions, except share amounts)</i>	September 30, 2022	December 31, 2021
ASSETS		
CURRENT ASSETS:		
Restricted cash	\$ 3	\$ 6
Receivables-		
Customers	115	94
Less — Allowance for uncollectible customer receivables	17	17
	98	77
Affiliated companies	33	38
Other	23	22
Notes receivable from affiliated companies	—	95
Prepaid taxes and other	11	11
	168	249
UTILITY PLANT:		
In service	3,757	3,664
Less — Accumulated provision for depreciation	1,498	1,494
	2,259	2,170
Construction work in progress	60	86
	2,319	2,256
DEFERRED CHARGES AND OTHER ASSETS:		
Goodwill	1,689	1,689
Property taxes	35	146
Other	42	44
	1,766	1,879
	<u>\$ 4,253</u>	<u>\$ 4,384</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 7	\$ 7
Short-term borrowings - affiliated companies	83	—
Accounts payable-		
Affiliated companies	50	43
Other	14	12
Accrued taxes	149	141
Accrued interest	19	16
Other	87	57
	409	276
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, without par value, authorized 105,000,000 shares - 67,930,743 shares outstanding	1,258	1,251
Accumulated other comprehensive loss	(4)	(4)
Retained earnings	388	338
Total common stockholder's equity	1,642	1,585
Long-term debt and other long-term obligations	1,410	1,564
	3,052	3,149
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	308	293
Retirement benefits	100	104
Regulatory liabilities	158	186
Property taxes	—	146
Other	226	230
	792	959
	<u>\$ 4,253</u>	<u>\$ 4,384</u>

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<i>(In millions)</i>	For the Nine Months Ended September 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 50	\$ 82
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation, amortization and impairments	80	144
Deferred income taxes and investment tax credits, net	5	—
Retirement benefits, net of payments	(12)	(13)
Change in current assets and liabilities-		
Receivables	(12)	12
Prepaid taxes and other current assets	(1)	1
Accounts payable	9	2
Accrued taxes	(26)	(25)
Accrued interest	3	3
Other current liabilities	(4)	(3)
Collateral, net	34	3
Other	(5)	(3)
Net cash provided from operating activities	121	203
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Short-term borrowings - affiliated companies, net	83	—
Redemptions and repayments-		
Long-term debt	(155)	(19)
Short-term borrowings - affiliated companies, net	—	(34)
Common stock dividend payments	—	(93)
Other	(1)	(3)
Net cash used for financing activities	(73)	(149)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(133)	(132)
Loans to affiliated companies, net	95	—
Asset removal costs	(13)	(11)
Net cash used for investing activities	(51)	(143)
Net change in cash, cash equivalents, and restricted cash	(3)	(89)
Cash, cash equivalents, and restricted cash at beginning of period	6	164
Cash, cash equivalents, and restricted cash at end of period	\$ 3	\$ 75