

PENNSYLVANIA ELECTRIC COMPANY AND SUBSIDIARY
UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

PENNSYLVANIA ELECTRIC COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2023	2022
REVENUES:		
Electric sales	\$ 266	\$ 230
Gross receipts tax collections	16	13
Total revenues	282	243
OPERATING EXPENSES:		
Purchased power	111	85
Other operating expenses	63	61
Provision for depreciation	23	22
Deferral of regulatory assets, net	(4)	—
General taxes	19	15
Total operating expenses	212	183
OPERATING INCOME	70	60
OTHER INCOME (EXPENSE):		
Miscellaneous income, net	6	8
Equity earnings from MAIT	10	9
Interest expense	(18)	(14)
Capitalized financing costs	1	—
Total other income (expense)	(1)	3
INCOME BEFORE INCOME TAXES	69	63
INCOME TAXES	12	12
NET INCOME	\$ 57	\$ 51
STATEMENTS OF COMPREHENSIVE INCOME		
NET INCOME	\$ 57	\$ 51
OTHER COMPREHENSIVE LOSS:		
Pension and OPEB prior service costs	(1)	(1)
Other comprehensive loss	(1)	(1)
Income tax benefits on other comprehensive loss	—	—
Other comprehensive loss, net of tax	(1)	(1)
COMPREHENSIVE INCOME	\$ 56	\$ 50

PENNSYLVANIA ELECTRIC COMPANY AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

<i>(In millions, except share amounts)</i>	March 31, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS:		
Receivables-		
Customers	\$ 180	\$ 173
Less — Allowance for uncollectible customer receivables	18	20
	162	153
Affiliated companies	35	30
Other	18	17
Notes receivable from affiliated companies	85	—
Prepaid taxes and other	39	8
	339	208
PROPERTY, PLANT AND EQUIPMENT:		
In service	3,576	3,540
Less — Accumulated provision for depreciation	1,127	1,121
	2,449	2,419
Construction work in progress	59	68
	2,508	2,487
INVESTMENTS AND OTHER NONCURRENT ASSETS		
Goodwill	637	637
Investment in affiliate	467	457
Prepaid pension and OPEB costs	48	47
Other	37	36
	1,189	1,177
TOTAL ASSETS	\$ 4,036	\$ 3,872
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 1	\$ 1
Short-term borrowings - affiliated companies	—	183
Accounts payable-		
Affiliated companies	1	1
Other	66	79
Accrued taxes	12	9
Accrued interest	19	11
Customer deposits	30	29
Other	24	29
	153	342
NONCURRENT LIABILITIES:		
Long-term debt and other long-term obligations	1,591	1,292
Accumulated deferred income taxes, net	385	379
Retirement benefits	36	36
Regulatory liabilities	137	146
Other	326	325
	2,475	2,178
TOTAL LIABILITIES	2,628	2,520
EQUITY:		
Common stockholder's equity-		
Common stock, \$20 par value, authorized 5,400,000 shares - 4,427,577 shares outstanding	89	89
Other paid-in capital	875	875
Accumulated other comprehensive loss	(1)	—
Retained earnings	445	388
TOTAL EQUITY	1,408	1,352
TOTAL LIABILITIES AND EQUITY	\$ 4,036	\$ 3,872

PENNSYLVANIA ELECTRIC COMPANY AND SUBSIDIARY
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	\$ 57	\$ 51
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation, amortization and impairments	19	22
Deferred income taxes and investment tax credits, net	2	8
Retirement benefits, net of payments	(4)	(6)
Undistributed earnings from subsidiary company	(10)	(9)
Change in current assets and liabilities-		
Receivables	(15)	(11)
Prepaid taxes and other current assets	(31)	(29)
Accounts payable	(13)	(1)
Accrued taxes	3	1
Accrued interest	8	8
Customer deposits	1	1
Other current liabilities	(8)	(5)
Other	4	3
Net cash provided from operating activities	13	33
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital investments	(39)	(31)
Loans to affiliated companies, net	(85)	—
Asset removal costs	(4)	(4)
Net cash used for investing activities	(128)	(35)
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Long-term debt	300	—
Short-term borrowings - affiliated companies, net	—	103
Redemptions and repayments-		
Short-term borrowings - affiliated companies, net	(183)	—
Common stock dividend payments	—	(100)
Other	(2)	(1)
Net cash provided from financing activities	115	2
Net change in cash, cash equivalents, and restricted cash	—	—
Cash, cash equivalents, and restricted cash at beginning of period	—	—
Cash, cash equivalents, and restricted cash at end of period	\$ —	\$ —
SUPPLEMENTAL CASH FLOW INFORMATION:		
Significant non-cash transactions:		
Accrued capital investments	\$ 7	\$ 2