

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

THE POTOMAC EDISON 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	\$ 240	\$ 227	\$ 703	\$ 659
Excise and gross receipts tax collections	5	4	13	13
Total revenues	245	231	716	672
OPERATING EXPENSES:				
Purchased power from non-affiliates	91	81	258	222
Purchased power from affiliates	57	53	172	155
Other operating expenses	45	37	122	96
Provision for depreciation	15	17	45	50
Amortization of regulatory assets, net	8	11	10	38
General taxes	13	14	39	39
Total operating expenses	229	213	646	600
OPERATING INCOME	16	18	70	72
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	5	1	13	9
Interest expense	(9)	(8)	(25)	(24)
Capitalized financing costs	2	1	4	3
Total other expense	(2)	(6)	(8)	(12)
INCOME BEFORE INCOME TAXES	14	12	62	60
INCOME TAXES	5	4	15	14
NET INCOME	\$ 9	\$ 8	\$ 47	\$ 46
COMPREHENSIVE INCOME	\$ 9	\$ 8	\$ 47	\$ 46

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

<i>(In millions)</i>	September 30, 2022	December 31, 2021
ASSETS		
CURRENT ASSETS:		
Restricted cash	\$ 4	\$ 7
Receivables-		
Customers	86	102
Less — Allowance for uncollectible customer receivables	8	8
	78	94
Affiliated companies	59	41
Other	18	11
Notes receivable from affiliates	50	65
Prepaid taxes and other	24	25
	233	243
UTILITY PLANT:		
In service	2,227	2,159
Less — Accumulated provision for depreciation	386	370
	1,841	1,789
Construction work in progress	109	86
	1,950	1,875
DEFERRED CHARGES AND OTHER ASSETS:		
Prepaid purchased power	52	56
Other	65	58
	117	114
	\$ 2,300	\$ 2,232
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 7	\$ 7
Accounts payable-		
Affiliated companies	40	44
Other	29	30
Accrued taxes	22	15
Accrued interest	9	7
Customer deposits	20	19
Other	20	22
	147	144
CAPITALIZATION:		
Common stockholder's equity-		
Other paid-in capital	363	360
Accumulated other comprehensive income	1	1
Retained earnings	399	352
Total common stockholder's equity	763	713
Long-term debt and other long-term obligations	727	734
	1,490	1,447
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	295	282
Regulatory liabilities	267	267
Retirement benefits	13	13
Adverse power purchase contracts	25	27
Other	63	52
	663	641
	\$ 2,300	\$ 2,232

THE POTOMAC EDISON 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	\$ 47	\$ 46
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation, amortization and impairments	60	89
Transmission revenue collections, net	11	2
Deferred income taxes, net	14	9
Retirement benefits, net of payments	(13)	(12)
Changes in current assets and liabilities-		
Receivables	(7)	19
Prepaid taxes and other current assets	(1)	8
Accounts payable	(5)	1
Accrued taxes	7	5
Accrued interest	2	2
Customer deposits	1	(1)
Other current liabilities	(2)	1
Collateral, net	1	29
Other	17	11
Net cash provided from operating activities	132	209
CASH FLOWS FROM FINANCING ACTIVITIES:		
Redemptions and repayments-		
Long-term debt	(7)	(6)
Short-term borrowings - affiliated companies, net	—	(34)
Other	—	(1)
Net cash used for financing activities	(7)	(41)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(104)	(96)
Loans to affiliated companies, net	15	(112)
Asset removal costs	(9)	(8)
Capital-like investments	(30)	(19)
Net cash used for investing activities	(128)	(235)
Net change in cash, cash equivalents, and restricted cash	(3)	(67)
Cash, cash equivalents, and restricted cash at beginning of period	7	106
Cash, cash equivalents, and restricted cash at end of period	\$ 4	\$ 39