

WEST PENN POWER COMPANY AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

WEST PENN POWER COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2018	2017
<u>STATEMENTS OF INCOME</u>		
REVENUES:		
Electric sales	\$ 263	\$ 257
Excise tax collections	15	15
Total revenues	<u>278</u>	<u>272</u>
OPERATING EXPENSES:		
Purchased power from non-affiliates	118	84
Purchased power from affiliates	1	27
Other operating expenses	70	67
Provision for depreciation	19	17
Amortization (deferral) of regulatory assets, net	(9)	2
General taxes	18	17
Total operating expenses	<u>217</u>	<u>214</u>
OPERATING INCOME	<u>61</u>	<u>58</u>
OTHER INCOME (EXPENSE):		
Miscellaneous income	5	2
Interest expense	(8)	(7)
Total other expense	<u>(3)</u>	<u>(5)</u>
INCOME BEFORE INCOME TAXES	58	53
INCOME TAXES	<u>14</u>	<u>22</u>
NET INCOME	<u>\$ 44</u>	<u>\$ 31</u>
<u>STATEMENTS OF COMPREHENSIVE INCOME</u>		
NET INCOME	<u>\$ 44</u>	<u>\$ 31</u>
OTHER COMPREHENSIVE INCOME (LOSS):		
Pension and OPEB prior service costs	(1)	(1)
Other comprehensive loss	(1)	(1)
Income tax benefits on other comprehensive loss	(2)	—
Other comprehensive income (loss), net of tax	<u>1</u>	<u>(1)</u>
COMPREHENSIVE INCOME	<u>\$ 45</u>	<u>\$ 30</u>

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

<i>(In millions, except share amounts)</i>	March 31, 2018	December 31, 2017
ASSETS		
CURRENT ASSETS:		
Receivables-		
Customers, net of allowance for uncollectible accounts of \$7 in 2018 and \$6 in 2017	\$ 164	\$ 155
Affiliated companies	41	37
Other, net of allowance for uncollectible accounts	5	6
Note receivables from affiliated companies	—	26
Prepaid taxes and other	41	4
	<u>251</u>	<u>228</u>
UTILITY PLANT:		
In service	2,117	2,074
Less — Accumulated provision for depreciation	294	280
	<u>1,823</u>	<u>1,794</u>
Construction work in progress	54	46
	<u>1,877</u>	<u>1,840</u>
OTHER PROPERTY AND INVESTMENTS	<u>10</u>	<u>10</u>
DEFERRED CHARGES AND OTHER ASSETS:		
Regulatory assets	13	3
Other	26	25
	<u>39</u>	<u>28</u>
	<u>\$ 2,177</u>	<u>\$ 2,106</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 2	\$ 2
Short-term borrowings - affiliated companies	124	—
Accounts payable-		
Affiliated companies	21	20
Other	75	67
Accrued interest	6	4
Accrued taxes	9	8
Customer deposits	24	24
Other	14	13
	<u>275</u>	<u>138</u>
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, no par value, 32,000,000 shares authorized - 24,361,586 shares outstanding	549	548
Accumulated other comprehensive income	12	11
Retained earnings	196	254
Total common stockholder's equity	757	813
Long-term debt and other long-term obligations	723	723
	<u>1,480</u>	<u>1,536</u>
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	345	332
Retirement benefits	36	51
Asset retirement obligations	19	19
Other	22	30
	<u>422</u>	<u>432</u>
	<u>\$ 2,177</u>	<u>\$ 2,106</u>

WEST PENN POWER COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 44	\$ 31
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization (deferral) of regulatory assets, net	15	19
Deferred income taxes and investment tax credits, net	10	15
Pension trust contribution	(14)	—
Changes in current assets and liabilities-		
Receivables	(12)	(25)
Prepaid taxes and other	(37)	(36)
Accounts payable	9	34
Accrued taxes	1	(3)
Accrued interest	2	4
Other current liabilities	(1)	(4)
Other	(8)	2
Net cash provided from operating activities	9	37
CASH FLOWS FROM FINANCING ACTIVITIES:		
New Financing-		
Short-term borrowings, net	124	6
Common stock dividend payments	(100)	—
Other	(1)	(1)
Net cash provided from financing activities	23	5
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(55)	(40)
Loans to affiliated companies, net	26	—
Asset removal costs	(3)	(2)
Net cash used for investing activities	(32)	(42)
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	\$ —	\$ —