

Darsh Singh
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January 14, 2022

VIA ELECTRONIC MAIL

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

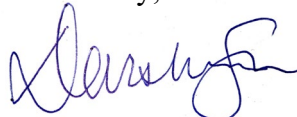
Re: Securities Certificate of Pennsylvania Electric Company in Respect of the Proposed Issuance and Sale of Debt Securities and/or Credit Facilities; Docket No. S-2021-3029313

Dear Secretary Chiavetta:

Enclosed please find the responses of Pennsylvania Electric Company to the data requests received via email on November 17, 2021 and supplemented on November 18, 2021.

Please contact me at (610) 212-8331 or singhd@firstenergycorp.com with any questions you may have.

Sincerely,



Darsh Singh

Enclosure

c: Paul Diskin, Bureau of Technical Utility Services
Marc Hoffer, Bureau of Technical Utility Services
David Huff, Bureau of Technical Utility Services
Erin Laudenslauger, Bureau of Technical Utility Services

QUESTION 1:

Previous registration balances. Provide docket numbers, initial registration amount, issuances by type, amount and date and current remaining balance. Plans for these balances vis-à-vis the current registration.

Response:

Pennsylvania Electric Company (“Penelec”) does not have any previously registered balances.

QUESTION 2:

What effect will this issuance have upon the capital structure of the utility. Show calculations.

Response:

Please see the table below for the issuance’s impact on Penelec’s capital structure.

				As Adjusted
(\$ Millions)		9/30/2021	Adj.*	9/30/2021
Long-Term Debt		\$ 1,295	\$ 300	\$ 1,595
Preferred Stock		\$ -	\$ -	\$ -
Common Equity		\$ 1,258	\$ -	\$ 1,258
Total Regulatory Capitalization		\$ 2,553		\$ 2,853
% Debt to Total Capitalization		51%		56%
% Equity to Total Capitalization		49%		44%

*Assumes \$500 million of new long-term debt and the redemption of Penelec’s \$200M 4.15% senior notes maturing 4/15/2025.

QUESTION 3:

Current and three-year projections for; (Provide details of calculation)

- Sources and Uses of Funds
- Capital Expenditures
- Ratio of Capital Expenditures to Depreciation and Amortization
- Capitalization Ratios
- Dividend payout ratio
- Interest coverage ratios – both SEC and Indenture basis

Response:

Table 1: Sources and Uses of Funds

Sources and Uses of Funds				
(\$ millions)				
	2021	2022	2023	2024
Source of Funds	Estimate	Forecast	Forecast	Forecast
Internal				
Prov for Depr	\$ 83	\$ 88	\$ 93	\$ 93
Prov for Amort	(9)	(21)	(10)	(7)
Prov for Deferred Taxes	38	24	30	15
Working Capital & Other	256	222	222	224
Total Internal Sources	\$ 368	\$ 313	\$ 335	\$ 325
External				
Bonds & Other Long Term Debt	-	200	-	100
Preferred Stock	-	-	-	-
Short-term Debt	116	(97)	29	(31)
Total External Sources	\$ 116	\$ 103	\$ 29	\$ 69
Total Sources	\$ 484	\$ 416	\$ 364	\$ 394
Application of Funds				
Construction Expenditures	166	150	135	131
Long / Short Term Debt Interest	56	59	63	65
Maturities of Bonds & Other Long/Short Term Debt	-	-	-	-
Dividends	97	157	166	148
Repurchase of Common Stock	165	50	-	50
Pension Trust Contributions	-	-	-	-
Total Applications	\$ 484	\$ 416	\$ 364	\$ 394

Table 2: Capital Expenditures

Capital Expenditures				
(\$ millions)				
	2021	2022	2023	2024
	Estimate	Forecast	Forecast	Forecast
Capital Expenditures	\$ 166	\$ 150	\$ 135	\$ 131

Table 3: Ratio of Capital Expenditures to Depreciation and Amortization

Ratio of Capital Expenditures to Depreciation and Amortization				
(\$ millions)				
	2021	2022	2023	2024
	Estimate	Forecast	Forecast	Forecast
Capital Expenditures	\$ 166	\$ 150	\$ 135	\$ 131
Depreciation	83	88	93	93
Amortization	(9)	(21)	(10)	(7)
CapEx to Dep and Amort	2.2x	2.2x	1.6x	1.5x

