

THE POTOMAC EDISON COMPANY AND SUBSIDIARIES
UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022

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

<i>(In millions)</i>	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
REVENUES:				
Electric sales	\$ 172	\$ 204	\$ 403	\$ 463
Excise and gross receipts tax collections	3	3	8	8
Total revenues	175	207	411	471
OPERATING EXPENSES:				
Purchased power from non-affiliates	59	69	151	167
Purchased power from affiliates	48	49	106	115
Other operating expenses	40	40	80	77
Provision for depreciation	15	15	30	30
Amortization (deferral) of regulatory assets, net	(7)	3	(21)	2
General taxes	11	12	25	26
Total operating expenses	166	188	371	417
OPERATING INCOME	9	19	40	54
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	2	4	5	8
Pension and OPEB mark-to-market adjustment	4	—	4	—
Interest expense	(9)	(8)	(18)	(16)
Capitalized financing costs	2	1	3	2
Total other expense	(1)	(3)	(6)	(6)
INCOME BEFORE INCOME TAXES	8	16	34	48
INCOME TAXES	2	3	7	10
NET INCOME	\$ 6	\$ 13	\$ 27	\$ 38

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

<i>(In millions)</i>	June 30, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS:		
Restricted cash	\$ 7	\$ 7
Receivables-		
Customers	81	118
Less — Allowance for uncollectible customer receivables	7	8
	74	110
Affiliated companies	78	64
Other	12	11
Prepaid taxes and other	30	33
	201	225
PROPERTY, PLANT AND EQUIPMENT:		
In service	2,348	2,262
Less — Accumulated provision for depreciation	413	397
	1,935	1,865
Construction work in progress	107	121
	2,042	1,986
DEFERRED CHARGES AND OTHER ASSETS:		
Prepaid purchased power	48	51
Regulatory assets	273	—
Prepaid pension and OPEB costs	50	44
Other	33	34
	404	129
TOTAL ASSETS	\$ 2,647	\$ 2,340
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 8	\$ 7
Short-term borrowings - affiliated companies	82	15
Accounts payable-		
Affiliated companies	27	51
Other	28	42
Accrued taxes	17	18
Accrued interest	7	7
Customer deposits	19	20
NUG contract buyout	55	—
Other	20	19
	263	179
NONCURRENT LIABILITIES:		
Long-term debt and other long-term obligations	723	726
Accumulated deferred income taxes, net	316	299
Regulatory liabilities	142	243
Retirement benefits	4	4
NUG contract buyout	302	—
Adverse power purchase contracts	—	24
Other	96	92
	1,583	1,388
TOTAL LIABILITIES	1,846	1,567
EQUITY:		
Common stockholder's equity-		
Other paid-in capital	365	364
Retained earnings	436	409
TOTAL EQUITY	801	773
TOTAL LIABILITIES AND EQUITY	\$ 2,647	\$ 2,340

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

<i>(In millions)</i>	For the Six Months Ended June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 27	\$ 38
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation, amortization and impairments	9	32
Deferred income taxes, net	14	9
Retirement benefits, net of payments	(5)	(8)
Pension and OPEB mark-to-market adjustment	(4)	—
Changes in current assets and liabilities-		
Receivables	21	3
Prepaid taxes and other current assets	8	1
Accounts payable	(38)	(14)
Accrued taxes	(1)	10
Other current liabilities	(1)	(2)
Collateral, net	(5)	12
Other	16	17
Net cash provided from operating activities	41	98
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital investments	(98)	(82)
Loans to affiliated companies, net	—	4
Asset removal costs	(7)	(6)
Net cash used for investing activities	(105)	(84)
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing -		
Short-term borrowings - affiliated companies, net	67	—
Redemptions and repayments-		
Long-term debt	(3)	(3)
Net cash provided from (used for) financing activities	64	(3)
Net change in cash, cash equivalents, and restricted cash	—	11
Cash, cash equivalents, and restricted cash at beginning of period	7	7
Cash, cash equivalents, and restricted cash at end of period	\$ 7	\$ 18
SUPPLEMENTAL CASH FLOW INFORMATION:		
Significant non-cash transactions:		
Accrued capital investments	\$ 6	\$ 2