

THIS FILING IS

Item 1: An Initial (Original) Submission OR Resubmission No. _____

Form 1 Approved
OMB No.1902-0021
(Expires 12/31/2019)
Form 1-F Approved
OMB No.1902-0029
(Expires 12/31/2019)
Form 3-Q Approved
OMB No.1902-0205
(Expires 12/31/2019)



14988

FILED

MAY 03 2017

PUBLIC SERVICE COMM
OF MARYLAND

**FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of
Major Electric Utilities, Licensees
and Others and Supplemental
Form 3-Q: Quarterly Financial Report**

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)

THE POTOMAC EDISON COMPANY

Year/Period of Report

End of 2016/Q4

**FERC FORM NO. 1/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER**

| IDENTIFICATION | | |
|--|--|--|
| 01 Exact Legal Name of Respondent THE POTOMAC EDISON COMPANY | | 02 Year/Period of Report End of 2016/Q4 |
| 03 Previous Name and Date of Change (if name changed during year) // | | |
| 04 Address of Principal Office at End of Period (Street, City, State, Zip Code) 76 South Main Street, Akron, Ohio 44308 | | |
| 05 Name of Contact Person Jason Petrik | | 06 Title of Contact Person Assistant Controller |
| 07 Address of Contact Person (Street, City, State, Zip Code) 76 South Main Street, Akron, Ohio 44308 | | |
| 08 Telephone of Contact Person, including Area Code (330) 761-4049 | 09 This Report Is (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | 10 Date of Report (Mo, Da, Yr) // |

ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

| | | |
|---|-----------------------------------|---|
| 01 Name K. Jon Taylor | 03 Signature K. Jon Taylor | 04 Date Signed (Mo, Da, Yr) 04/04/2017 |
| 02 Title Vice President and Controller | | |

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

| | | | |
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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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LIST OF SCHEDULES (Electric Utility)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

| Line No. | Title of Schedule (a) | Reference Page No. (b) | Remarks (c) |
|----------|--|---------------------------|----------------|
| 1 | General Information | 101 | |
| 2 | Control Over Respondent | 102 | |
| 3 | Corporations Controlled by Respondent | 103 | |
| 4 | Officers | 104 | |
| 5 | Directors | 105 | |
| 6 | Information on Formula Rates | 106(a)(b) | None |
| 7 | Important Changes During the Year | 108-109 | |
| 8 | Comparative Balance Sheet | 110-113 | |
| 9 | Statement of Income for the Year | 114-117 | |
| 10 | Statement of Retained Earnings for the Year | 118-119 | |
| 11 | Statement of Cash Flows | 120-121 | |
| 12 | Notes to Financial Statements | 122-123 | |
| 13 | Statement of Accum Comp Income, Comp Income, and Hedging Activities | 122(a)(b) | |
| 14 | Summary of Utility Plant & Accumulated Provisions for Dep, Amort & Dep | 200-201 | |
| 15 | Nuclear Fuel Materials | 202-203 | None |
| 16 | Electric Plant in Service | 204-207 | |
| 17 | Electric Plant Leased to Others | 213 | None |
| 18 | Electric Plant Held for Future Use | 214 | None |
| 19 | Construction Work in Progress-Electric | 216 | |
| 20 | Accumulated Provision for Depreciation of Electric Utility Plant | 219 | |
| 21 | Investment of Subsidiary Companies | 224-225 | |
| 22 | Materials and Supplies | 227 | None |
| 23 | Allowances | 228(ab)-229(ab) | None |
| 24 | Extraordinary Property Losses | 230 | None |
| 25 | Unrecovered Plant and Regulatory Study Costs | 230 | None |
| 26 | Transmission Service and Generation Interconnection Study Costs | 231 | |
| 27 | Other Regulatory Assets | 232 | |
| 28 | Miscellaneous Deferred Debits | 233 | |
| 29 | Accumulated Deferred Income Taxes | 234 | |
| 30 | Capital Stock | 250-251 | |
| 31 | Other Paid-in Capital | 253 | |
| 32 | Capital Stock Expense | 254 | None |
| 33 | Long-Term Debt | 256-257 | |
| 34 | Reconciliation of Reported Net Income with Taxable Inc for Fed Inc Tax | 261 | |
| 35 | Taxes Accrued, Prepaid and Charged During the Year | 262-263 | |
| 36 | Accumulated Deferred Investment Tax Credits | 266-267 | None |

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| Line No | Title of Schedule (a) | Reference Page No. (b) | Remarks (c) |
|---------|---|---------------------------|----------------|
| 37 | Other Deferred Credits | 269 | |
| 38 | Accumulated Deferred Income Taxes-Accelerated Amortization Property | 272-273 | None |
| 39 | Accumulated Deferred Income Taxes-Other Property | 274-275 | |
| 40 | Accumulated Deferred Income Taxes-Other | 276-277 | |
| 41 | Other Regulatory Liabilities | 278 | |
| 42 | Electric Operating Revenues | 300-301 | |
| 43 | Regional Transmission Service Revenues (Account 457.1) | 302 | None |
| 44 | Sales of Electricity by Rate Schedules | 304 | |
| 45 | Sales for Resale | 310-311 | |
| 46 | Electric Operation and Maintenance Expenses | 320-323 | |
| 47 | Purchased Power | 326-327 | |
| 48 | Transmission of Electricity for Others | 328-330 | |
| 49 | Transmission of Electricity by ISO/RTOs | 331 | |
| 50 | Transmission of Electricity by Others | 332 | |
| 51 | Miscellaneous General Expenses-Electric | 335 | |
| 52 | Depreciation and Amortization of Electric Plant | 336-337 | |
| 53 | Regulatory Commission Expenses | 350-351 | |
| 54 | Research, Development and Demonstration Activities | 352-353 | |
| 55 | Distribution of Salaries and Wages | 354-355 | |
| 56 | Common Utility Plant and Expenses | 356 | None |
| 57 | Amounts included in ISO/RTO Settlement Statements | 397 | |
| 58 | Purchase and Sale of Ancillary Services | 398 | |
| 59 | Monthly Transmission System Peak Load | 400 | |
| 60 | Monthly ISO/RTO Transmission System Peak Load | 400a | None |
| 61 | Electric Energy Account | 401 | |
| 62 | Monthly Peaks and Output | 401 | |
| 63 | Steam Electric Generating Plant Statistics | 402-403 | None |
| 64 | Hydroelectric Generating Plant Statistics | 406-407 | None |
| 65 | Pumped Storage Generating Plant Statistics | 408-409 | None |
| 66 | Generating Plant Statistics Pages | 410-411 | None |
| | | | |