Table 4: Capitalization Ratios

Capitalization Ratios				
(\$ millions)				
	2021	2022	2023	2024
	Estimate	Forecast	Forecast	Forecast
Common Equity	\$ 1,313	\$ 1,292	\$ 1,322	\$ 1,300
Long-Term Debt	1,299	1,499	1,499	1,599
Short-Term Debt	116	19	48	16
Total Debt	\$ 1,415	\$ 1,518	\$ 1,547	\$ 1,615
Total Capitalization	2,728	2,810	2,869	2,915
Total Capitalization Excl. Short-Term Debt	2,612	2,791	2,821	2,899
Equity	50%	46%	47%	45%
Debt	50%	54%	53%	55%

Table 5: Dividend payout ratio

Dividend Payout Ratio				
(\$ millions)				
	2021	2022	2023	2024
	Estimate	Forecast	Forecast	Forecast
Dividend	\$ 97	\$ 157	\$ 166	\$ 148
Net Income (GAAP)	217	185	195	174
Dividend Payout Ratio	45%	85%	85%	85%

Table 6: Interest coverage ratios – both SEC and Indenture basis

Interest Coverage Ratios (Both SEC and Indenture Basis)				
(\$ millions)				
SEC Basis:				
	2021	2022	2023	2024
	Estimate	Forecast	Forecast	Forecast
Funds From Operations	\$ 276	\$ 234	\$ 263	\$ 257
Interest Expense	56	59	63	65
Pre-Tax Earnings (GAAP)	266	225	240	209
FFO Interest Coverage	5.9x	5.0x	5.2x	5.0x
Pre-Tax Earnings Interest Coverage	5.8x	4.8x	4.8x	4.2x
Indenture Basis:				
	2021	2022	2023	2024
	Estimate	Forecast	Forecast	Forecast
Total Operating Revenue	\$ 813	\$ 813	\$ 854	\$ 856
Operating Expenses	595	616	644	651
Operating Margin	\$ 218	\$ 197	\$ 210	\$ 205
Other Pre-Tax Income/(Expense)	48	28	31	4
(Limit to 10% of Operating Margin)	22	20	21	21
Less (Profit)/Loss From Sale of Capital Assets	-	-	-	-
Net Earnings Available for Interest	\$ 240	\$ 217	\$ 231	\$ 209
Interest Expense	56	59	63	65
Interest Expense Coverage Ratio	5.3x	4.7x	4.7x	4.2x

QUESTION 4:

Three-year history of credit ratings – By credit rating agency and class

Response:

See Attachments A through C.

QUESTION 5:

Projected refinancing savings or costs, if applicable

Response:

Projected refinancing savings or costs are not applicable to Penelec.

QUESTION 6:

Affiliated interest agreement applicable to instant registration, if financing involves an affiliate

Response:

This is not applicable to Penelec.

Bureau of Technical Utility Services – Data Request
 Securities Certificate of Pennsylvania Electric Company in Respect
 of the Proposed Issuance and Sale of Debt Securities and/or Credit Facilities
 January 14, 2022

Docket No. S-2021-3029313

QUESTION 7:

List all unregulated affiliates of the registrant

Response:

Entity Name
AE Supply Renaissance Southwest, LLC
AET PATH Company, LLC
Allegheny Energy Service Corporation
Allegheny Energy Supply Company, LLC
Allegheny Generating Company
Allegheny Pittsburgh Coal Company
Allegheny Ventures, Inc.
APS Constellation, L.L.C.
AYE Series, Potomac-Appalachian Transmission Highline, LLC
Bay Shore Power Company
Buchanan Energy Company of Virginia, LLC
CEI Funding LLC
FELHC, Inc.
FirstEnergy Corp.
FirstEnergy Fiber Holdings Corp.
FirstEnergy Foundation
FirstEnergy Properties, Inc.
FirstEnergy Service Company
FirstEnergy Transmission, LLC
FirstEnergy Ventures Corp.
Global Mining Holding Company, LLC
GPU Nuclear, Inc.
Green Valley Hydro, LLC
GRID ASSURANCE LLC
Imperio, LLC
JCP&L Transition Funding II LLC
Keystone Appalachian Transmission Company
Mon Synfuel, LLC
MP Environmental Funding LLC
MP Renaissance Funding, LLC
NYC Energy LLC
OE Funding LLC
OES Ventures, Incorporated
Ohio Valley Electric Corporation
PATH - Allegheny Land Acquisition Company
PATH Allegheny Maryland Transmission Company, LLC
PATH Allegheny Transmission Company, LLC
PATH Allegheny Virginia Transmission Corporation
PATH West Virginia Transmission Company, LLC
PE Environmental Funding LLC
PE Renaissance Funding, LLC
Potomac-Appalachian Transmission Highline, LLC
PowerSpan Corp.
Suvon, LLC
TE Funding LLC
The Waverly Electric Light and Power Company
The West Virginia Power & Transmission Company
Utility Associates, Inc.
Warrenton River Terminal, Ltd.
West Penn Southwest, LLC
West Virginia Series, Potomac-Appalachian Transmission Highline, LLC

QUESTION 8:

List all debt for which the registrant is a guarantor of affiliated company debt instruments

Response:

There is no applicable debt for Penelec.

