

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

PENNSYLVANIA POWER COMPANY
STATEMENTS OF INCOME
(UNAUDITED)

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2023	2022
REVENUES:		
Electric sales	\$ 79	\$ 74
Gross receipts tax collections	5	4
Total revenues	84	78
OPERATING EXPENSES:		
Purchased power	38	33
Other operating expenses	19	14
Provision for depreciation	7	7
Amortization (deferral) of regulatory assets, net	(1)	1
General taxes	5	5
Total operating expenses	68	60
OPERATING INCOME	16	18
OTHER INCOME (EXPENSE):		
Miscellaneous income, net	1	2
Interest expense	(3)	(3)
Total other expense	(2)	(1)
INCOME BEFORE INCOME TAXES	14	17
INCOME TAXES	3	4
NET INCOME	<u>\$ 11</u>	<u>\$ 13</u>
COMPREHENSIVE INCOME	<u>\$ 11</u>	<u>\$ 13</u>

**PENNSYLVANIA POWER COMPANY
BALANCE SHEETS
(UNAUDITED)**

<i>(In millions, except share amounts)</i>	March 31, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS:		
Receivables-		
Customers	\$ 48	\$ 51
Less — Allowance for uncollectible customer receivables	5	6
	43	45
Affiliated companies	6	7
Other	5	5
Notes receivable from affiliated companies	—	7
Prepaid taxes and other	13	4
	67	68
PROPERTY, PLANT AND EQUIPMENT:		
In service	914	905
Less — Accumulated provision for depreciation	259	256
	655	649
Construction work in progress	18	19
	673	668
INVESTMENTS AND OTHER NONCURRENT ASSETS:		
Investments in employee benefit trusts	11	11
Other	7	6
	18	17
TOTAL ASSETS	\$ 758	\$ 753
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Short-term borrowings - affiliated companies	\$ 1	\$ —
Accounts payable - other	20	24
Accrued taxes	5	5
Other	23	23
	49	52
NONCURRENT LIABILITIES:		
Long-term debt and other long-term obligations	248	248
Accumulated deferred income taxes, net	108	108
Retirement benefits	27	27
Regulatory liabilities	32	34
Other	40	41
	455	458
TOTAL LIABILITIES	504	510
EQUITY:		
Common stockholder's equity-		
Common stock, \$30 par value, authorized 6,500,000 shares - 3,110,836 shares outstanding	93	93
Other paid-in capital	19	19
Accumulated other comprehensive loss	(1)	(1)
Retained earnings	143	132
TOTAL EQUITY	254	243
TOTAL LIABILITIES AND EQUITY	\$ 758	\$ 753

PENNSYLVANIA POWER COMPANY
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	\$ 11	\$ 13
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	5	8
Deferred income taxes	(1)	2
Retirement benefits, net of payments	(1)	(2)
Change in current assets and liabilities-		
Receivables	3	(4)
Prepaid taxes and other current assets	(9)	(8)
Accounts payable	(4)	(2)
Other current liabilities	1	(3)
Other	(1)	—
Net cash provided from operating activities	<u>4</u>	<u>4</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital investments	(9)	(8)
Loans to affiliated companies, net	7	—
Asset removal costs	(2)	(1)
Net cash used for investing activities	<u>(4)</u>	<u>(9)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Short-term borrowings - affiliated companies, net	1	5
Other	(1)	—
Net cash provided from financing activities	<u>—</u>	<u>5</u>
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	<u>\$ —</u>	<u>\$ —</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Significant non-cash transactions:		
Accrued capital investments	<u>\$ 1</u>	<u>\$ 1</u>