LIST OF SCHEDULES (Electric Utility) (continued)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

| Line No. | Title of Schedule (a) | Reference Page No. (b) | Remarks (c) |
|----------|---|---------------------------|----------------|
| 67 | Transmission Line Statistics Pages | 422-423 | |
| 68 | Transmission Lines Added During the Year | 424-425 | None |
| 69 | Substations | 426-427 | |
| 70 | Transactions with Associated (Affiliated) Companies | 429 | |
| 71 | Footnote Data | 450 | |
| | <p>Stockholders' Reports Check appropriate box:</p> <p><input type="checkbox"/> Two copies will be submitted</p> <p><input type="checkbox"/> No annual report to stockholders is prepared</p> | | |

| | | | |
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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of <u>2016/Q4</u> |
|--|---|---------------------------------------|--|

GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

K. Jon Taylor, Vice President and Controller
76 South Main St
Akron, OH 44308

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Maryland - December 31, 1923
Virginia - May 31, 1974

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

Not Applicable

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

Maryland - Electric Utility
Virginia - Electric Utility (Transmission only as of June 1, 2010)
West Virginia - Electric Utility

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

- (1) Yes...Enter the date when such independent accountant was initially engaged:
(2) No

| | | | |
|--|---|---------------------------------------|--|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of <u>2016/Q4</u> |
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CONTROL OVER RESPONDENT

1. If any corporation, business trust, or similar organization or a combination of such organizations jointly held control over the respondent at the end of the year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficiaries for whom trust was maintained, and purpose of the trust.

The Potomac Edison Company (PE) is a wholly owned subsidiary of FirstEnergy Corp., a diversified energy company

| | | | |
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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.
2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.
3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

Definitions

1. See the Uniform System of Accounts for a definition of control.
2. Direct control is that which is exercised without interposition of an intermediary.
3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.
4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

| Line No. | Name of Company Controlled (a) | Kind of Business (b) | Percent Voting Stock Owned (c) | Footnote Ref. (d) |
|----------|--------------------------------------|-------------------------------|-----------------------------------|----------------------|
| 1 | Allegheny Pittsburgh Coal Company | Owner of coal reserves | 25 | |
| 2 | | | | |
| 3 | PE Transferring Agent, LLC | Special purpose entity to | 100 | |
| 4 | | as an agent for property | | |
| 5 | | transfers | | |
| 6 | | | | |
| 7 | PE Renaissance Funding, LLC | Special purpose entity to | 100 | |
| 8 | | be used for financing of Fort | | |
| 9 | | Martin scrubber constructions | | |
| 10 | | | | |
| 11 | PE Environmental Funding, LLC | Special purpose entity to be | 100 | |
| 12 | | used financing Fort Martin | | |
| 13 | | Scrubber construction. | | |
| 14 | | | | |
| 15 | PATH Allegheny Maryland Transmission | Design and maintain electric | 5 | |
| 16 | Company, LLC | transmission facilities and | | |
| 17 | | engage in any activities | | |
| 18 | | directly or indirectly | | |
| 19 | | related thereto | | |
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FERC FINANCIAL REPORT

FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)

THE POTOMAC EDISON COMPANY

Year/Period of Report

End of 2016/Q4

**FERC FORM NO. 1/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER**

| IDENTIFICATION | | |
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| 03 Previous Name and Date of Change (if name changed during year) / / | | |
| 04 Address of Principal Office at End of Period (Street, City, State, Zip Code) 76 South Main Street, Akron, Ohio 44308 | | |
| 05 Name of Contact Person Jason Petrik | 06 Title of Contact Person Assistant Controller | |
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| 08 Telephone of Contact Person, including Area Code (330) 761-4049 | 09 This Report Is (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | 10 Date of Report (Mo, Da, Yr) / / |

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The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

| | | |
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| 01 Name K. Jon Taylor | 03 Signature K. Jon Taylor | 04 Date Signed (Mo, Da, Yr) 04/04/2017 |
| 02 Title Vice President and Controller | | |

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| 64 | Hydroelectric Generating Plant Statistics | 406-407 | None |
| 65 | Pumped Storage Generating Plant Statistics | 408-409 | None |
| 66 | Generating Plant Statistics Pages | 410-411 | None |
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K. Jon Taylor, Vice President and Controller
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| 4 | | as an agent for property | | |
| 5 | | transfers | | |
| 6 | | | | |
| 7 | PE Renaissance Funding, LLC | Special purpose entity to | 100 | |
| 8 | | be used for financing of Fort | | |
| 9 | | Martin scrubber constructions | | |
| 10 | | | | |
| 11 | PE Environmental Funding, LLC | Special purpose entity to be | 100 | |
| 12 | | used financing Fort Martin | | |
| 13 | | Scrubber construction | | |
| 14 | | | | |
| 15 | PATH Allegheny Maryland Transmission | Design and maintain electric | 5 | |
| 16 | Company, LLC | transmission facilities and | | |
| 17 | | engage in any activities | | |
| 18 | | directly or indirectly | | |
| 19 | | related thereto | | |
| 20 | | | | |
| 21 | | | | |
| 22 | | | | |
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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2016/Q4 |
| FOOTNOTE DATA | | | |

Schedule Page: 103 Line No.: 1 Column: c
Associated companies Monongahela Power and West Penn Power Company own the remaining stock.

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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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OFFICERS

1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy making functions.

2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and the date the change in incumbency was made.

| Line No. | Title (a) | Name of Officer (b) | Salary for Year (c) |
|----------|---|---------------------|---------------------|
| 1 | President | S. E. Strah | 549,385 |
| 2 | Executive Vice President, Markets and Chief Legal Officer | L. L. Vespoli | 754,034 |
| 3 | Executive Vice President and Chief Financial Officer | J. F. Pearson | 655,906 |
| 4 | Vice President and Corporate Financial Officer | R. S. Ferguson | 160,289 |
| 5 | Vice President and Corporate Secretary | K. K. Patel | 215,038 |
| 6 | Vice President, Tax | J. G. Garanich | 285,881 |
| 7 | Vice President and General Counsel | R.P. Reffner | 420,988 |
| 8 | Vice President | J.A. Sears | 208,013 |
| 9 | Vice President and Treasurer | S.R. Staub | 312,964 |
| 10 | Vice President and Controller | K.J. Taylor | 341,705 |
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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2016/Q4 |
| FOOTNOTE DATA | | | |

Schedule Page: 104 Line No.: 4 Column: b

Effective June 30, 2016, Rhonda S. Ferguson's resigned as Vice President and Corporate Secretary.

Schedule Page: 104 Line No.: 5 Column: b

Effective July 1, 2016, Ketan Patel was elected as Vice President and Corporate Secretary.