QUESTION 9:

For any corporate money pool from which applicant may potentially borrow, lend or deposit excess cash to provide;

Commission ordered reporting requirements
Current balances of borrowed and lent funds
Eligible borrowing and lending entities
Accounting for money pool transactions
3-year history of borrowing and lending to the pool

Response:

Commission ordered reporting requirements

There are no existing reporting requirements for Penelec.

Current balances of borrowed and lent funds

Penelec had borrowed \$111.0M from the money pool as of September 30, 2021.

Eligible borrowing and lending entities

American Transmission System, Incorporated
Trans-Allegheny Interstate Line Company
The Cleveland Electric Illuminating Company
Jersey Central Power & Light Company
Mid-Atlantic Interstate Transmission, LLC
Metropolitan Edison Company
Monongahela Power Company
Ohio Edison Company
The Potomac Edison Company
Pennsylvania Electric Company
Pennsylvania Power Company
The Toledo Edison Company
West Penn Power Company

Accounting for money pool transactions

Lending: GL account 145990 - Notes Receivable Associated Company -
FirstEnergy Service Co.

Borrowing: GL account 233990 - Notes Payable Associated Company -
FirstEnergy Service Co.

3-year history of borrowing and lending to the pool

	(Borrowing) / Lending
Month	Penelec
Oct-18	(\$62,631,285.81)
Nov-18	(\$50,463,811.22)
Dec-18	(\$49,922,246.36)
Jan-19	(\$85,407,464.51)
Feb-19	(\$71,512,469.16)
Mar-19	(\$99,962,990.14)
Apr-19	(\$223,997,191.70)
May-19	(\$207,945,927.74)
Jun-19	\$97,666,244.04
Jul-19	\$119,291,390.54
Aug-19	\$135,468,246.50
Sep-19	\$162,840,214.91
Oct-19	\$162,139,601.83
Nov-19	\$169,541,540.35
Dec-19	\$85,180,036.83
Jan-20	\$101,996,688.70
Feb-20	\$67,623,632.50
Mar-20	\$32,760,737.13
Apr-20	\$31,335,202.99
May-20	\$34,279,853.19
Jun-20	\$42,714,999.81
Jul-20	\$62,223,110.89
Aug-20	\$76,516,872.53
Sep-20	\$89,895,186.35
Oct-20	\$99,647,299.11
Nov-20	\$100,387,581.63
Dec-20	\$23,453,323.47
Jan-21	\$50,284,165.39
Feb-21	\$57,699,969.69
Mar-21	(\$22,585,804.02)
Apr-21	(\$2,929,042.57)
May-21	\$1,214,670.39
Jun-21	(\$16,859,509.35)
Jul-21	\$11,122,948.88
Aug-21	(\$126,874,299.25)
Sep-21	(\$110,968,663.11)

QUESTION 10:

Describe historical reliance by type of both corporate internal and external sources of financing

Response:

Sources and Uses of Funds			
(\$ millions)			
	2018	2019	2020
Source of Funds	Actual	Actual	Actual
Internal			
Prov for Depreciation and Amortization	\$ 111	\$ 97	\$ 92
Prov for Deferred Taxes	26	7	(9)
Working Capital & Other	166	237	238
Total Internal Sources	\$ 303	\$ 341	\$ 321
External			
Bonds & Other Long Term Debt	-	300	250
Preferred Stock	-	-	-
Short-term Debt	27	(135)	62
Total External Sources	\$ 27	\$ 165	\$ 312
Total Sources	\$ 330	\$ 506	\$ 633
Application of Funds			
Construction Expenditures	191	178	178
Long / Short Term Debt Interest	59	58	55
Maturities of Bonds & Other Long/Short Term Debt	-	125	250
Dividends	80	145	150
Repurchase of Common Stock	-	-	-
Pension Trust Contributions	-	-	-
Total Applications	\$ 330	\$ 506	\$ 633

QUESTION 11:

Where current dividend payout ratio exceeds 75 %, provide three-year history and plan for future dividend payouts.

Response:

Not applicable – the estimated dividend payout in 2021 does not exceed 75%.

QUESTION 12:

Where the debt to total capital ratio exceeds 55%, provide plan for managing future debt to total capital levels.

Response:

The debt to total capital ratio is projected to be 55% for the year ending 2022. Future debt to total capital ratios will be managed based on approved regulatory capital structures.

