

WEST PENN POWER COMPANY AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 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 September 30,		For the Nine Months Ended September 30,	
	2020	2019	2020	2019
REVENUES:				
Electric sales	\$ 242	\$ 263	\$ 716	\$ 751
Excise tax collections	14	15	42	42
Total revenues	<u>256</u>	<u>278</u>	<u>758</u>	<u>793</u>
OPERATING EXPENSES:				
Purchased power from affiliates	—	—	1	18
Purchased power from non-affiliates	92	99	258	277
Other operating expenses	79	63	203	210
Provision for depreciation	24	23	73	68
Amortization of regulatory assets, net	5	20	56	23
General taxes	17	17	49	49
Total operating expenses	<u>217</u>	<u>222</u>	<u>640</u>	<u>645</u>
OPERATING INCOME	<u>39</u>	<u>56</u>	<u>118</u>	<u>148</u>
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	6	1	17	12
Pension and OPEB mark-to-market adjustment	—	—	(21)	—
Interest expense	(11)	(11)	(32)	(29)
Capitalized financing costs	1	1	4	3
Total other expense	<u>(4)</u>	<u>(9)</u>	<u>(32)</u>	<u>(14)</u>
INCOME BEFORE INCOME TAXES	35	47	86	134
INCOME TAXES	<u>6</u>	<u>9</u>	<u>16</u>	<u>29</u>
NET INCOME	<u>\$ 29</u>	<u>\$ 38</u>	<u>\$ 70</u>	<u>\$ 105</u>
STATEMENTS OF COMPREHENSIVE INCOME				
NET INCOME	<u>\$ 29</u>	<u>\$ 38</u>	<u>\$ 70</u>	<u>\$ 105</u>
OTHER COMPREHENSIVE LOSS:				
Pension and OPEB prior service costs	(1)	(1)	(2)	(3)
Other comprehensive loss	(1)	(1)	(2)	(3)
Income tax benefits on other comprehensive loss	(1)	(1)	(1)	(1)
Other comprehensive loss, net of tax	<u>—</u>	<u>—</u>	<u>(1)</u>	<u>(2)</u>
COMPREHENSIVE INCOME	<u>\$ 29</u>	<u>\$ 38</u>	<u>\$ 69</u>	<u>\$ 103</u>

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

<i>(In millions, except share amounts)</i>	September 30, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS:		
Receivables-		
Customers	\$ 142	\$ 151
Less — Allowance for uncollectible customer receivables	14	7
	128	144
Affiliated companies	46	49
Other, net of allowance for uncollectible accounts of \$12 in 2020 and 2019	11	11
Prepaid taxes and other	14	2
	199	206
UTILITY PLANT:		
In service	2,643	2,537
Less — Accumulated provision for depreciation	428	381
	2,215	2,156
Construction work in progress	120	64
	2,335	2,220
OTHER PROPERTY AND INVESTMENTS		
	11	11
DEFERRED CHARGES AND OTHER ASSETS:		
Regulatory assets	32	62
Other	54	55
	86	117
	<u>\$ 2,631</u>	<u>\$ 2,554</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 1	\$ 1
Short-term borrowings - affiliated companies	55	2
Accounts payable-		
Affiliated companies	13	29
Other	55	62
Accrued interest	9	7
Accrued taxes	8	8
Customer deposits	27	27
Other	21	16
	189	152
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, no par value, 32,000,000 shares authorized - 24,361,586 shares outstanding	556	554
Accumulated other comprehensive income	6	7
Retained earnings	327	327
Total common stockholder's equity	889	888
Long-term debt and other long-term obligations	971	971
	1,860	1,859
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	468	449
Retirement benefits	19	18
Asset retirement obligations	8	8
Other	87	68
	582	543
	<u>\$ 2,631</u>	<u>\$ 2,554</u>

WEST PENN 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	\$ 70	\$ 105
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and deferral of regulatory assets, net	129	88
Deferred income taxes and investment tax credits, net	4	11
Retirement benefits, net of payments	(15)	(10)
Pension trust contributions	—	(6)
Pension and OPEB mark-to-market adjustment	21	—
Change in current assets and liabilities-		
Receivables	25	—
Prepaid taxes and other current assets	(12)	(13)
Accounts payable	(23)	(34)
Accrued interest	2	5
Other current liabilities	3	(4)
Other	10	9
Net cash provided from operating activities	<u>214</u>	<u>151</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Long-term debt	—	250
Short-term borrowings - affiliated companies, net	53	—
Redemptions and repayments-		
Short-term borrowings - affiliated companies, net	—	(94)
Common stock dividend payments	(70)	(105)
Other	—	(2)
Net cash provided from (used for) financing activities	<u>(17)</u>	<u>49</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(183)	(185)
Asset removal costs	(14)	(15)
Net cash used for investing activities	<u>(197)</u>	<u>(200)</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>