

ALLEGHENY GENERATING COMPANY
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

ALLEGHENY GENERATING COMPANY
STATEMENTS OF INCOME
(Unaudited)

<i>(In thousands)</i>	For the Three Months Ended March 31,	
	2018	2017
REVENUES	\$ 5,267	\$ 5,794
OPERATING EXPENSES:		
Operation and maintenance expenses	715	638
Provision for depreciation	1,431	1,458
General taxes	318	312
Total operating expenses	2,464	2,408
OPERATING INCOME	2,803	3,386
OTHER EXPENSE:		
Interest expense	(687)	(628)
Total other expense	(687)	(628)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	2,116	2,758
INCOME TAXES	697	575
INCOME FROM CONTINUING OPERATIONS	1,419	2,183
Discontinued operations (net of income tax expense of \$566 and \$1,444, respectively)	3,219	2,879
NET INCOME	\$ 4,638	\$ 5,062

ALLEGHENY GENERATING COMPANY
BALANCE SHEETS
(Unaudited)

<i>(In thousands, except share amounts)</i>	March 31, 2018	December 31, 2017
ASSETS		
CURRENT ASSETS:		
Receivables - affiliated companies	\$ 4,272	\$ 4,489
Materials and supplies, at average cost	3,097	1,220
Prepaid taxes and other	828	928
	<u>8,197</u>	<u>6,637</u>
UTILITY PLANT:		
In service	225,720	225,127
Less — Accumulated provision for depreciation	39,568	38,202
	<u>186,152</u>	<u>186,925</u>
Construction work in progress	1,209	718
	<u>187,361</u>	<u>187,643</u>
ASSETS HELD FOR SALE		
	<u>254,715</u>	<u>256,422</u>
	<u>\$ 450,273</u>	<u>\$ 450,702</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Accounts payable-		
Affiliated companies	\$ 15	\$ 15
Other	358	1,022
Short-term borrowings - affiliated companies	26,566	32,231
Accrued taxes	1,305	—
Accrued interest	1,068	2,333
Other	339	168
	<u>29,651</u>	<u>35,769</u>
CAPITALIZATION:		
Common stockholders' equity-		
Common stock, \$1 par value, 5,000 shares authorized - 1,109 shares outstanding	1	1
Other paid-in capital	128,404	128,404
Retained earnings	28,015	23,377
Total common stockholders' equity	<u>156,420</u>	<u>151,782</u>
Long-term debt and other long-term obligations	99,772	99,755
	<u>256,192</u>	<u>251,537</u>
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	65,768	64,357
Accumulated deferred investment tax credits	21,103	21,433
Regulatory liabilities	77,559	77,606
	<u>164,430</u>	<u>163,396</u>
	<u>\$ 450,273</u>	<u>\$ 450,702</u>

ALLEGHENY GENERATING COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

<i>(In thousands)</i>	For the Three Months Ended March 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 4,638	\$ 5,062
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	1,672	1,458
Deferred income taxes and investment tax credits, net	230	808
Discontinued operations	(3,219)	(2,879)
Changes in current assets and liabilities-		
Receivables	6,177	7,168
Materials and supplies	(94)	(95)
Accounts payable	(1,582)	(1,381)
Accrued taxes	530	74
Accrued interest	(2,057)	(2,058)
Other	588	323
Net cash provided from operating activities	6,883	8,480
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term borrowings, net	(5,665)	(8,344)
Net cash used for financing activities	(5,665)	(8,344)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(1,218)	(136)
Net cash used for investing activities	(1,218)	(136)
Net change in cash and cash equivalents and restricted cash	—	—
Cash and cash equivalents and restricted cash at beginning of period	—	—
Cash and cash equivalents and restricted cash at end of period	\$ —	\$ —