QUESTION 13:

With respect to the purpose for which you propose to issue or assume securities;

- A. If the purpose is the purchase or construction of new facilities, or the betterment of existing facilities, provide;
 - 1. Estimated final cost
 - 2. A brief description of the new facilities or betterments
 - 3. The date when it is expected that the purchase or construction or betterment will be completed.
 - 4. Estimated amount of AFUDC included in the project costs

- B. If the purpose is to obtain working capital, explain any unusual condition which exists, or will exist, in the public utility's current assets or current liabilities, stating;
 - 1. The approximate cost of average materials and supplies inventory which the public utility expects to carry
 - 2. The average time elapsing between the date when the public utility furnishes or begins a period of furnishing services to customers and the date when collection is made from customers for the service.
 - 3. The minimum bank balance requirements.

- C. If the purpose is to refund obligations, describe obligations in detail.
1. Explain the purpose for which obligations were issued or refer to the number of securities certificates in which the purpose appears.
 2. State whether refunding is to meet maturity, or to effect saving in interest or other annual charges; if to effect savings, state date when, and at price which obligations are to be called, and submit statement showing savings to be effected as a result of refunding.
- D. If the purpose is for the payment of dividends, please justify the use of funds from the registration to pay dividends.
- E. If the purpose is to fund pension obligations;
1. Provide the current Accumulated Benefit Obligation (except where no longer used consistent with FASB Statement No. 158), the projected benefit obligation, the current fair value of plan assets, and the percent that the current benefit obligation is funded.
 2. Provide the annual contributions to the plan for the previous five years and the projected contributions for the next five years.
 3. Provide an explanation as to how compliance with the Pension Protection Act of 2006 will be accomplished.

Response:

A.1.

		Forecast			
	Investment Reason	2021	2022	2023	2024
Penelec	IT/Corp/Facilities	\$ 11	\$ 12	\$ 14	\$ 12
	Failures / Condition	\$ 36	\$ 40	\$ 39	\$ 38
	New Business	\$ 15	\$ 16	\$ 16	\$ 16
	Other	\$ 37	\$ 29	\$ 15	\$ 11
	Reliability / Capacity	\$ 30	\$ 34	\$ 34	\$ 36
	Storms	\$ 16	\$ 13	\$ 13	\$ 13
	Vegetation Management	\$ 15	\$ 0	\$ -	\$ -
	Smart Meter / aDapt	\$ 7	\$ 7	\$ 4	\$ 4
Penelec Total		\$ 166	\$ 150	\$ 135	\$ 131

A.2.

Vegetation Management	Costs associated with planned and unplanned tree trimming
Reliability/Capacity	Expenses incurred to improve/reinforce the reliability of the infrastructure assets, includes both distribution and transmission lines. It also includes costs associated with reinforcing our infrastructure and those that improve, relieve, or correct and existing or projected voltage or thermal condition.
Failures	Costs associated with replacement of failed equipment and devices
New Business	The costs associated with providing service to new customers, typically includes costs of primary and secondary extensions
Storms	The costs associated with all weather related conditions
Other	Includes street lighting, the costs associated with complying with required regulations, the costs of installing and removing meters, and the costs of relocating lines because of bridge or road projects or other aesthetic reasons
SmartMeter/Grid	The costs associated with the installation and utilization of more advanced meters
IT/Corp/Facilities	The costs associated with corporate, including furniture, equipment, real estate, landscaping, and the IT required to run the business

A.3.

Most are small projects that are put into service the same year they are initiated.

A.4.

\$ Millions	2021 Fcst	2022 Fcst	2023 Fcst	2024 Fcst
AFUDC	2.2	1.1	0.8	1.1

B.

Not applicable.

C.

The Company plans to use a portion of the proceeds to repay money pool borrowings and its \$200 million 4.15% Senior Notes due 4/15/25.

D.

Not applicable.

E.

Not applicable.

QUESTION 14:

Reconcile total capitalization with total rate base for ratemaking purposes. Are any of the funds to be issued for a non-utility purpose? If so, please describe that purpose.

Response:

Penelec Rate Base @ 9/30/21	
(1) Original Cost of Plant In Service	\$ 3,355,223
(2) Less: Depreciation Reserve	<u>1,052,293</u>
(3) Net Plant in Service	\$ 2,302,930
<u>Additions:</u>	
(4) Land/Plant Held for Future Use	\$ -
(5) Materials & Supplies	14,856
(6) Cash Working Capital	159,953
(7) Other	28,752
<u>Deductions:</u>	
(8) ADIT - Liberalized Depreciation	\$ 579,655
(9) Investment Tax Credit	-
(10) Customer Deposits	26,108
(11) Customer Advances	-
(12) Contributions in Aid of Construction	-
(13) Other	<u>2,999</u>
(14) RATE BASE	<u><u>\$ 1,897,729</u></u>

Penelec Capitalization @ 9/30/21	
Long Term Debt	\$ 1,295
Preferred Stock	0
Common Equity	<u>1,258</u>
Total Regulatory Capitalization	\$ 2,553
Short-term Debt	<u>111</u>
Total Capitalization with STD	<u><u>\$ 2,664</u></u>

None of the funds will be used for any non-utility purposes.

