

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

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

<i>(In millions)</i>	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2020	2019	2020	2019
REVENUES:				
Electric sales	\$ 364	\$ 381	\$ 1,049	\$ 1,156
Excise and gross receipts tax collections	2	2	6	6
Total revenues	366	383	1,055	1,162
OPERATING EXPENSES:				
Fuel	101	122	275	382
Purchased power from non-affiliates	43	52	142	176
Other operating expenses	98	84	276	245
Provision for depreciation	38	37	113	112
Amortization of regulatory liabilities, net	9	8	26	15
General taxes	19	16	52	50
Total operating expenses	308	319	884	980
OPERATING INCOME	58	64	171	182
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	6	4	17	10
Pension and OPEB mark-to-market adjustment	—	—	(28)	—
Interest expense	(21)	(21)	(64)	(61)
Capitalized financing costs	1	1	3	3
Total other expense	(14)	(16)	(72)	(48)
INCOME BEFORE INCOME TAXES	44	48	99	134
INCOME TAXES	10	8	24	30
NET INCOME	\$ 34	\$ 40	\$ 75	\$ 104
STATEMENTS OF COMPREHENSIVE INCOME				
NET INCOME	\$ 34	\$ 40	\$ 75	\$ 104
OTHER COMPREHENSIVE LOSS:				
Pension and OPEB prior service costs	—	(1)	—	(2)
Other comprehensive loss	—	(1)	—	(2)
Income tax benefits on other comprehensive loss	—	(1)	—	(1)
Other comprehensive loss, net of tax	—	—	—	(1)
COMPREHENSIVE INCOME	\$ 34	\$ 40	\$ 75	\$ 103

MONONGAHELA POWER COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

<i>(In millions, except share amounts)</i>	September 30, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ —	\$ 25
Restricted cash	12	17
Receivables-		
Customers	116	112
Less — Allowance for uncollectible customer receivables	11	3
	105	109
Affiliated companies	33	129
Other, net of allowance for uncollectible accounts of \$2 in 2020 and less than \$1 in 2019	10	9
Notes receivable from affiliated companies	117	—
Materials and supplies, at average cost	98	108
Prepaid taxes and other	31	33
	406	430
UTILITY PLANT:		
In service	4,827	4,701
Less — Accumulated provision for depreciation	725	654
	4,102	4,047
Construction work in progress	133	136
	4,235	4,183
DEFERRED CHARGES AND OTHER ASSETS:		
Intangible assets	75	80
Other	66	55
	141	135
	<u>\$ 4,782</u>	<u>\$ 4,748</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 20	\$ 19
Short-term borrowings - affiliated companies	—	38
Accounts payable-		
Affiliated companies	21	27
Other	55	66
Accrued taxes	26	32
Accrued interest	27	14
Other	49	42
	198	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	896	892
Retained earnings	184	131
Total common stockholder's equity	1,375	1,318
Long-term debt and other long-term obligations	1,772	1,791
	3,147	3,109
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	512	513
Regulatory liabilities	624	593
Retirement benefits	36	22
Asset retirement obligations	58	53
Purchased power liability	63	67
Other	144	153
	1,437	1,401
COMMITMENTS AND CONTINGENCIES		
	<u>\$ 4,782</u>	<u>\$ 4,748</u>

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

<i>(In millions)</i>	For the Nine Months Ended September 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 75	\$ 104
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	139	124
Deferred income taxes and investment tax credits, net	(2)	6
Retirement benefits, net of payments	(8)	(7)
Pension and OPEB mark-to-market adjustment	28	—
Change in current assets and liabilities-		
Receivables	100	26
Materials and supplies	10	8
Prepaid taxes and other current assets	5	(7)
Accounts payable	(17)	(6)
Accrued taxes	(6)	(9)
Accrued interest	13	12
Other current liabilities	4	1
Other	(23)	(2)
Net cash provided from operating activities	318	250
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Long-term debt	—	50
Redemptions and repayments-		
Long-term debt	(18)	(17)
Short-term borrowings - affiliated companies, net	(38)	(44)
Common stock dividend payments	(22)	(54)
Other	(1)	(1)
Net cash used for financing activities	(79)	(66)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(143)	(180)
Loans to affiliated companies, net	(117)	(3)
Asset removal costs	(9)	(10)
Net cash used for investing activities	(269)	(193)
Net change in cash, cash equivalents, and restricted cash	(30)	(9)
Cash, cash equivalents, and restricted cash at beginning of period	42	18
Cash, cash equivalents, and restricted cash at end of period	\$ 12	\$ 9