

ALLEGHENY GENERATING COMPANY
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

ALLEGHENY GENERATING COMPANY
STATEMENTS OF INCOME
(Unaudited)

<i>(In thousands)</i>	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
REVENUES	\$ 7,076	\$ 5,455	\$ 18,485	\$ 16,797
OPERATING EXPENSES:				
Operation and maintenance expenses	1,431	735	3,307	2,184
Provision for depreciation	1,419	1,424	4,272	4,304
General taxes	214	312	852	937
Total operating expenses	3,064	2,471	8,431	7,425
OPERATING INCOME	4,012	2,984	10,054	9,372
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	147	1	272	2
Interest expense	(206)	(562)	(7,769)	(1,719)
Total other expense	(59)	(561)	(7,497)	(1,717)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	3,953	2,423	2,557	7,655
INCOME TAXES	260	736	489	2,508
INCOME FROM CONTINUING OPERATIONS	3,693	1,687	2,068	5,147
Discontinued operations (net of income tax expense (benefit) of \$0, \$1,368, (\$4,648) and \$3,870, respectively)	—	2,881	122,129	8,253
NET INCOME	\$ 3,693	\$ 4,568	\$ 124,197	\$ 13,400

ALLEGHENY GENERATING COMPANY
BALANCE SHEETS
(Unaudited)

<i>(In thousands, except share amounts)</i>	September 30, 2018	December 31, 2017
ASSETS		
CURRENT ASSETS:		
Receivables - affiliated companies	\$ 4,764	\$ 4,489
Materials and supplies, at average cost	1,261	1,220
Prepaid taxes and other	786	928
	<u>6,811</u>	<u>6,637</u>
UTILITY PLANT:		
In service	224,525	225,127
Less — Accumulated provision for depreciation	42,368	38,202
	<u>182,157</u>	<u>186,925</u>
Construction work in progress	4,908	718
	<u>187,065</u>	<u>187,643</u>
ASSETS HELD FOR SALE	—	256,422
	<u>\$ 193,876</u>	<u>\$ 450,702</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Accounts payable-		
Affiliated companies	\$ 2,460	\$ 15
Other	201	1,022
Short-term borrowings - affiliated companies	22,321	32,231
Accrued taxes	371	—
Accrued interest	—	2,333
Other	674	168
	<u>26,027</u>	<u>35,769</u>
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, \$1 par value, 5,000 shares authorized - 1,109 shares outstanding	1	1
Other paid-in capital	53,301	128,404
Retained earnings	17,364	23,377
Total common stockholder's equity	<u>70,666</u>	<u>151,782</u>
Long-term debt and other long-term obligations	—	99,755
	<u>70,666</u>	<u>251,537</u>
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	39,897	64,357
Accumulated deferred investment tax credits	20,443	21,433
Regulatory liabilities	36,837	77,606
Other	6	—
	<u>97,183</u>	<u>163,396</u>
	<u>\$ 193,876</u>	<u>\$ 450,702</u>

ALLEGHENY GENERATING COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

<i>(In thousands)</i>	For the Nine Months Ended September 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 124,197	\$ 13,400
Adjustments to reconcile net income to net cash from operating activities-		
Discontinued operations	(122,129)	(8,253)
Depreciation and deferred debt-related costs	12,165	4,304
Deferred income taxes and investment tax credits, net	9,996	(1,442)
Changes in current assets and liabilities-		
Receivables	155	21,669
Materials and supplies	(41)	(172)
Prepaid taxes and other	142	292
Accounts payable	1,624	(3,221)
Accrued taxes	(71,937)	(6,331)
Accrued interest	(2,333)	(3,775)
Other current liabilities	505	(158)
Other	3,861	206
Net cash provided from (used for) operating activities	<u>(43,795)</u>	<u>16,519</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Redemptions and repayments-		
Long-term debt	(100,000)	—
Short-term borrowings, net	(9,910)	(15,668)
Dividend payment	(130,210)	—
Reacquisition of common stock	(75,534)	—
Make-whole premiums paid on debt redemptions	(5,744)	—
Net cash used for financing activities	<u>(321,398)</u>	<u>(15,668)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(4,807)	(851)
Proceeds from asset sale	370,000	—
Net cash provided from (used for) investing activities	<u>365,193</u>	<u>(851)</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>