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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo. Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a), abbreviated titles of the directors who are officers of the respondent.
2. Designate members of the Executive Committee by a triple asterisk and the Chairman of the Executive Committee by a double asterisk.

| Line No. | Name (and Title) of Director (a) | Principal Business Address (b) |
|----------|--|---------------------------------------|
| 1 | C. E. Jones, Jr. | 76 South Main Street, Akron, OH 44308 |
| 2 | Director | |
| 3 | | |
| 4 | Steven E. Strah | 76 South Main Street, Akron, OH 44308 |
| 5 | Director and President | |
| 6 | | |
| 7 | James F. Pearson | 76 South Main Street, Akron, OH 44308 |
| 8 | Director, Executive Vice President and Chief Financial Officer | |
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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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INFORMATION ON FORMULA RATES
FERC Rate Schedule/Tariff Number FERC Proceeding

Does the respondent have formula rates? Yes No

1. Please list the Commission accepted formula rates including FERC Rate Schedule or Tariff Number and FERC proceeding (i.e. Docket No) accepting the rate(s) or changes in the accepted rate.

| Line No. | FERC Rate Schedule or Tariff Number | FERC Proceeding |
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Name of Respondent
THE POTOMAC EDISON COMPANY

This Report Is:
(1) An Original
(2) A Resubmission

Date of Report
(Mo, Da, Yr)
/ /

Year/Period of Report
End of 2016/Q4

INFORMATION ON FORMULA RATES
FERC Rate Schedule/Tariff Number FERC Proceeding

Does the respondent file with the Commission annual (or more frequent) filings containing the inputs to the formula rate(s)?
 Yes
 No

2. If yes, provide a listing of such filings as contained on the Commission's eLibrary website

| Line No. | Accession No. | Document Date \ Filed Date | Docket No. | Description | Formula Rate FERC Rate Schedule Number or Tariff Number |
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Name of Respondent
THE POTOMAC EDISON COMPANY

This Report Is:
(1) An Original
(2) A Resubmission

Date of Report
(Mo, Da, Yr)
/ /

Year/Period of Report
End of 2016/Q4

INFORMATION ON FORMULA RATES
Formula Rate Variances

1. If a respondent does not submit such filings then indicate in a footnote to the applicable Form 1 schedule where formula rate inputs differ from amounts reported in the Form 1.
2. The footnote should provide a narrative description explaining how the "rate" (or billing) was derived if different from the reported amount in the Form 1.
3. The footnote should explain amounts excluded from the ratebase or where labor or other allocation factors, operating expenses, or other items impacting formula rate inputs differ from amounts reported in Form 1 schedule amounts.
4. Where the Commission has provided guidance on formula rate inputs, the specific proceeding should be noted in the footnote.

| Line No. | Page No(s). | Schedule | Column | Line No |
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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report / / | Year/Period of Report End of 2016/Q4 |
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IMPORTANT CHANGES DURING THE QUARTER/YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none," "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other condition. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.
6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less. Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on Page 104 or 105 of the Annual Report Form No. 1, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. (Reserved.)
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by Instructions 1 to 11 above, such notes may be included on this page.
13. Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
14. In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio.

PAGE 108 INTENTIONALLY LEFT BLANK
SEE PAGE 109 FOR REQUIRED INFORMATION.

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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2016/Q4 |
| IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued) | | | |

1. None
2. None
3. None
4. None
5. None

6. The Respondent has authorization from the Federal Energy Regulatory Commission (FERC) to issue short-term debt securities of up to \$150 million through bank facilities and the internal utility money pool. Additionally, the Respondent has authorization from the West Virginia Public Service Commission (WVPSC) to participate in the internal utility money pool so long as its borrowings under the money pool do not exceed \$150 million. The Respondent has the ability to borrow from its regulated affiliates and FirstEnergy to meet its short-term working capital requirements. FirstEnergy Service Company administers this money pool and tracks surplus funds of FirstEnergy and the respective regulated subsidiary, as well as proceeds available from bank borrowings. Companies receiving a loan under the money pool agreements must repay the principal amount of the loan, together with accrued interest, within 364 days of borrowing the funds. The rate of interest is the same for each company receiving a loan from their respective pool and is based on the average cost of funds available through the pool. The average interest rate for borrowings for the year ended December 31, 2016 was 0.69% per annum. In addition, please see 256 and 257 of this report for additional information on the Respondent's issuances and redemptions of debt securities.

7. None
8. None

9. See Notes 4 and 5 of Notes to Financial Statements relating to Regulatory Matters and Commitments and Contingencies.

10. For the most recent related disclosure, please refer to the "Certain Relationships and Related Person Transactions" section starting on page 102 of the Company's proxy statement for the May 17, 2016 annual meeting of shareholders.

11. Reserved
12. None
13. None
14. None

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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 11 | Year/Period of Report End of 2016/Q4 |
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COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

