

**PENNSYLVANIA POWER COMPANY**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019**

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

<i>(In millions)</i>	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2019	2020	2019
<b>REVENUES:</b>				
Electric sales	\$ 53	\$ 48	\$ 115	\$ 116
Gross receipts tax collections	3	3	7	7
Total revenues	56	51	122	123
<b>OPERATING EXPENSES:</b>				
Purchased power from affiliates	—	3	—	11
Purchased power from non-affiliates	21	17	47	39
Other operating expenses	13	12	25	26
Provision for depreciation	6	6	12	11
Amortization (deferral) of regulatory liabilities, net	(2)	(2)	1	(2)
General taxes	4	3	8	8
Total operating expenses	42	39	93	93
<b>OPERATING INCOME</b>	14	12	29	30
<b>OTHER INCOME (EXPENSE):</b>				
Miscellaneous income, net	3	1	4	3
Pension and OPEB mark-to-market adjustment	—	—	(7)	—
Interest expense	(3)	(3)	(6)	(6)
Total other expense	—	(2)	(9)	(3)
<b>INCOME BEFORE INCOME TAXES</b>	14	10	20	27
<b>INCOME TAXES</b>	3	2	4	6
<b>NET INCOME</b>	\$ 11	\$ 8	\$ 16	\$ 21

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

<i>(In millions, except share amounts)</i>	June 30, 2020	December 31, 2019
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Receivables-		
Customers	\$ 35	\$ 35
Less — Allowance for uncollectible customer receivables	3	2
	<u>32</u>	<u>33</u>
Affiliated companies	9	9
Other	4	4
Prepaid taxes and other	13	7
	<u>58</u>	<u>53</u>
<b>UTILITY PLANT:</b>		
In service	820	804
Less — Accumulated provision for depreciation	225	220
	<u>595</u>	<u>584</u>
Construction work in progress	17	14
	<u>612</u>	<u>598</u>
<b>OTHER PROPERTY AND INVESTMENTS:</b>		
Investments in employee benefit trusts	11	11
Other	7	7
	<u>18</u>	<u>18</u>
	<u>\$ 688</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	18	12
Accounts payable-		
Affiliated companies	2	1
Other	12	17
Accrued taxes	2	1
Other	22	19
	<u>57</u>	<u>51</u>
<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	82	66
Total common stockholder's equity	<u>207</u>	<u>190</u>
Long-term debt and other long-term obligations	199	200
	<u>406</u>	<u>390</u>
<b>NONCURRENT LIABILITIES:</b>		
Accumulated deferred income taxes	106	105
Retirement benefits	37	39
Regulatory liabilities	39	41
Other	43	43
	<u>225</u>	<u>228</u>
	<u>\$ 688</u>	<u>\$ 669</u>

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

<i>(In millions)</i>	For the Six Months Ended June 30,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 16	\$ 21
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	13	10
Deferred income taxes, net	(1)	3
Pension trust contributions	—	(8)
Pension and OPEB mark-to-market adjustment	7	—
Retirement benefits, net of payments	(9)	(3)
Change in current assets and liabilities-		
Receivables	1	8
Prepaid taxes and other current assets	(6)	(7)
Accounts payable	(4)	(4)
Accrued taxes	1	—
Other current liabilities	2	4
Other	(1)	2
Net cash provided from operating activities	19	26
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
New financing-		
Short-term borrowings - affiliated companies, net	6	—
Redemptions and repayments-		
Long-term debt	—	(1)
Net cash provided from (used for) financing activities	6	(1)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property additions	(22)	(21)
Loans to affiliated companies, net	—	(2)
Asset removal costs	(3)	(2)
Net cash used for investing activities	(25)	(25)
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	\$ —	\$ —