QUESTION 15:

Three-year history and three-year projections for ratio of capital expenditures to depreciation expense. Show calculations.

Response:

3 Year History & 3 Year Projections for Ratio of Capital Expenditures to Depreciation Expense							
(\$ millions)							
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
	Actual	Actual	Actual	Estimate	Forecast	Forecast	Forecast
Capital Expenditures	\$ 191	\$ 178	\$ 178	\$ 166	\$ 150	\$ 135	\$ 131
Depreciation	87	94	95	83	88	93	93
Cap Ex to Depreciation	2.2x	1.9x	1.9x	2.0x	1.7x	1.5x	1.4x

November 18, 2021 Supplemental Questions

QUESTION 16:

Could you provide us with your preference for the end date of the registration period for these this application?

Response:

Penelec is seeking a 3-year registration period for authorization to issue long term debt.

QUESTION 17:

Financials were provided for the period ending 6/30/2021. Please provide financials (balance sheet, income statement, etc.) for the period ending 9/30/2021.

Response:

Please see attachment “Penelec 3Q 2021”.



ENTITY: Pennsylvania Electric Company
PERIOD: Last 5 Years
ENTITY ID: GRP_80464218

Description	Ratings	Rating Action	Rating Date	Outlook / Watch	Outlook / Watch Date
Fitch Ratings					
Long-Term Issuer Default Rating	BBB-	Affirmed	12 Nov 2021	Rating Outlook Positive	12-Nov-2021
Long-Term Issuer Default Rating	BBB-	Review - No Action	18 Oct 2021	Rating Outlook Stable	18-Oct-2021
Long-Term Issuer Default Rating	BBB-	Affirmed	25 Aug 2021	Rating Outlook Stable	25-Aug-2021
Long-Term Issuer Default Rating	BBB-	Review - No Action	15 Apr 2021	Rating Outlook Negative	15-Apr-2021
Long-Term Issuer Default Rating	BBB-	Downgrade	20 Nov 2020	Rating Outlook Negative	20-Nov-2020
Long-Term Issuer Default Rating	BBB	Downgrade	30 Oct 2020	Rating Outlook Negative	30-Oct-2020
Long-Term Issuer Default Rating	BBB+	Review - No Action	15 Oct 2020	Rating Outlook Negative	15-Oct-2020
Long-Term Issuer Default Rating	BBB+	Affirmed	28 Jul 2020	Rating Outlook Negative	28-Jul-2020
Long-Term Issuer Default Rating	BBB+	Affirmed	14 Apr 2020	Rating Outlook Stable	14-Apr-2020
Long-Term Issuer Default Rating	BBB+	Upgrade	08 Nov 2019	Rating Outlook Stable	08-Nov-2019
Long-Term Issuer Default Rating	BBB	Affirmed	17 Apr 2019	Rating Outlook Positive	17-Apr-2019
Long-Term Issuer Default Rating	BBB	Affirmed	05 Nov 2018	Rating Outlook Positive	05-Nov-2018
Long-Term Issuer Default Rating	BBB	Review - No Action	20 Apr 2018	Rating Outlook Stable	20-Apr-2018
Long-Term Issuer Default Rating	BBB	Affirmed	15 Dec 2017	Rating Outlook Stable	15-Dec-2017
Long-Term Issuer Default Rating	BBB	Review - No Action	18 Oct 2017	Rating Outlook Stable	18-Oct-2017
Long-Term Issuer Default Rating	BBB	New Rating	06 Jan 2017	Rating Outlook Stable	06-Jan-2017
Short-Term Issuer Default Rating	F3	Affirmed	12 Nov 2021	-	12-Nov-2021
Short-Term Issuer Default Rating	F3	Review - No Action	18 Oct 2021	-	18-Oct-2021
Short-Term Issuer Default Rating	F3	Affirmed	25 Aug 2021	-	25-Aug-2021
Short-Term Issuer Default Rating	F3	Review - No Action	15 Apr 2021	-	15-Apr-2021
Short-Term Issuer Default Rating	F3	Affirmed	20 Nov 2020	-	20-Nov-2020
Short-Term Issuer Default Rating	F3	Downgrade	30 Oct 2020	-	30-Oct-2020
Short-Term Issuer Default Rating	F2	Review - No Action	15 Oct 2020	-	15-Oct-2020
Short-Term Issuer Default Rating	F2	Affirmed	28 Jul 2020	-	28-Jul-2020
Short-Term Issuer Default Rating	F2	Affirmed	14 Apr 2020	-	14-Apr-2020
Short-Term Issuer Default Rating	F2	Upgrade	08 Nov 2019	-	08-Nov-2019
Short-Term Issuer Default Rating	F3	Affirmed	17 Apr 2019	-	17-Apr-2019
Short-Term Issuer Default Rating	F3	Affirmed	05 Nov 2018	-	05-Nov-2018
Short-Term Issuer Default Rating	F3	Review - No Action	20 Apr 2018	-	20-Apr-2018
Short-Term Issuer Default Rating	F3	Affirmed	15 Dec 2017	-	15-Dec-2017
Short-Term Issuer Default Rating	F3	Review - No Action	18 Oct 2017	-	18-Oct-2017
Short-Term Issuer Default Rating	F3	New Rating	06 Jan 2017	-	06-Jan-2017