| Line No. | Title of Account (a) | Ref. Page No. (b) | Current Year End of Quarter/Year Balance (c) | Prior Year End Balance 12/31 (d) |
|----------|---|----------------------|---|---|
| 1 | UTILITY PLANT | | | |
| 2 | Utility Plant (101-106, 114) | 200-201 | 2,146,494,372 | 2,058,437,028 |
| 3 | Construction Work in Progress (107) | 200-201 | 31,246,376 | 45,001,932 |
| 4 | TOTAL Utility Plant (Enter Total of lines 2 and 3) | | 2,177,740,748 | 2,103,438,960 |
| 5 | (Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115) | 200-201 | 913,758,188 | 877,328,943 |
| 6 | Net Utility Plant (Enter Total of line 4 less 5) | | 1,263,982,560 | 1,226,110,017 |
| 7 | Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1) | 202-203 | 0 | 0 |
| 8 | Nuclear Fuel Materials and Assemblies-Stock Account (120.2) | | 0 | 0 |
| 9 | Nuclear Fuel Assemblies in Reactor (120.3) | | 0 | 0 |
| 10 | Spent Nuclear Fuel (120.4) | | 0 | 0 |
| 11 | Nuclear Fuel Under Capital Leases (120.6) | | 0 | 0 |
| 12 | (Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5) | 202-203 | 0 | 0 |
| 13 | Net Nuclear Fuel (Enter Total of lines 7-11 less 12) | | 0 | 0 |
| 14 | Net Utility Plant (Enter Total of lines 6 and 13) | | 1,263,982,560 | 1,226,110,017 |
| 15 | Utility Plant Adjustments (116) | | 0 | 0 |
| 16 | Gas Stored Underground - Noncurrent (117) | | 0 | 0 |
| 17 | OTHER PROPERTY AND INVESTMENTS | | | |
| 18 | Nonutility Property (121) | | 3,983,016 | 3,565,226 |
| 19 | (Less) Accum. Prov. for Depr. and Amort. (122) | | 64,001 | 57,660 |
| 20 | Investments in Associated Companies (123) | | 0 | 0 |
| 21 | Investment in Subsidiary Companies (123.1) | 224-225 | -70,294,837 | -75,093,659 |
| 22 | (For Cost of Account 123.1, See Footnote Page 224, line 42) | | | |
| 23 | Noncurrent Portion of Allowances | 228-229 | 0 | 0 |
| 24 | Other Investments (124) | | 0 | 0 |
| 25 | Sinking Funds (125) | | 0 | 0 |
| 26 | Depreciation Fund (126) | | 0 | 0 |
| 27 | Amortization Fund - Federal (127) | | 0 | 0 |
| 28 | Other Special Funds (128) | | 0 | 0 |
| 29 | Special Funds (Non Major Only) (129) | | 0 | 0 |
| 30 | Long-Term Portion of Derivative Assets (175) | | 0 | 0 |
| 31 | Long-Term Portion of Derivative Assets - Hedges (176) | | 0 | 0 |
| 32 | TOTAL Other Property and Investments (Lines 18-21 and 23-31) | | -66,375,822 | -71,586,093 |
| 33 | CURRENT AND ACCRUED ASSETS | | | |
| 34 | Cash and Working Funds (Non-major Only) (130) | | 0 | 0 |
| 35 | Cash (131) | | 0 | 0 |
| 36 | Special Deposits (132-134) | | 0 | 0 |
| 37 | Working Fund (135) | | 0 | 0 |
| 38 | Temporary Cash Investments (136) | | 0 | 0 |
| 39 | Notes Receivable (141) | | 0 | 0 |
| 40 | Customer Accounts Receivable (142) | | 47,257,912 | 29,261,318 |
| 41 | Other Accounts Receivable (143) | | 8,463,471 | 3,599,998 |
| 42 | (Less) Accum. Prov. for Uncollectible Acct.-Credit (144) | | 2,780,654 | 2,480,539 |
| 43 | Notes Receivable from Associated Companies (145) | | 0 | 0 |
| 44 | Accounts Receivable from Assoc. Companies (146) | | 46,074,746 | 52,626,812 |
| 45 | Fuel Stock (151) | 227 | 0 | 0 |
| 46 | Fuel Stock Expenses Undistributed (152) | 227 | 0 | 0 |
| 47 | Residuals (Elec) and Extracted Products (153) | 227 | 0 | 0 |
| 48 | Plant Materials and Operating Supplies (154) | 227 | 0 | 0 |
| 49 | Merchandise (155) | 227 | 0 | 0 |
| 50 | Other Materials and Supplies (156) | 227 | 0 | 0 |
| 51 | Nuclear Materials Held for Sale (157) | 202-203/227 | 0 | 0 |
| 52 | Allowances (158.1 and 158.2) | 228-229 | 0 | 0 |

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COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)

| Line No. | Title of Account (a) | Ref. Page No. (b) | Current Year End of Quarter/Year Balance (c) | Prior Year End Balance 12/31 (d) |
|----------|---|----------------------|---|---|
| 53 | (Less) Noncurrent Portion of Allowances | | 0 | 0 |
| 54 | Stores Expense Undistributed (163) | 227 | 0 | 0 |
| 55 | Gas Stored Underground - Current (164.1) | | 0 | 0 |
| 56 | Liquefied Natural Gas Stored and Held for Processing (164.2-164.3) | | 0 | 0 |
| 57 | Prepayments (165) | | 16,902,483 | 23,350,976 |
| 58 | Advances for Gas (166-167) | | 0 | 0 |
| 59 | Interest and Dividends Receivable (171) | | 0 | 0 |
| 60 | Rents Receivable (172) | | 188,955 | 4,887,284 |
| 61 | Accrued Utility Revenues (173) | | 59,011,199 | 47,287,948 |
| 62 | Miscellaneous Current and Accrued Assets (174) | | 0 | 0 |
| 63 | Derivative Instrument Assets (175) | | 0 | 0 |
| 64 | (Less) Long-Term Portion of Derivative Instrument Assets (175) | | 0 | 0 |
| 65 | Derivative Instrument Assets - Hedges (176) | | 0 | 0 |
| 66 | (Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176) | | 0 | 0 |
| 67 | Total Current and Accrued Assets (Lines 34 through 66) | | 175,118,112 | 158,533,797 |
| 68 | DEFERRED DEBITS | | | |
| 69 | Unamortized Debt Expenses (181) | | 3,313,957 | 2,294,967 |
| 70 | Extraordinary Property Losses (182.1) | 230a | 0 | 0 |
| 71 | Unrecovered Plant and Regulatory Study Costs (182.2) | 230b | 0 | 0 |
| 72 | Other Regulatory Assets (182.3) | 232 | 178,083,472 | 178,354,534 |
| 73 | Prelim. Survey and Investigation Charges (Electric) (183) | | 34,548 | 639,908 |
| 74 | Preliminary Natural Gas Survey and Investigation Charges 183.1) | | 0 | 0 |
| 75 | Other Preliminary Survey and Investigation Charges (183.2) | | 0 | 0 |
| 76 | Clearing Accounts (184) | | 19,907 | 16,062 |
| 77 | Temporary Facilities (185) | | 198,128 | 212,643 |
| 78 | Miscellaneous Deferred Debits (186) | 233 | 109,604,439 | 118,808,138 |
| 79 | Def. Losses from Disposition of Utility Plt. (187) | | 0 | 0 |
| 80 | Research, Devel. and Demonstration Expend. (188) | 352-353 | 2,178 | 9,281 |
| 81 | Unamortized Loss on Reaquired Debt (189) | | 302,260 | 367,222 |
| 82 | Accumulated Deferred Income Taxes (190) | 234 | 136,362,705 | 164,744,271 |
| 83 | Unrecovered Purchased Gas Costs (191) | | 0 | 0 |
| 84 | Total Deferred Debits (lines 69 through 83) | | 427,921,594 | 465,447,026 |
| 85 | TOTAL ASSETS (lines 14-16, 32, 67, and 84) | | 1,800,646,444 | 1,778,504,747 |

