

MONONGAHELA POWER COMPANY AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

MONONGAHELA POWER COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(UNAUDITED)

<i>(In millions)</i>	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2019	2020	2019
STATEMENTS OF INCOME				
REVENUES:				
Electric sales	\$ 323	\$ 368	\$ 685	\$ 775
Excise and gross receipts tax collections	2	2	4	4
Total revenues	<u>325</u>	<u>370</u>	<u>689</u>	<u>779</u>
OPERATING EXPENSES:				
Fuel	76	129	174	260
Purchased power from non-affiliates	45	63	99	124
Other operating expenses	95	77	178	161
Provision for depreciation	37	38	75	75
Amortization (deferral) of regulatory liabilities, net	5	(3)	17	7
General taxes	16	17	33	34
Total operating expenses	<u>274</u>	<u>321</u>	<u>576</u>	<u>661</u>
OPERATING INCOME	<u>51</u>	<u>49</u>	<u>113</u>	<u>118</u>
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	6	3	11	6
Pension and OPEB mark-to-market adjustment	—	—	(28)	—
Interest expense	(22)	(20)	(43)	(40)
Capitalized financing costs	1	1	2	2
Total other expense	<u>(15)</u>	<u>(16)</u>	<u>(58)</u>	<u>(32)</u>
INCOME BEFORE INCOME TAXES	36	33	55	86
INCOME TAXES	9	8	14	22
NET INCOME	<u>\$ 27</u>	<u>\$ 25</u>	<u>\$ 41</u>	<u>\$ 64</u>
STATEMENTS OF COMPREHENSIVE INCOME				
NET INCOME	<u>\$ 27</u>	<u>\$ 25</u>	<u>\$ 41</u>	<u>\$ 64</u>
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	<u>—</u>	<u>(1)</u>	<u>—</u>	<u>(1)</u>
COMPREHENSIVE INCOME	<u>\$ 27</u>	<u>\$ 24</u>	<u>\$ 41</u>	<u>\$ 63</u>

MONONGAHELA POWER COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

<i>(In millions, except share amounts)</i>	June 30, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 7	\$ 25
Restricted cash	17	17
Receivables-		
Customers	111	112
Less — Allowance for uncollectible customer receivables	9	3
	102	109
Affiliated companies	54	129
Other, net of allowance for uncollectible accounts of \$2 in 2020 and less than \$1 in 2019	7	9
Notes receivable from affiliated companies	41	—
Materials and supplies, at average cost	101	108
Prepaid taxes and other	35	33
	364	430
UTILITY PLANT:		
In service	4,795	4,701
Less — Accumulated provision for depreciation	700	654
	4,095	4,047
Construction work in progress	123	136
	4,218	4,183
DEFERRED CHARGES AND OTHER ASSETS:		
Intangible assets	77	80
Other	65	55
	142	135
	\$ 4,724	\$ 4,748
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 20	\$ 19
Short-term borrowings - affiliated companies	—	38
Accounts payable-		
Affiliated companies	20	27
Other	53	66
Accrued taxes	33	32
Accrued interest	13	14
Other	47	42
	186	238
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, \$50 par value, 7,000,000 shares authorized and 5,891,000 shares outstanding	295	295
Other paid-in capital	894	892
Retained earnings	150	131
Total common stockholder's equity	1,339	1,318
Long-term debt and other long-term obligations	1,782	1,791
	3,121	3,109
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	508	513
Regulatory liabilities	608	593
Retirement benefits	38	22
Asset retirement obligations	56	53
Purchased power liability	65	67
Other	142	153
	1,417	1,401
	\$ 4,724	\$ 4,748

MONONGAHELA POWER COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<i>(In millions)</i>	For the Six Months Ended June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 41	\$ 64
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	91	80
Deferred income taxes and investment tax credits, net	(4)	9
Retirement benefits, net of payments	(5)	(5)
Pension and OPEB mark-to-market adjustment	28	—
Change in current assets and liabilities-		
Receivables	84	18
Materials and supplies	7	7
Prepaid taxes and other current assets	1	2
Accounts payable	(20)	(18)
Accrued taxes	1	1
Accrued interest	(1)	—
Other current liabilities	(2)	(3)
Other	(23)	4
Net cash provided from operating activities	198	159
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Long-term debt	—	50
Redemptions and repayments-		
Long-term debt	(9)	(8)
Short-term borrowings - affiliated companies, net	(38)	(15)
Common stock dividend payments	(22)	(54)
Other	—	(1)
Net cash used for financing activities	(69)	(28)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(98)	(124)
Loans to affiliated companies, net	(41)	—
Asset removal costs	(8)	(8)
Net cash used for investing activities	(147)	(132)
Net change in cash, cash equivalents, and restricted cash	(18)	(1)
Cash, cash equivalents, and restricted cash at beginning of period	42	18
Cash, cash equivalents, and restricted cash at end of period	\$ 24	\$ 17