

**PENNSYLVANIA POWER COMPANY**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019**

**PENNSYLVANIA POWER COMPANY**  
**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
<b>REVENUES:</b>				
Electric sales	\$ 62	\$ 57	\$ 177	\$ 173
Gross receipts tax collections	4	4	11	11
Total revenues	66	61	188	184
<b>OPERATING EXPENSES:</b>				
Purchased power from affiliates	—	—	—	11
Purchased power from non-affiliates	26	26	73	65
Other operating expenses	13	12	38	38
Provision for depreciation	6	6	18	17
Amortization (deferral) of regulatory liabilities, net	1	(4)	2	(6)
General taxes	4	4	12	12
Total operating expenses	50	44	143	137
<b>OPERATING INCOME</b>	16	17	45	47
<b>OTHER INCOME (EXPENSE):</b>				
Miscellaneous income, net	2	1	6	4
Pension and OPEB mark-to-market adjustment	—	—	(7)	—
Interest expense	(3)	(3)	(9)	(9)
Capitalized financing costs	—	1	—	1
Total other expense	(1)	(1)	(10)	(4)
<b>INCOME BEFORE INCOME TAXES</b>	15	16	35	43
<b>INCOME TAXES</b>	4	4	8	10
<b>NET INCOME</b>	\$ 11	\$ 12	\$ 27	\$ 33

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

<i>(In millions, except share amounts)</i>	September 30, 2020	December 31, 2019
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Receivables-		
Customers	\$ 37	\$ 35
Less — Allowance for uncollectible customer receivables	4	2
	<u>33</u>	<u>33</u>
Affiliated companies	3	9
Other	4	4
Prepaid taxes and other	9	7
	<u>49</u>	<u>53</u>
<b>UTILITY PLANT:</b>		
In service	825	804
Less — Accumulated provision for depreciation	227	220
	<u>598</u>	<u>584</u>
Construction work in progress	19	14
	<u>617</u>	<u>598</u>
<b>OTHER PROPERTY AND INVESTMENTS:</b>		
Investments in employee benefit trusts	11	11
Other	8	7
	<u>19</u>	<u>18</u>
	<u>\$ 685</u>	<u>\$ 669</u>
<b>LIABILITIES AND CAPITALIZATION</b>		
<b>CURRENT LIABILITIES:</b>		
Currently payable long-term debt	\$ 1	\$ 1
Short-term borrowings - affiliated companies	3	12
Accounts payable-		
Affiliated companies	—	1
Other	13	17
Accrued taxes	3	1
Other	22	19
	<u>42</u>	<u>51</u>
<b>CAPITALIZATION:</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	32	31
Retained earnings	93	66
Total common stockholder's equity	<u>218</u>	<u>190</u>
Long-term debt and other long-term obligations	200	200
	<u>418</u>	<u>390</u>
<b>NONCURRENT LIABILITIES:</b>		
Accumulated deferred income taxes	106	105
Retirement benefits	36	39
Regulatory liabilities	39	41
Other	44	43
	<u>225</u>	<u>228</u>
	<u>\$ 685</u>	<u>\$ 669</u>

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

<i>(In millions)</i>	<b>For the Nine Months Ended September 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 27	\$ 33
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	20	11
Deferred income taxes, net	(2)	2
Pension trust contributions	—	(8)
Pension and OPEB mark-to-market adjustment	7	—
Retirement benefits, net of payments	(11)	(4)
Change in current assets and liabilities-		
Receivables	7	12
Prepaid taxes and other current assets	(2)	(3)
Accounts payable	(5)	(3)
Accrued taxes	2	—
Other current liabilities	3	3
Other	—	(1)
Net cash provided from operating activities	<u>46</u>	<u>42</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Redemptions and repayments-		
Long-term debt	—	(1)
Short-term borrowings - affiliated companies, net	(9)	—
Net cash used for financing activities	<u>(9)</u>	<u>(1)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property additions	(33)	(34)
Notes Receivable- associated companies, net	—	(3)
Asset removal costs	(4)	(4)
Net cash used for investing activities	<u>(37)</u>	<u>(41)</u>
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	<u>\$ —</u>	<u>\$ —</u>