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COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

| Line No. | Title of Account (a) | Ref. Page No. (b) | Current Year End of Quarter/Year Balance (c) | Prior Year End Balance 12/31 (d) |
|----------|---|----------------------|---|-------------------------------------|
| 1 | PROPRIETARY CAPITAL | | | |
| 2 | Common Stock Issued (201) | 250-251 | 223,850 | 223,850 |
| 3 | Preferred Stock Issued (204) | 250-251 | 0 | 0 |
| 4 | Capital Stock Subscribed (202, 205) | | 0 | 0 |
| 5 | Stock Liability for Conversion (203, 206) | | 0 | 0 |
| 6 | Premium on Capital Stock (207) | | 0 | 0 |
| 7 | Other Paid-In Capital (208-211) | 253 | 348,876,081 | 329,373,042 |
| 8 | Installments Received on Capital Stock (212) | 252 | 0 | 0 |
| 9 | (Less) Discount on Capital Stock (213) | 254 | 0 | 0 |
| 10 | (Less) Capital Stock Expense (214) | 254b | 0 | 0 |
| 11 | Retained Earnings (215, 215.1, 216) | 118-119 | 121,006,586 | 117,574,611 |
| 12 | Unappropriated Undistributed Subsidiary Earnings (216.1) | 118-119 | 23,101,230 | 18,303,431 |
| 13 | (Less) Required Capital Stock (217) | 250-251 | 0 | 0 |
| 14 | Noncorporate Proprietorship (Non-major only) (218) | | 0 | 0 |
| 15 | Accumulated Other Comprehensive Income (219) | 122(a)(b) | 8,366,872 | 10,303,594 |
| 16 | Total Proprietary Capital (lines 2 through 15) | | 501,574,619 | 475,778,528 |
| 17 | LONG-TERM DEBT | | | |
| 18 | Bonds (221) | 256-257 | 500,000,000 | 445,000,000 |
| 19 | (Less) Required Bonds (222) | 256-257 | 0 | 0 |
| 20 | Advances from Associated Companies (223) | 256-257 | 0 | 0 |
| 21 | Other Long-Term Debt (224) | 256-257 | 0 | 1,499,080 |
| 22 | Unamortized Premium on Long-Term Debt (225) | | 0 | 0 |
| 23 | (Less) Unamortized Discount on Long-Term Debt-Debit (226) | | 0 | 0 |
| 24 | Total Long-Term Debt (lines 18 through 23) | | 500,000,000 | 446,499,080 |
| 25 | OTHER NONCURRENT LIABILITIES | | | |
| 26 | Obligations Under Capital Leases - Noncurrent (227) | | 2,208,944 | 3,463,716 |
| 27 | Accumulated Provision for Property Insurance (228.1) | | 0 | 0 |
| 28 | Accumulated Provision for Injuries and Damages (228.2) | | 4,909,985 | 4,932,354 |
| 29 | Accumulated Provision for Pensions and Benefits (228.3) | | 39,742,752 | 63,929,517 |
| 30 | Accumulated Miscellaneous Operating Provisions (228.4) | | 93,994 | 48,174 |
| 31 | Accumulated Provision for Rate Refunds (229) | | 0 | 0 |
| 32 | Long-Term Portion of Derivative Instrument Liabilities | | 0 | 0 |
| 33 | Long-Term Portion of Derivative Instrument Liabilities - Hedges | | 0 | 0 |
| 34 | Asset Retirement Obligations (230) | | 208,035 | 206,894 |
| 35 | Total Other Noncurrent Liabilities (lines 26 through 34) | | 47,163,710 | 72,580,655 |
| 36 | CURRENT AND ACCRUED LIABILITIES | | | |
| 37 | Notes Payable (231) | | 0 | 0 |
| 38 | Accounts Payable (232) | | 23,225,465 | 18,390,703 |
| 39 | Notes Payable to Associated Companies (233) | | 16,578,157 | 80,349,714 |
| 40 | Accounts Payable to Associated Companies (234) | | 43,778,631 | 37,478,294 |
| 41 | Customer Deposits (235) | | 22,263,526 | 21,882,871 |
| 42 | Taxes Accrued (236) | 262-263 | 9,096,086 | 7,223,461 |
| 43 | Interest Accrued (237) | | 6,749,872 | 6,673,274 |
| 44 | Dividends Declared (238) | | 0 | 0 |
| 45 | Matured Long-Term Debt (239) | | 0 | 0 |

| | | | |
|--|---|--------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (mo, da, yr) 11 | Year/Period of Report end of 2016/Q4 |
|--|---|--------------------------------------|---|

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)

| Line No. | Title of Account (a) | Ref. Page No. (b) | Current Year End of Quarter/Year Balance (c) | Prior Year End Balance 12/31 (d) |
|----------|--|----------------------|---|---|
| 46 | Matured Interest (240) | | 0 | 0 |
| 47 | Tax Collections Payable (241) | | 575,320 | 466,427 |
| 48 | Miscellaneous Current and Accrued Liabilities (242) | | 12,532,244 | 14,137,312 |
| 49 | Obligations Under Capital Leases-Current (243) | | 1,702,704 | 1,940,940 |
| 50 | Derivative Instrument Liabilities (244) | | 0 | 0 |
| 51 | (Less) Long-Term Portion of Derivative Instrument Liabilities | | 0 | 0 |
| 52 | Derivative Instrument Liabilities - Hedges (245) | | 0 | 0 |
| 53 | (Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges | | 0 | 0 |
| 54 | Total Current and Accrued Liabilities (lines 37 through 53) | | 136,502,005 | 188,542,996 |
| 55 | DEFERRED CREDITS | | | |
| 56 | Customer Advances for Construction (252) | | 5,753,445 | 5,378,836 |
| 57 | Accumulated Deferred Investment Tax Credits (255) | 266-267 | 0 | 0 |
| 58 | Deferred Gains from Disposition of Utility Plant (256) | | 0 | 0 |
| 59 | Other Deferred Credits (253) | 269 | 72,105,628 | 71,885,511 |
| 60 | Other Regulatory Liabilities (254) | 278 | 10,798,685 | 5,049,014 |
| 61 | Unamortized Gain on Reaquired Debt (257) | | 0 | 0 |
| 62 | Accum. Deferred Income Taxes-Accel. Amort.(281) | 272-277 | 0 | 0 |
| 63 | Accum. Deferred Income Taxes-Other Property (282) | | 400,192,952 | 383,052,272 |
| 64 | Accum. Deferred Income Taxes-Other (283) | | 126,555,400 | 129,737,855 |
| 65 | Total Deferred Credits (lines 56 through 64) | | 615,406,110 | 595,103,488 |
| 66 | TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65) | | 1,800,646,444 | 1,778,504,747 |

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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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STATEMENT OF INCOME

Quarterly

1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
5. If additional columns are needed, place them in a footnote.