Rating	Rating Action	Rating Date
BBB	Affirmed	12-Nov-21
BBB	Review - No Action	18-Oct-21
BBB	Affirmed	25-Aug-21
BBB	Review - No Action	15-Apr-21
BBB	Downgrade	20-Nov-20
BBB+	Downgrade	30-Oct-20
A-	Review - No Action	15-Oct-20
A-	Affirmed	28-Jul-20
A-	Affirmed	14-Apr-20
A-	Upgrade	8-Nov-19
BBB+	Affirmed	17-Apr-19
BBB+	Affirmed	5-Nov-18
BBB+	Review - No Action	20-Apr-18
BBB+	Affirmed	15-Dec-17
BBB+	Review - No Action	18-Oct-17
BBB+	New Rating	6-Jan-17

DATE	CURRENT	ACTION
3-Feb-17	Baa1	Upgrade
15-Jul-14	Baa2	AFFIRMATION
6-Feb-04	Baa2	Downgrade
14-Aug-03	A3	ON WATCH for Possible Downgrade
2-Nov-01	A3	Confirmed
8-Aug-00	A3	ON WATCH for Possible Downgrade
17-Sep-99	A3	Confirmed
20-Nov-98	A3	Upgrade
9-Nov-98	Baa1	ON WATCH for Possible Upgrade
27-Mar-98	Baa1	Confirmed
13-Oct-97	Baa1	ON WATCH for Possible Downgrade
26-Nov-96	Baa1	Confirmed
7-May-96	Baa1	ON WATCH for Possible Downgrade
21-Dec-94	Baa1	New

DATE	CURRENT	ACTION
3-Feb-17	Baa1	Upgrade
15-Jul-14	Baa2	AFFIRMATION
6-Feb-04	Baa2	Downgrade
14-Aug-03	A2	ON WATCH for Possible Downgrade
14-Aug-03	A2	CONTINUED REVIEW for Possible Downgrade
2-Nov-01	A2	Confirmed
8-Aug-00	A2	ON WATCH for Possible Downgrade
17-Sep-99	A2	Confirmed
19-Apr-99	A2	New
1-Nov-92	WR	Withdrawn
29-Jan-88	A2	Upgrade
22-Apr-87	A3	Upgrade
5-Jan-86	Baa1	Upgrade
29-Apr-85	Baa3	Upgrade
30-Aug-84	Ba2	Upgrade
26-Apr-82	B1	Modified Rating Notation
28-Mar-80	B	Downgrade
19-Apr-79	Ba	Downgrade
5-Jun-69	Baa	Downgrade
25-May-61	A	New

S&P Global

Ratings360®

Pennsylvania Electric Co. | Ratings Details | Ratings History

RATING TYPE	RATING	RATING DATE	LAST REVIEW DATE	ACTION	CREDIT WATCH OUTLOOK	CREDITWATCH/ OUTLOOK DATE
Local Currency LT	BBB	11/8/2021	11/8/2021	Upgrade CreditWatch/Outlook	Stable	11/8/2021

