

WEST PENN POWER COMPANY AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

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

<i>(In millions)</i>	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
REVENUES:				
Electric sales	\$ 263	\$ 257	\$ 751	\$ 747
Excise tax collections	15	15	42	43
Total revenues	<u>278</u>	<u>272</u>	<u>793</u>	<u>790</u>
OPERATING EXPENSES:				
Purchased power from affiliates	—	10	18	33
Purchased power from non-affiliates	99	104	277	285
Other operating expenses	63	93	210	266
Provision for depreciation	23	20	68	59
Amortization (deferral) of regulatory assets, net	20	(23)	23	(62)
General taxes	17	17	49	50
Total operating expenses	<u>222</u>	<u>221</u>	<u>645</u>	<u>631</u>
OPERATING INCOME	<u>56</u>	<u>51</u>	<u>148</u>	<u>159</u>
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	1	—	12	9
Interest expense	(11)	(8)	(29)	(25)
Capitalized financing costs	1	—	3	—
Total other expense	<u>(9)</u>	<u>(8)</u>	<u>(14)</u>	<u>(16)</u>
INCOME BEFORE INCOME TAXES	47	43	134	143
INCOME TAXES	<u>9</u>	<u>9</u>	<u>29</u>	<u>34</u>
NET INCOME	<u>\$ 38</u>	<u>\$ 34</u>	<u>\$ 105</u>	<u>\$ 109</u>
<u>STATEMENTS OF COMPREHENSIVE INCOME</u>				
NET INCOME	<u>\$ 38</u>	<u>\$ 34</u>	<u>\$ 105</u>	<u>\$ 109</u>
OTHER COMPREHENSIVE LOSS:				
Pension and OPEB prior service costs	(1)	(1)	(3)	(3)
Other comprehensive loss	(1)	(1)	(3)	(3)
Income tax benefits on other comprehensive loss	(1)	(1)	(1)	(3)
Other comprehensive loss, net of tax	<u>—</u>	<u>—</u>	<u>(2)</u>	<u>—</u>
COMPREHENSIVE INCOME	<u>\$ 38</u>	<u>\$ 34</u>	<u>\$ 103</u>	<u>\$ 109</u>

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

<i>(In millions, except share amounts)</i>	September 30, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS:		
Receivables-		
Customers, net of allowance for uncollectible accounts of \$7 in 2019 and 2018	\$ 138	\$ 145
Affiliated companies	42	35
Other, net of allowance for uncollectible accounts	7	7
Prepaid taxes and other	20	7
	<u>207</u>	<u>194</u>
UTILITY PLANT:		
In service	2,466	2,313
Less — Accumulated provision for depreciation	361	325
	<u>2,105</u>	<u>1,988</u>
Construction work in progress	72	56
	<u>2,177</u>	<u>2,044</u>
OTHER PROPERTY AND INVESTMENTS	11	10
DEFERRED CHARGES AND OTHER ASSETS:		
Regulatory assets	63	70
Other	44	24
	<u>107</u>	<u>94</u>
	<u>\$ 2,502</u>	<u>\$ 2,342</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 1	\$ 2
Short-term borrowings - affiliated companies	24	118
Accounts payable-		
Affiliated companies	21	30
Other	60	85
Accrued interest	9	4
Accrued taxes	7	10
Customer deposits	27	26
Other	17	17
	<u>166</u>	<u>292</u>
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, no par value, 32,000,000 shares authorized - 24,361,586 shares outstanding	553	551
Accumulated other comprehensive income	8	10
Retained earnings	273	273
Total common stockholder's equity	<u>834</u>	<u>834</u>
Long-term debt and other long-term obligations	971	722
	<u>1,805</u>	<u>1,556</u>
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	422	397
Retirement benefits	43	51
Asset retirement obligations	8	8
Other	58	38
	<u>531</u>	<u>494</u>
	<u>\$ 2,502</u>	<u>\$ 2,342</u>

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

<i>(In millions)</i>	For the Nine Months Ended September 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 105	\$ 109
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization of regulatory assets, net	88	22
Deferred income taxes and investment tax credits, net	11	57
Retirement benefits, net of payments	(10)	(13)
Pension trust contributions	(6)	(14)
Change in current assets and liabilities-		
Prepaid taxes and other current assets	(13)	(16)
Accounts payable	(34)	40
Accrued taxes	(3)	(5)
Accrued interest	5	3
Other current liabilities	(2)	1
Other	10	1
Net cash provided from operating activities	151	185
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing - long-term debt	250	—
Short-term borrowings - affiliated companies, net	(94)	93
Common stock dividend payments	(105)	(100)
Other	(2)	(2)
Net cash provided from (used for) financing activities	49	(9)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(185)	(189)
Loans to affiliated companies, net	—	26
Asset removal costs	(15)	(13)
Net cash used for investing activities	(200)	(176)
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	\$ —	\$ —