Annual or Quarterly if applicable

5. Do not report fourth quarter data in columns (e) and (f)
6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

| Line No. | Title of Account (a) | (Ref.) Page No. (b) | Total Current Year to Date Balance for Quarter/Year (c) | Total Prior Year to Date Balance for Quarter/Year (d) | Current 3 Months Ended Quarterly Only No 4th Quarter (e) | Prior 3 Months Ended Quarterly Only No 4th Quarter (f) |
|----------|--|---------------------------|---|---|--|--|
| 1 | UTILITY OPERATING INCOME | | | | | |
| 2 | Operating Revenues (400) | 300-301 | 868,332,215 | 820,183,914 | | |
| 3 | Operating Expenses | | | | | |
| 4 | Operation Expenses (401) | 320-323 | 608,906,172 | 576,588,115 | | |
| 5 | Maintenance Expenses (402) | 320-323 | 30,431,794 | 28,820,220 | | |
| 6 | Depreciation Expense (403) | 336-337 | 58,051,096 | 56,527,059 | | |
| 7 | Depreciation Expense for Asset Retirement Costs (403.1) | 336-337 | | | | |
| 8 | Amort. & Depl. of Utility Plant (404-405) | 336-337 | 2,113,014 | 1,534,232 | | |
| 9 | Amort. of Utility Plant Acq. Adj. (406) | 336-337 | | | | |
| 10 | Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407) | | | | | |
| 11 | Amort. of Conversion Expenses (407) | | | | | |
| 12 | Regulatory Debits (407.3) | | 15,142,639 | 1,356,889 | | |
| 13 | (Less) Regulatory Credits (407.4) | | 2,915,605 | 4,281,280 | | |
| 14 | Taxes Other Than Income Taxes (408.1) | 262-263 | 43,676,086 | 40,937,127 | | |
| 15 | Income Taxes - Federal (409.1) | 262-263 | -1,305,452 | 12,027,055 | | |
| 16 | - Other (409.1) | 262-263 | 1,549,146 | -7,963 | | |
| 17 | Provision for Deferred Income Taxes (410.1) | 234, 272-277 | 176,791,509 | 173,450,229 | | |
| 18 | (Less) Provision for Deferred Income Taxes-Cr. (411.1) | 234, 272-277 | 135,624,357 | 144,114,029 | | |
| 19 | Investment Tax Credit Adj. - Net (411.4) | 266 | | | | |
| 20 | (Less) Gains from Disp. of Utility Plant (411.6) | | | | | |
| 21 | Losses from Disp. of Utility Plant (411.7) | | | | | |
| 22 | (Less) Gains from Disposition of Allowances (411.8) | | | | | |
| 23 | Losses from Disposition of Allowances (411.9) | | | | | |
| 24 | Accretion Expense (411.10) | | | | | |
| 25 | TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24) | | 796,816,042 | 742,837,654 | | |
| 26 | Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117, line 27 | | 71,516,173 | 77,346,260 | | |

STATEMENT OF INCOME FOR THE YEAR (continued)

| Line No. | Title of Account (a) | (Ref.) Page No. (b) | TOTAL | | Current 3 Months Ended Quarterly Only No 4th Quarter (e) | Prior 3 Months Ended Quarterly Only No 4th Quarter (f) |
|----------|--|---------------------------|---------------------|----------------------|--|--|
| | | | Current Year (c) | Previous Year (d) | | |
| 27 | Net Utility Operating Income (Carried forward from page 114) | | 71,516,173 | 77,346,260 | | |
| 28 | Other Income and Deductions | | | | | |
| 29 | Other Income | | | | | |
| 30 | Nonutility Operating Income | | | | | |
| 31 | Revenues From Merchandising, Jobbing and Contract Work (415) | | 1,028,001 | 1,170,142 | | |
| 32 | (Less) Costs and Exp. of Merchandising, Job. & Contract Work (416) | | 462,940 | 521,030 | | |
| 33 | Revenues From Nonutility Operations (417) | | | | | |
| 34 | (Less) Expenses of Nonutility Operations (417.1) | | | | | |
| 35 | Nonoperating Rental Income (418) | | -8,955 | | | |
| 36 | Equity in Earnings of Subsidiary Companies (418.1) | 119 | 4,835,019 | 4,534,904 | | |
| 37 | Interest and Dividend Income (419) | | 1,650,995 | 9,881 | | |
| 38 | Allowance for Other Funds Used During Construction (419.1) | | 2,895 | 147,199 | | |
| 39 | Miscellaneous Nonoperating Income (421) | | 206,511 | -975,219 | | |
| 40 | Gain on Disposition of Property (421.1) | | 5,387 | 217,120 | | |
| 41 | TOTAL Other Income (Enter Total of lines 31 thru 40) | | 7,256,913 | 4,582,997 | | |
| 42 | Other Income Deductions | | | | | |
| 43 | Loss on Disposition of Property (421.2) | | 96,953 | | | |
| 44 | Miscellaneous Amortization (425) | | | | | |
| 45 | Donations (426.1) | | 164,057 | 132,658 | | |
| 46 | Life Insurance (426.2) | | -224,112 | 11,857 | | |
| 47 | Penalties (426.3) | | | 8,082 | | |
| 48 | Exp. for Certain Civic, Political & Related Activities (426.4) | | 27,561 | 28,658 | | |
| 49 | Other Deductions (426.5) | | 8,739 | 17,650 | | |
| 50 | TOTAL Other Income Deductions (Total of lines 43 thru 49) | | 73,198 | 198,905 | | |
| 51 | Taxes Applic. to Other Income and Deductions | | | | | |
| 52 | Taxes Other Than Income Taxes (408.2) | 262-263 | -1,985,776 | 25,825 | | |
| 53 | Income Taxes-Federal (409.2) | 262-263 | 200,486 | -166,645 | | |
| 54 | Income Taxes-Other (409.2) | 262-263 | 44,918 | -29,495 | | |
| 55 | Provision for Deferred Inc. Taxes (410.2) | 234, 272-277 | 100,148 | 103,022 | | |
| 56 | (Less) Provision for Deferred Income Taxes-Cr. (411.2) | 234, 272-277 | 45,634 | 37,347 | | |
| 57 | Investment Tax Credit Adj.-Net (411.5) | | | | | |
| 58 | (Less) Investment Tax Credits (420) | | | | | |
| 59 | TOTAL Taxes on Other Income and Deductions (Total of lines 52-58) | | -1,685,858 | -104,640 | | |
| 60 | Net Other Income and Deductions (Total of lines 41, 50, 59) | | 8,869,573 | 4,488,732 | | |
| 61 | Interest Charges | | | | | |
| 62 | Interest on Long-Term Debt (427) | | 19,677,373 | 18,195,704 | | |
| 63 | Amort. of Debt Disc. and Expense (428) | | 85,285 | 55,142 | | |
| 64 | Amortization of Loss on Reaquired Debt (428.1) | | 64,962 | 733,773 | | |
| 65 | (Less) Amort. of Premium on Debt-Credit (429) | | | | | |
| 66 | (Less) Amortization of Gain on Reaquired Debt-Credit (429.1) | | | | | |
| 67 | Interest on Debt to Assoc. Companies (430) | | 1,974,966 | 424,508 | | |
| 68 | Other Interest Expense (431) | | 511,512 | 567,790 | | |
| 69 | (Less) Allowance for Borrowed Funds Used During Construction-Cr. (432) | | 158,126 | 277,739 | | |
| 70 | Net Interest Charges (Total of lines 62 thru 69) | | 22,155,972 | 19,699,178 | | |
| 71 | Income Before Extraordinary Items (Total of lines 27, 60 and 70) | | 58,229,774 | 62,135,814 | | |
| 72 | Extraordinary Items | | | | | |
| 73 | Extraordinary Income (434) | | | | | |
| 74 | (Less) Extraordinary Deductions (435) | | | | | |
| 75 | Net Extraordinary Items (Total of line 73 less line 74) | | | | | |
| 76 | Income Taxes-Federal and Other (409.3) | 262-263 | | | | |
| 77 | Extraordinary Items After Taxes (line 75 less line 76) | | | | | |
| 78 | Net Income (Total of line 71 and 77) | | 58,229,774 | 62,135,814 | | |

