

THE POTOMAC EDISON COMPANY AND SUBSIDIARIES
UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

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

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2023	2022
REVENUES:		
Electric sales	\$ 231	\$ 259
Excise and gross receipts tax collections	5	5
Total revenues	236	264
OPERATING EXPENSES:		
Purchased power from non-affiliates	92	98
Purchased power from affiliates	58	66
Other operating expenses	40	37
Provision for depreciation	15	15
Deferral of regulatory assets, net	(14)	(1)
General taxes	14	14
Total operating expenses	205	229
OPERATING INCOME	31	35
OTHER INCOME (EXPENSE):		
Miscellaneous income, net	3	4
Interest expense	(9)	(8)
Capitalized financing costs	1	1
Total other expense	(5)	(3)
INCOME BEFORE INCOME TAXES	26	32
INCOME TAXES	5	7
NET INCOME	<u>\$ 21</u>	<u>\$ 25</u>

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

<i>(In millions)</i>	March 31, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS:		
Restricted cash	\$ 6	\$ 7
Receivables-		
Customers	103	118
Less — Allowance for uncollectible customer receivables	8	8
	95	110
Affiliated companies	64	64
Other	12	11
Prepaid taxes and other	35	33
	212	225
PROPERTY, PLANT AND EQUIPMENT:		
In service	2,314	2,262
Less — Accumulated provision for depreciation	405	397
	1,909	1,865
Construction work in progress	105	121
	2,014	1,986
DEFERRED CHARGES AND OTHER ASSETS:		
Prepaid purchased power	49	51
Prepaid pension and OPEB costs	45	44
Other	34	34
	128	129
TOTAL ASSETS	\$ 2,354	\$ 2,340
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 7	\$ 7
Short-term borrowings - affiliated companies	47	15
Accounts payable-		
Affiliated companies	34	51
Other	33	42
Accrued taxes	23	18
Accrued interest	9	7
Customer deposits	20	20
Other	19	19
	192	179
NONCURRENT LIABILITIES:		
Long-term debt and other long-term obligations	723	726
Accumulated deferred income taxes, net	304	299
Regulatory liabilities	222	243
Retirement benefits	3	4
Adverse power purchase contracts	23	24
Other	93	92
	1,368	1,388
TOTAL LIABILITIES	1,560	1,567
EQUITY:		
Common stockholder's equity-		
Other paid-in capital	364	364
Retained earnings	430	409
TOTAL EQUITY	794	773
TOTAL LIABILITIES AND EQUITY	\$ 2,354	\$ 2,340

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

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 21	\$ 25
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation, amortization and impairments	2	15
Deferred income taxes, net	2	7
Retirement benefits, net of payments	(3)	(4)
Changes in current assets and liabilities-		
Receivables	14	2
Prepaid taxes and other current assets	—	2
Accounts payable	(26)	(10)
Accrued taxes	5	2
Accrued interest	2	2
Customer deposits	—	1
Other current liabilities	(4)	(3)
Other	9	6
Net cash provided from operating activities	22	45
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital investments	(48)	(37)
Loans to affiliated companies, net	—	(4)
Asset removal costs	(4)	(3)
Net cash used for investing activities	(52)	(44)
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing -		
Short-term borrowings - affiliated companies, net	32	—
Redemptions and repayments-		
Long-term debt	(3)	(3)
Net cash provided from (used for) financing activities	29	(3)
Net change in cash, cash equivalents, and restricted cash	(1)	(2)
Cash, cash equivalents, and restricted cash at beginning of period	7	7
Cash, cash equivalents, and restricted cash at end of period	\$ 6	\$ 5
SUPPLEMENTAL CASH FLOW INFORMATION:		
Significant non-cash transactions:		
Accrued capital investments	\$ 7	\$ 6