

MONONGAHELA POWER COMPANY AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

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

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2020	2019
REVENUES:		
Electric sales	\$ 362	\$ 407
Excise and gross receipts tax collections	2	2
Total revenues	364	409
OPERATING EXPENSES:		
Fuel	98	131
Purchased power from non-affiliates	54	61
Other operating expenses	83	84
Provision for depreciation	38	37
Deferral of regulatory liabilities, net	12	10
General taxes	17	17
Total operating expenses	302	340
OPERATING INCOME	62	69
OTHER INCOME (EXPENSE):		
Miscellaneous income, net	5	3
Pension and OPEB mark-to-market adjustment	(28)	—
Interest expense	(21)	(20)
Capitalized financing costs	1	1
Total other expense	(43)	(16)
INCOME BEFORE INCOME TAXES	19	53
INCOME TAXES	5	14
NET INCOME	\$ 14	\$ 39

MONONGAHELA POWER COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

<i>(In millions, except share amounts)</i>	March 31, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ —	\$ 25
Restricted cash	10	17
Receivables-		
Customers	106	112
Less — Allowance for uncollectible customer receivables	3	3
	103	109
Affiliated companies	60	129
Other, net of allowance for uncollectible accounts of \$2 in 2020 and less than \$1 in 2019	9	9
Notes receivable from affiliated companies	59	—
Materials and supplies, at average cost	96	108
Prepaid taxes and other	36	33
	373	430
UTILITY PLANT:		
In service	4,726	4,701
Less — Accumulated provision for depreciation	677	654
	4,049	4,047
Construction work in progress	148	136
	4,197	4,183
DEFERRED CHARGES AND OTHER ASSETS:		
Intangible assets	79	80
Other	46	55
	125	135
	\$ 4,695	\$ 4,748
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 20	\$ 19
Short-term borrowings - affiliated companies	—	38
Accounts payable-		
Affiliated companies	12	27
Other	40	66
Accrued taxes	42	32
Accrued interest	27	14
Other	46	42
	187	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	893	892
Retained earnings	123	131
Total common stockholder's equity	1,311	1,318
Long-term debt and other long-term obligations	1,782	1,791
	3,093	3,109
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	509	513
Regulatory liabilities	597	593
Retirement benefits	40	22
Asset retirement obligations	54	53
Purchased power liability	66	67
Other	149	153
	1,415	1,401
COMMITMENTS AND CONTINGENCIES		
	\$ 4,695	\$ 4,748

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

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 14	\$ 39
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	50	46
Deferred income taxes and investment tax credits, net	(3)	6
Retirement benefits, net of payments	(1)	(2)
Pension and OPEB mark-to-market adjustment	28	—
Change in current assets and liabilities-		
Receivables	75	26
Materials and supplies	12	(3)
Prepaid taxes and other current assets	(6)	(5)
Accounts payable	(40)	(13)
Accrued taxes	10	10
Accrued interest	13	11
Other current liabilities	(3)	(3)
Other	—	5
Net cash provided from operating activities	149	117
CASH FLOWS FROM FINANCING ACTIVITIES:		
Redemptions and repayments-		
Long-term debt	(9)	(8)
Short-term borrowings - affiliated companies, net	(38)	(24)
Common stock dividend payments	(22)	(30)
Net cash used for financing activities	(69)	(62)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(48)	(57)
Loans to affiliated companies, net	(59)	—
Asset removal costs	(4)	(5)
Other	(1)	—
Net cash used for investing activities	(112)	(62)
Net change in cash, cash equivalents, and restricted cash	(32)	(7)
Cash, cash equivalents, and restricted cash at beginning of period	42	18
Cash, cash equivalents, and restricted cash at end of period	\$ 10	\$ 11