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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

| Line No. | Item (a) | Contra Primary Account Affected (b) | Current Quarter/Year Year to Date Balance (c) | Previous Quarter/Year Year to Date Balance (d) |
|----------|---|-------------------------------------|---|--|
| | UNAPPROPRIATED RETAINED EARNINGS (Account 216) | | | |
| 1 | Balance-Beginning of Period | | 117,574,611 | 114,936,481 |
| 2 | Changes | | | |
| 3 | Adjustments to Retained Earnings (Account 439) | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | TOTAL Credits to Retained Earnings (Acct. 439) | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | TOTAL Debits to Retained Earnings (Acct. 439) | | | |
| 16 | Balance Transferred from Income (Account 433 less Account 418.1) | | 53,394,755 | 57,600,910 |
| 17 | Appropriations of Retained Earnings (Acct. 436) | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | | | | |
| 21 | | | | |
| 22 | TOTAL Appropriations of Retained Earnings (Acct. 436) | | | |
| 23 | Dividends Declared-Preferred Stock (Account 437) | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
| 28 | | | | |
| 29 | TOTAL Dividends Declared-Preferred Stock (Acct. 437) | | | |
| 30 | Dividends Declared-Common Stock (Account 438) | | | |
| 31 | Common Stock | | -50,000,000 | (55,000,000) |
| 32 | | | | |
| 33 | | | | |
| 34 | | | | |
| 35 | | | | |
| 36 | TOTAL Dividends Declared-Common Stock (Acct. 438) | | -50,000,000 | (55,000,000) |
| 37 | Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings | | 37,220 | 37,220 |
| 38 | Balance - End of Period (Total 1,9,15,16,22,29,36,37) | | 121,006,586 | 117,574,611 |
| | APPROPRIATED RETAINED EARNINGS (Account 215) | | | |

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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

| Line No. | Item (a) | Contra Primary Account Affected (b) | Current Quarter/Year Year to Date Balance (c) | Previous Quarter/Year Year to Date Balance (d) |
|----------|--|-------------------------------------|---|--|
| 39 | | | | |
| 40 | | | | |
| 41 | | | | |
| 42 | | | | |
| 43 | | | | |
| 44 | | | | |
| 45 | TOTAL Appropriated Retained Earnings (Account 215) | | | |
| | APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1) | | | |
| 46 | TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1) | | | |
| 47 | TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46) | | | |
| 48 | TOTAL Retained Earnings (Acct. 215, 215.1, 216) (Total 38, 47) (216.1) | | 121,006,586 | 117,574,611 |
| | UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account | | | |
| | Report only on an Annual Basis, no Quarterly | | | |
| 49 | Balance-Beginning of Year (Debit or Credit) | | 18,303,431 | 13,805,747 |
| 50 | Equity in Earnings for Year (Credit) (Account 418.1) | | 4,835,019 | 4,534,904 |
| 51 | (Less) Dividends Received (Debit) | | 37,220 | 37,220 |
| 52 | | | | |
| 53 | Balance-End of Year (Total lines 49 thru 52) | | 23,101,230 | 18,303,431 |

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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

| Line No. | Description (See Instruction No. 1 for Explanation of Codes) (a) | Current Year to Date Quarter/Year (b) | Previous Year to Date Quarter/Year (c) |
|----------|---|---|--|
| 1 | Net Cash Flow from Operating Activities: | | |
| 2 | Net Income (Line 78(c) on page 117) | 58,229,774 | 62,135,814 |
| 3 | Noncash Charges (Credits) to Income: | | |
| 4 | Depreciation and Depletion | 60,164,110 | 58,061,291 |
| 5 | Amortization (Deferral) of Regulatory Assets, Net | 12,227,034 | -2,924,391 |
| 6 | Amortization of Purchase Accounting Adjustment | -1,757,006 | -3,778,668 |
| 7 | Deferred Purchase Power and Other Costs | -3,984,953 | -32,054,310 |
| 8 | Deferred Income Taxes (Net) | 41,328,029 | 29,401,875 |
| 9 | Investment Tax Credit Adjustment (Net) | | |
| 10 | Net (Increase) Decrease in Receivables | -23,032,809 | -16,628,723 |
| 11 | Net (Increase) Decrease in Inventory | | |
| 12 | Net (Increase) Decrease in Allowances Inventory | | |
| 13 | Net Increase (Decrease) in Payables and Accrued Expenses | 11,968,802 | -15,429,830 |
| 14 | Net (Increase) Decrease in Other Regulatory Assets | | |
| 15 | Net Increase (Decrease) in Other Regulatory Liabilities | | |
| 16 | (Less) Allowance for Other Funds Used During Construction | 2,895 | 147,199 |
| 17 | (Less) Undistributed Earnings from Subsidiary Companies | 4,835,019 | 4,534,904 |
| 18 | Other (provide details in footnote): | 18,505,223 | 6,016,886 |
| 19 | Pension and OPEB mark-to-market adjustments | 1,079,036 | 3,021,363 |
| 20 | | | |
| 21 | | | |
| 22 | Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21) | 169,889,326 | 83,139,204 |
| 23 | | | |
| 24 | Cash Flows from Investment Activities: | | |
| 25 | Construction and Acquisition of Plant (including land): | | |
| 26 | Gross Additions to Utility Plant (less nuclear fuel) | -97,893,947 | -86,448,897 |
| 27 | Gross Additions to Nuclear Fuel | | |
| 28 | Gross Additions to Common Utility Plant | | |
| 29 | Gross Additions to Nonutility Plant | | |
| 30 | (Less) Allowance for Other Funds Used During Construction | -2,895 | -147,199 |
| 31 | Other (provide details in footnote): | | |
| 32 | | | |
| 33 | | | |
| 34 | Cash Outflows for Plant (Total of lines 26 thru 33) | -97,891,052 | -86,301,698 |
| 35 | | | |
| 36 | Acquisition of Other Noncurrent Assets (d) | | |
| 37 | Proceeds from Disposal of Noncurrent Assets (d) | | |
| 38 | | | |
| 39 | Investments in and Advances to Assoc. and Subsidiary Companies | | |
| 40 | Contributions and Advances from Assoc. and Subsidiary Companies | | |
| 41 | Disposition of Investments in (and Advances to) | | |
| 42 | Associated and Subsidiary Companies | | |
| 43 | | | |
| 44 | Purchase of Investment Securities (a) | | |
| 45 | Proceeds from Sales of Investment Securities (a) | | |

