

**PENNSYLVANIA POWER COMPANY**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022**

**PENNSYLVANIA POWER COMPANY**  
**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
<b>REVENUES:</b>				
Electric sales	\$ 68	\$ 63	\$ 147	\$ 137
Gross receipts tax collections	3	4	8	8
Total revenues	71	67	155	145
<b>OPERATING EXPENSES:</b>				
Purchased power	33	33	71	66
Other operating expenses	23	18	42	32
Provision for depreciation	7	6	14	13
Deferral of regulatory assets, net	(13)	(5)	(14)	(4)
General taxes	5	5	10	10
Total operating expenses	55	57	123	117
<b>OPERATING INCOME</b>	16	10	32	28
<b>OTHER INCOME (EXPENSE):</b>				
Miscellaneous income, net	2	2	3	4
Pension and OPEB mark-to-market adjustment	2	—	2	—
Interest expense	(3)	(3)	(6)	(6)
Total other income (expense)	1	(1)	(1)	(2)
<b>INCOME BEFORE INCOME TAXES</b>	17	9	31	26
<b>INCOME TAXES</b>	4	2	7	6
<b>NET INCOME</b>	\$ 13	\$ 7	\$ 24	\$ 20
<b>COMPREHENSIVE INCOME</b>	\$ 13	\$ 7	\$ 24	\$ 20

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

<i>(In millions, except share amounts)</i>	June 30, 2023	December 31, 2022
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Receivables-		
Customers	\$ 42	\$ 51
Less — Allowance for uncollectible customer receivables	4	6
	38	45
Affiliated companies	11	7
Other	6	5
Notes receivable from affiliated companies	—	7
Prepaid taxes and other	9	4
	64	68
<b>PROPERTY, PLANT AND EQUIPMENT:</b>		
In service	921	905
Less — Accumulated provision for depreciation	263	256
	658	649
Construction work in progress	21	19
	679	668
<b>INVESTMENTS AND OTHER NONCURRENT ASSETS:</b>		
Investments in employee benefit trusts	11	11
Other	7	6
	18	17
<b>TOTAL ASSETS</b>	<b>\$ 761</b>	<b>\$ 753</b>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Short-term borrowings - affiliated companies	\$ 7	\$ —
Accounts payable - other	19	24
Accrued taxes	1	5
Other	22	23
	49	52
<b>NONCURRENT LIABILITIES:</b>		
Long-term debt and other long-term obligations	248	248
Accumulated deferred income taxes, net	113	108
Retirement benefits	24	27
Regulatory liabilities	18	34
Other	42	41
	445	458
<b>TOTAL LIABILITIES</b>	<b>494</b>	<b>510</b>
<b>EQUITY:</b>		
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	156	132
<b>TOTAL EQUITY</b>	<b>267</b>	<b>243</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 761</b>	<b>\$ 753</b>

**PENNSYLVANIA POWER COMPANY**  
**STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

<i>(In millions)</i>	For the Six Months Ended June 30,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 24	\$ 20
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	—	9
Deferred income taxes	3	4
Pension and OPEB mark-to-market adjustment	(2)	—
Retirement benefits, net of payments	(2)	(5)
Change in current assets and liabilities-		
Receivables	2	(4)
Prepaid taxes and other current assets	(5)	(6)
Accounts payable	(5)	3
Accrued taxes	(4)	(2)
Other current liabilities	(2)	3
Other	1	2
Net cash provided from operating activities	10	24
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital investments	(20)	(18)
Loans to affiliated companies, net	7	—
Asset removal costs	(3)	(2)
Net cash used for investing activities	(16)	(20)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
New financing-		
Short-term borrowings - affiliated companies, net	7	96
Redemptions and repayments-		
Long-term debt	—	(100)
Other	(1)	—
Net cash provided from (used for) financing activities	6	(4)
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	\$ —	\$ —
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Significant non-cash transactions:		
Accrued capital investments	\$ 1	\$ 1