

**MONONGAHELA POWER COMPANY AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018**

**MONONGAHELA 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,	
	2019	2018	2019	2018
<b>REVENUES:</b>				
Electric sales	\$ 381	\$ 425	\$ 1,156	\$ 1,265
Excise and gross receipts tax collections	2	2	6	6
Total revenues	<u>383</u>	<u>427</u>	<u>1,162</u>	<u>1,271</u>
<b>OPERATING EXPENSES:</b>				
Fuel	122	137	382	404
Purchased power from non-affiliates	52	73	176	218
Other operating expenses	84	99	245	313
Provision for depreciation	37	36	112	106
Deferral of regulatory liabilities, net	8	10	15	14
General taxes	16	14	50	44
Total operating expenses	<u>319</u>	<u>369</u>	<u>980</u>	<u>1,099</u>
<b>OPERATING INCOME</b>	<u>64</u>	<u>58</u>	<u>182</u>	<u>172</u>
<b>OTHER INCOME (EXPENSE):</b>				
Miscellaneous income, net	4	2	10	65
Interest expense	(21)	(19)	(61)	(59)
Capitalized financing costs	1	2	3	4
Total other income (expense)	<u>(16)</u>	<u>(15)</u>	<u>(48)</u>	<u>10</u>
<b>INCOME BEFORE INCOME TAXES</b>	48	43	134	182
<b>INCOME TAXES</b>	8	12	30	50
<b>NET INCOME</b>	<u>\$ 40</u>	<u>\$ 31</u>	<u>\$ 104</u>	<u>\$ 132</u>
<b>STATEMENTS OF COMPREHENSIVE INCOME</b>				
<b>NET INCOME</b>	\$ 40	\$ 31	\$ 104	\$ 132
<b>OTHER COMPREHENSIVE LOSS:</b>				
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)	(2)
Other comprehensive loss, net of tax	<u>—</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>
<b>COMPREHENSIVE INCOME</b>	<u>\$ 40</u>	<u>\$ 30</u>	<u>\$ 103</u>	<u>\$ 131</u>

**MONONGAHELA POWER COMPANY AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

<i>(In millions, except share amounts)</i>	September 30, 2019	December 31, 2018
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Restricted cash	\$ 9	\$ 18
Receivables-		
Customers, net of allowance for uncollectible accounts of \$3 in 2019 and 2018	112	130
Affiliated companies	36	38
Other	8	7
Materials and supplies, at average cost	86	94
Notes receivable from affiliates	3	—
Prepaid taxes and other	45	43
	<u>299</u>	<u>330</u>
<b>UTILITY PLANT:</b>		
In service	4,686	4,532
Less — Accumulated provision for depreciation	635	597
	<u>4,051</u>	<u>3,935</u>
Construction work in progress	132	151
	<u>4,183</u>	<u>4,086</u>
<b>DEFERRED CHARGES AND OTHER ASSETS:</b>		
Intangible assets	89	93
Other	59	38
	<u>148</u>	<u>131</u>
	<u>\$ 4,630</u>	<u>\$ 4,547</u>
<b>LIABILITIES AND CAPITALIZATION</b>		
<b>CURRENT LIABILITIES:</b>		
Currently payable long-term debt	\$ 19	\$ 15
Short-term borrowings - affiliated companies	117	161
Accounts payable-		
Affiliated companies	29	32
Other	77	80
Accrued taxes	29	38
Accrued interest	25	13
Other	47	41
	<u>343</u>	<u>380</u>
<b>CAPITALIZATION:</b>		
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	890	881
Accumulated other comprehensive income	1	2
Retained earnings	138	88
Total common stockholder's equity	<u>1,324</u>	<u>1,266</u>
Long-term debt and other long-term obligations	1,592	1,564
	<u>2,916</u>	<u>2,830</u>
<b>NONCURRENT LIABILITIES:</b>		
Accumulated deferred income taxes	488	480
Regulatory liabilities	588	578
Retirement benefits	50	48
Asset retirement obligations	51	47
Purchased power liability	78	83
Other	116	101
	<u>1,371</u>	<u>1,337</u>
	<u>\$ 4,630</u>	<u>\$ 4,547</u>

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

<i>(In millions)</i>	For the Nine Months Ended September 30,	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 104	\$ 132
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization of regulatory liabilities, net	124	141
Deferred income taxes and investment tax credits, net	6	30
Pension trust contribution	—	(87)
Retirement benefits, net of payments	(7)	(10)
Change in current assets and liabilities-		
Receivables	26	(5)
Materials and supplies	8	14
Prepaid taxes and other current assets	(7)	(8)
Accounts payable	(6)	92
Accrued taxes	(9)	(22)
Accrued interest	12	11
Other current liabilities	1	2
Other	(2)	(38)
Net cash provided from operating activities	250	252
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
New financing-		
Long-term debt	50	74
Redemptions and repayments-		
Long-term debt	(17)	(90)
Short-term borrowings - affiliated companies, net	(44)	(52)
Common stock dividend payments	(54)	(50)
Other	(1)	(2)
Net cash used for financing activities	(66)	(120)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property additions	(180)	(184)
Loans to affiliated companies, net	(3)	(18)
Asset removal costs	(10)	(13)
Net cash used for investing activities	(193)	(215)
Net change in cash, cash equivalents, and restricted cash	(9)	(83)
Cash, cash equivalents, and restricted cash at beginning of period	18	94
Cash, cash equivalents, and restricted cash at end of period	\$ 9	\$ 11