

**PENNSYLVANIA POWER COMPANY**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019**

**PENNSYLVANIA POWER COMPANY  
STATEMENTS OF INCOME  
(UNAUDITED)**

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2020	2019
<b>REVENUES:</b>		
Electric sales	\$ 62	\$ 68
Gross receipts tax collections	4	4
Total revenues	66	72
<b>OPERATING EXPENSES:</b>		
Purchased power from affiliates	—	7
Purchased power from non-affiliates	26	22
Other operating expenses	12	15
Provision for depreciation	6	5
Deferral of regulatory liabilities, net	3	—
General taxes	4	5
Total operating expenses	51	54
<b>OPERATING INCOME</b>	15	18
<b>OTHER INCOME (EXPENSE):</b>		
Miscellaneous income, net	1	2
Pension and OPEB mark-to-market adjustment	(7)	—
Interest expense	(3)	(3)
Total other expense	(9)	(1)
<b>INCOME BEFORE INCOME TAXES</b>	6	17
<b>INCOME TAXES</b>	1	4
<b>NET INCOME</b>	\$ 5	\$ 13

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

<i>(In millions, except share amounts)</i>	March 31, 2020	December 31, 2019
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Receivables-		
Customers	\$ 34	\$ 35
Less — Allowance for uncollectible customer receivables	2	2
	32	33
Affiliated companies	9	9
Other	4	4
Prepaid taxes and other	16	7
	61	53
<b>UTILITY PLANT:</b>		
In service	813	804
Less — Accumulated provision for depreciation	223	220
	590	584
Construction work in progress	15	14
	605	598
<b>OTHER PROPERTY AND INVESTMENTS:</b>		
Investments in employee benefit trusts	10	11
Other	8	7
	18	18
	<u>\$ 684</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	20	12
Accounts payable-		
Affiliated companies	—	1
Other	14	17
Accrued taxes	3	1
Other	20	19
	58	51
<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	71	66
Total common stockholder's equity	196	190
Long-term debt and other long-term obligations	200	200
	396	390
<b>NONCURRENT LIABILITIES:</b>		
Accumulated deferred income taxes	105	105
Retirement benefits	39	39
Regulatory liabilities	42	41
Other	44	43
	230	228
	<u>\$ 684</u>	<u>\$ 669</u>

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

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 5	\$ 13
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	9	6
Deferred income taxes, net	(1)	3
Pension trust contributions	—	(8)
Pension and OPEB mark-to-market adjustment	7	—
Retirement benefits, net of payments	(7)	—
Change in current assets and liabilities-		
Receivables	1	(4)
Prepaid taxes and other current assets	(9)	(10)
Accounts payable	(4)	1
Accrued taxes	2	1
Other current liabilities	1	2
Other	(1)	(1)
Net cash provided from operating activities	3	3
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
New financing-		
Short-term borrowings - affiliated companies, net	8	—
Net cash provided from financing activities	8	—
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property additions	(11)	(10)
Loans to affiliated companies, net	—	9
Asset removal costs	(1)	(1)
Other	1	(1)
Net cash used for investing activities	(11)	(3)
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	\$ —	\$ —