RATING TYPE	RATING	RATING DATE	ACTION	CREDITWATCH/ OUTLOOK	CREDITWATCH/ OUTLOOK DATE
Local Currency LT	BBB	11/8/2021	Upgrade CreditWatch/Outlook	Stable	11/8/2021
Local Currency LT	BB+	10/19/2021	Upgrade CreditWatch/Outlook	Watch Pos	10/19/2021
Local Currency LT	BB	11/24/2020	CreditWatch/Outlook	Watch Pos	7/23/2021
Local Currency LT	BB	11/24/2020	Downgrade CreditWatch/Outlook	Watch Neg	11/24/2020
Local Currency LT	BB+	10/30/2020	Downgrade CreditWatch/Outlook	Watch Neg	10/30/2020
Local Currency LT	BBB	8/27/2018	CreditWatch/Outlook	Watch Neg	7/23/2020
Local Currency LT	BBB	8/27/2018	Upgrade CreditWatch/Outlook	Stable	8/27/2018
Local Currency LT	BBB-	2/11/2010	CreditWatch/Outlook	Positive	4/23/2018
Local Currency LT	BBB-	2/11/2010	CreditWatch/Outlook	Stable	8/16/2017
Local Currency LT	BBB-	2/11/2010	CreditWatch/Outlook	Negative	4/28/2016
Local Currency LT	BBB-	2/11/2010	Downgrade CreditWatch/Outlook	Stable	2/11/2010
Local Currency LT	BBB	10/3/2005	CreditWatch/Outlook	Stable	8/1/2008
Local Currency LT	BBB	10/3/2005	CreditWatch/Outlook	Negative	10/18/2007
Local Currency LT	BBB	10/3/2005	Upgrade CreditWatch/Outlook	Stable	10/3/2005
Local Currency LT	BBB-	12/23/2003	CreditWatch/Outlook	Positive	5/16/2005
Local Currency LT	BBB-	12/23/2003	Downgrade CreditWatch/Outlook	Stable	12/23/2003
Local Currency LT	BBB	9/27/2001	CreditWatch/Outlook	Watch Neg	8/18/2003
Local Currency LT	BBB	9/27/2001	CreditWatch/Outlook	Negative	4/4/2002
Local Currency LT	BBB	9/27/2001	Downgrade CreditWatch/Outlook	Stable	9/27/2001
Local Currency LT	A	1/20/1999	CreditWatch/Outlook	Watch Neg	8/8/2000
Local Currency LT	A	1/20/1999	Upgrade CreditWatch/Outlook	Stable	1/20/1999
Local Currency LT	A-	8/9/1994	CreditWatch/Outlook	Watch Pos	11/11/1998
Local Currency LT	A-	8/9/1994	Downgrade CreditWatch/Outlook	Stable	8/9/1994
Local Currency LT	A	3/20/1989	CreditWatch/Outlook	Negative	6/8/1994
Local Currency LT	A	3/20/1989	CreditWatch/Outlook	Stable	7/15/1993
Local Currency LT	A	3/20/1989	CreditWatch/Outlook	Negative	1/21/1993
Local Currency LT	A	3/20/1989	Upgrade CreditWatch/Outlook	Stable	3/20/1989
Local Currency LT	A-	8/12/1986	Upgrade CreditWatch/Outlook	Watch Pos	8/12/1986
Local Currency LT	BBB+	10/22/1985	Upgrade		
Local Currency LT	BBB	2/22/1985	Upgrade		
Local Currency LT	BB+	7/3/1984	Upgrade		
Local Currency LT	BB-	1/28/1981	Downgrade		
Local Currency LT	BBB-	1/29/1980	Downgrade		
Local Currency LT	BBB	8/3/1971	Downgrade		
Local Currency LT	A	5/8/1967	Downgrade		
Local Currency LT	AA	1/28/1958	Upgrade		
Local Currency LT	A	8/31/1943	New Rating		

Time Zone : (GMT-05:00) Eastern Time (US & Canada)

'Last Review Date' indicates the date on which an Issue/Issuer Credit Rating was last formally reviewed within a twelve-month period or when a Credit Rating Action was last

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PENNSYLVANIA ELECTRIC COMPANY AND SUBSIDIARY
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

PENNSYLVANIA ELECTRIC COMPANY AND SUBSIDIARY
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,	
	2021	2020	2021	2020
REVENUES:				
Electric sales	\$ 209	\$ 199	\$ 576	\$ 592
Gross receipts tax collections	13	12	35	35
Total revenues	222	211	611	627
OPERATING EXPENSES:				
Purchased power	73	58	190	195
Other operating expenses	50	49	141	148
Provision for depreciation	21	24	62	72
Amortization (deferral) of regulatory assets, net	1	2	(3)	8
General taxes	15	15	42	42
Total operating expenses	160	148	432	465
OPERATING INCOME	62	63	179	162
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	9	7	27	25
Equity earnings from MAIT	8	10	28	28
Pension and OPEB mark-to-market adjustment	—	—	—	(31)
Interest expense	(15)	(15)	(44)	(44)
Capitalized financing costs	—	1	2	3
Total other income (expense)	2	3	13	(19)
INCOME BEFORE INCOME TAXES	64	66	192	143
INCOME TAXES	11	11	33	24
NET INCOME	\$ 53	\$ 55	\$ 159	\$ 119
STATEMENTS OF COMPREHENSIVE INCOME				
NET INCOME	\$ 53	\$ 55	\$ 159	\$ 119
OTHER COMPREHENSIVE LOSS:				
Pension and OPEB prior service costs	(1)	(1)	(2)	(2)
Other comprehensive loss	(1)	(1)	(2)	(2)
Income tax benefits on other comprehensive loss	(1)	(1)	(1)	(1)
Other comprehensive loss, net of tax	—	—	(1)	(1)
COMPREHENSIVE INCOME	\$ 53	\$ 55	\$ 158	\$ 118

