

ALLEGHENY GENERATING COMPANY
UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

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,	
	2019	2018	2019	2018
REVENUES	\$ 6,436	\$ 7,076	\$ 17,805	\$ 18,485
OPERATING EXPENSES:				
Other operating expenses	1,460	1,431	3,171	3,307
Provision for depreciation	1,472	1,419	4,345	4,272
General taxes	314	214	943	852
Total operating expenses	3,246	3,064	8,459	8,431
OPERATING INCOME	3,190	4,012	9,346	10,054
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	—	147	32	272
Interest expense	(598)	(206)	(1,257)	(7,769)
Total other expense	(598)	(59)	(1,225)	(7,497)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	2,592	3,953	8,121	2,557
INCOME TAXES (BENEFIT)	(3,049)	260	(2,845)	489
INCOME FROM CONTINUING OPERATIONS	5,641	3,693	10,966	2,068
Discontinued operations (net of income tax benefit of \$4,648 for the nine months ended September 30, 2018)	—	—	—	122,129
NET INCOME	\$ 5,641	\$ 3,693	\$ 10,966	\$ 124,197

ALLEGHENY GENERATING COMPANY
BALANCE SHEETS
(Unaudited)

<i>(In thousands, except share amounts)</i>	September 30, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS:		
Receivables - affiliated companies	\$ 4,304	\$ 4,892
Notes receivable from affiliated companies	2,503	—
Materials and supplies, at average cost	1,312	1,317
Prepaid taxes and other	4,353	4,174
	<u>12,472</u>	<u>10,383</u>
UTILITY PLANT:		
In service	182,333	225,006
Less — Accumulated provision for depreciation	21,706	43,788
	<u>160,627</u>	<u>181,218</u>
Construction work in progress	966	6,369
	<u>161,593</u>	<u>187,587</u>
ASSETS HELD FOR SALE	<u>22,313</u>	<u>—</u>
	<u>\$ 196,378</u>	<u>\$ 197,970</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Accounts payable-		
Affiliated companies	\$ 2,331	\$ 2,786
Other	249	556
Short-term borrowings - affiliated companies	—	39,513
Accrued taxes	314	1,170
Accrued interest	720	—
Other	415	106
	<u>4,029</u>	<u>44,131</u>
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, \$1 par value, 5,000 shares authorized - 451 shares outstanding	1	1
Other paid-in capital	57,947	53,301
Retained earnings	7,999	21,033
Total common stockholder's equity	<u>65,947</u>	<u>74,335</u>
Long-term debt and other long-term obligations	49,635	—
	<u>115,582</u>	<u>74,335</u>
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	21,675	23,157
Accumulated deferred investment tax credits	19,123	20,113
Regulatory liabilities	35,961	36,227
Other	8	7
	<u>76,767</u>	<u>79,504</u>
	<u>\$ 196,378</u>	<u>\$ 197,970</u>

ALLEGHENY GENERATING COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

<i>(In thousands)</i>	For the Nine Months Ended September 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 10,966	\$ 124,197
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization of regulatory assets, net	5,061	12,165
Deferred income taxes and investment tax credits, net	(3,454)	9,996
Discontinued operations	—	(122,129)
Changes in current assets and liabilities-		
Receivables	5,235	155
Materials and supplies	5	(41)
Prepaid taxes and other	(179)	142
Accounts payable	(762)	1,624
Accrued taxes	(856)	(71,937)
Accrued interest	720	(2,333)
Other current liabilities	310	505
Other	9	3,861
Net cash provided from (used for) operating activities	17,055	(43,795)
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Long-term debt	50,000	—
Short-term borrowings - affiliated companies	—	22,321
Redemptions and repayments-		
Long-term debt	—	(100,000)
Short-term borrowings - affiliated companies	(39,513)	(32,231)
Common stock dividend payments	(24,000)	(130,210)
Reacquisition of common stock	—	(75,534)
Tender premiums paid on debt redemptions	—	(5,744)
Other	(376)	—
Net cash used for financing activities	(13,889)	(321,398)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(663)	(4,807)
Notes receivable from associated companies, net	(2,503)	—
Proceeds from asset sale	—	370,000
Net cash provided from (used for) investing activities	(3,166)	365,193
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	\$ —	\$ —