

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

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

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2020	2019
REVENUES:		
Electric sales	\$ 249	\$ 275
Excise tax collections	15	16
Total revenues	264	291
OPERATING EXPENSES:		
Purchased power from affiliates	—	12
Purchased power from non-affiliates	91	106
Other operating expenses	63	83
Provision for depreciation	24	22
Amortization (deferral) of regulatory assets, net	31	(7)
General taxes	17	18
Total operating expenses	226	234
OPERATING INCOME	38	57
OTHER INCOME (EXPENSE):		
Miscellaneous income, net	5	4
Pension and OPEB mark-to-market adjustment	(21)	—
Interest expense	(11)	(9)
Capitalized financing costs	1	1
Total other expense	(26)	(4)
INCOME BEFORE INCOME TAXES	12	53
INCOME TAXES	2	12
NET INCOME	\$ 10	\$ 41
<u>STATEMENTS OF COMPREHENSIVE INCOME</u>		
NET INCOME	\$ 10	\$ 41
OTHER COMPREHENSIVE LOSS:		
Pension and OPEB prior service costs	—	(1)
Other comprehensive loss	—	(1)
Income tax benefits on other comprehensive loss	—	—
Other comprehensive loss, net of tax	—	(1)
COMPREHENSIVE INCOME	\$ 10	\$ 40

WEST PENN POWER COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

<i>(In millions, except share amounts)</i>	March 31, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS:		
Receivables-		
Customers	\$ 145	\$ 151
Less — Allowance for uncollectible customer receivables	7	7
	138	144
Affiliated companies	56	49
Other, net of allowance for uncollectible accounts of \$12 in 2020 and 2019	9	11
Prepaid taxes and other	38	2
	241	206
UTILITY PLANT:		
In service	2,576	2,537
Less — Accumulated provision for depreciation	402	381
	2,174	2,156
Construction work in progress	82	64
	2,256	2,220
OTHER PROPERTY AND INVESTMENTS		
	11	11
DEFERRED CHARGES AND OTHER ASSETS:		
Regulatory assets	41	62
Other	45	55
	86	117
	\$ 2,594	\$ 2,554
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 1	\$ 1
Short-term borrowings - affiliated companies	49	2
Accounts payable-		
Affiliated companies	6	29
Other	56	62
Accrued interest	9	7
Accrued taxes	12	8
Customer deposits	27	27
Other	16	16
	176	152
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, no par value, 32,000,000 shares authorized - 24,361,586 shares outstanding	554	554
Accumulated other comprehensive income	7	7
Retained earnings	337	327
Total common stockholder's equity	898	888
Long-term debt and other long-term obligations	971	971
	1,869	1,859
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	448	449
Retirement benefits	20	18
Asset retirement obligations	8	8
Other	73	68
	549	543
	\$ 2,594	\$ 2,554

WEST PENN 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	\$ 10	\$ 41
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and deferral of regulatory assets, net	55	15
Deferred income taxes and investment tax credits, net	(5)	4
Retirement benefits, net of payments	(4)	(3)
Pension trust contributions	—	(6)
Pension and OPEB mark-to-market adjustment	21	—
Change in current assets and liabilities-		
Receivables	1	(13)
Prepaid taxes and other current assets	(36)	(36)
Accounts payable	(29)	(18)
Accrued taxes	4	2
Accrued interest	2	2
Other current liabilities	(2)	(6)
Net cash provided from (used for) operating activities	17	(18)
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Short-term borrowings - affiliated companies, net	47	81
Net cash provided from financing activities	47	81
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(60)	(58)
Asset removal costs	(4)	(5)
Net cash used for investing activities	(64)	(63)
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	\$ —	\$ —