**PENNSYLVANIA ELECTRIC COMPANY AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)**

<i>(In millions, except share amounts)</i>	September 30, 2021	December 31, 2020
ASSETS		
CURRENT ASSETS:		
Receivables-		
Customers	\$ 143	\$ 161
Less — Allowance for uncollectible customer receivables	22	23
	121	138
Affiliated companies	15	25
Other, net of allowance for uncollectible accounts of \$1 in 2021 and 2020	15	16
Notes receivable from affiliated companies	—	23
Prepaid taxes and other	25	11
	<u>176</u>	<u>213</u>
UTILITY PLANT:		
In service	3,398	3,310
Less — Accumulated provision for depreciation	1,078	1,054
	2,320	2,256
Construction work in progress	58	60
	<u>2,378</u>	<u>2,316</u>
INVESTMENTS AND OTHER NONCURRENT ASSETS:		
Goodwill	637	637
Investment in affiliate	457	451
Other	39	46
	<u>1,133</u>	<u>1,134</u>
	<u>\$ 3,687</u>	<u>\$ 3,663</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 2	\$ 2
Short-term borrowings - affiliated companies	111	—
Accounts payable-		
Affiliated companies	1	1
Other	48	45
Accrued taxes	11	15
Accrued interest	19	11
Customer deposits	26	25
Other	35	26
	<u>253</u>	<u>125</u>
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, \$20 par value, authorized 5,400,000 shares - 4,427,577 shares outstanding	89	89
Other paid-in capital	865	1,052
Accumulated other comprehensive income	1	2
Retained earnings	303	214
Total common stockholder's equity	<u>1,258</u>	<u>1,357</u>
Long-term debt and other long-term obligations	1,293	1,295
	<u>2,551</u>	<u>2,652</u>
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	370	337
Retirement benefits	163	177
Regulatory liabilities	129	150
Other	221	222
	<u>883</u>	<u>886</u>
	<u>\$ 3,687</u>	<u>\$ 3,663</u>

**PENNSYLVANIA ELECTRIC COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)**

<i>(In millions)</i>	For the Nine Months Ended September 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 159	\$ 119
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	60	80
Deferred income taxes and investment tax credits, net	19	5
Retirement benefits, net of payments	(22)	(16)
Pension and OPEB mark-to-market adjustment	—	31
Undistributed earnings from subsidiary company	(6)	(28)
Change in current assets and liabilities-		
Receivables	30	12
Prepaid taxes and other current assets	(11)	(11)
Accounts payable	3	(12)
Accrued taxes	(4)	2
Accrued interest	8	7
Customer deposits	1	—
Other current liabilities	4	3
Other	9	(6)
Net cash provided from operating activities	250	186
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Long-term debt	—	250
Short-term borrowings - affiliated companies, net	111	—
Redemptions and repayments-		
Long-term debt	—	(250)
Common stock dividend payments	(262)	(50)
Other	(3)	(4)
Net cash used for financing activities	(154)	(54)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(103)	(114)
Loans to affiliated companies, net	23	(5)
Sales of investment securities held in trusts	—	2
Purchases of investment securities held in trusts	—	(3)
Asset removal costs	(16)	(12)
Net cash used for investing activities	(96)	(132)
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	\$ —	\$ —

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**SECURITIES CERTIFICATE OF
PENNSYLVANIA ELECTRIC
COMPANY IN RESPECT OF THE
PROPOSED ISSUANCE AND SALE
OF DEBT SECURITIES AND/OR
CREDIT FACILITIES**

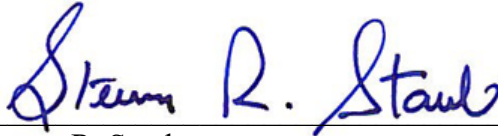
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Docket No.: S-2021-3029313

VERIFICATION

I, Steven R. Staub, hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: January 14, 2022



Steven R. Staub
Vice President & Treasurer