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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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STATEMENT OF CASH FLOWS

(1) Codes to be used: (a) Net Proceeds or Payments; (b) Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

| Line No. | Description (See Instruction No. 1 for Explanation of Codes) (a) | Current Year to Date Quarter/Year (b) | Previous Year to Date Quarter/Year (c) |
|----------|---|---|--|
| 46 | Loans Made or Purchased | | |
| 47 | Collections on Loans | | |
| 48 | Cost of Removal | -9,581,865 | -14,078,625 |
| 49 | Net (Increase) Decrease in Receivables | | |
| 50 | Net (Increase) Decrease in Inventory | | |
| 51 | Net (Increase) Decrease in Allowances Held for Speculation | | |
| 52 | Net Increase (Decrease) in Payables and Accrued Expenses | | |
| 53 | Other (provide details in footnote): | -57,384 | -600,896 |
| 54 | | | |
| 55 | | | |
| 56 | Net Cash Provided by (Used in) Investing Activities | | |
| 57 | Total of lines 34 thru 55) | -107,530,301 | -100,981,219 |
| 58 | | | |
| 59 | Cash Flows from Financing Activities: | | |
| 60 | Proceeds from Issuance of: | | |
| 61 | Long-Term Debt (b) | 155,000,000 | 145,000,000 |
| 62 | Preferred Stock | | |
| 63 | Common Stock | | |
| 64 | Other (provide details in footnote): | | |
| 65 | | | |
| 66 | Net Increase in Short-Term Debt (c) | | 76,024,043 |
| 67 | Other (provide details in footnote): | | |
| 68 | | | |
| 69 | | | |
| 70 | Cash Provided by Outside Sources (Total 61 thru 69) | 155,000,000 | 221,024,043 |
| 71 | | | |
| 72 | Payments for Retirement of: | | |
| 73 | Long-term Debt (b) | -100,000,000 | -145,000,000 |
| 74 | Preferred Stock | | |
| 75 | Common Stock | | |
| 76 | Other (provide details in footnote): | -1,668,452 | -1,116,514 |
| 77 | Payments on Capital Lease Obligations | -1,919,016 | -2,065,514 |
| 78 | Net Decrease in Short-Term Debt (c) | -63,771,557 | |
| 79 | | | |
| 80 | Dividends on Preferred Stock | | |
| 81 | Dividends on Common Stock | -50,000,000 | -55,000,000 |
| 82 | Net Cash Provided by (Used in) Financing Activities | | |
| 83 | (Total of lines 70 thru 81) | -62,359,025 | 17,842,015 |
| 84 | | | |
| 85 | Net Increase (Decrease) in Cash and Cash Equivalents | | |
| 86 | (Total of lines 22,57 and 83) | | |
| 87 | | | |
| 88 | Cash and Cash Equivalents at Beginning of Period | | |
| 89 | | | |
| 90 | Cash and Cash Equivalents at End of period | | |

| | | | |
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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2016/Q4 |
| FOOTNOTE DATA | | | |

Schedule Page: 120 Line No.: 18 Column: b

2016

Other Operating Activities:

| | |
|---|---------------|
| Amortization of Prepaid Purchased Power | \$ 5,558,556 |
| Prepayments | 6,448,493 |
| Contributions in Aid of Construction | 3,431,066 |
| Stock-Based Compensation | 1,593,665 |
| Customer Advances for Construction | 374,609 |
| Other | 1,098,834 |
| | \$ 18,505,223 |

Schedule Page: 120 Line No.: 18 Column: c

2015

Other Operating Activities:

| | |
|--|--------------|
| Amortization of prepaid purchase power | \$ 5,561,071 |
| Contributions in Aid of Construction | 178,280 |
| Other | 277,535 |
| | \$ 6,016,886 |

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NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.
7. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
8. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
9. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

PAGE 122 INTENTIONALLY LEFT BLANK
 SEE PAGE 123 FOR REQUIRED INFORMATION.

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| NOTES TO FINANCIAL STATEMENTS (Continued) | | | |

1. ORGANIZATION AND BASIS OF PRESENTATION

The Potomac Edison Company (PE), is a wholly owned subsidiary of FirstEnergy Corp. (FirstEnergy), incorporated in Maryland and Virginia. PE owns transmission assets in Maryland, West Virginia and Virginia and provides distribution services to customers in Maryland and West Virginia. PE is subject to regulation by the Maryland Public Service Commission (MDPSC), the West Virginia Public Service Commission (WVPSC), the Virginia State Corporation Commission (VSCC) and the Federal Energy Regulatory Commission (FERC).

BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with FERC accounting requirements as set forth in the Uniform System of Accounts and accounting releases, which differ from Generally Accepted Accounting Principles in the United States of America (GAAP). The significant differences between FERC and GAAP related to these financial statements include the following:

- Wholly owned subsidiaries that are consolidated under GAAP are accounted for under the equity method of accounting under FERC. As such investment in subsidiaries are reflected under the equity method of accounting on the FERC income statement, balance sheet and cash flow statement, and on a consolidated basis on the GAAP income statement, balance sheet and cash flow statement
- The current portion of long-term debt, long-term assets or long-term liabilities is not reported separately on the FERC balance sheet.
- Deferred Income Taxes are recorded on a gross basis on the FERC balance sheet with deferred tax assets and deferred tax liabilities being reported separately.
- Asset removal costs are classified as accumulated depreciation on the FERC balance sheet and regulatory liability for GAAP.
- For income statement purposes, there are differences in items included in Operating Income and Other Income and Deductions under GAAP and FERC reporting, including costs which are recorded in operating expenses for GAAP and non-operating expenses for FERC.
- Regulatory Assets and Liabilities per GAAP differ from Regulatory Assets and Liabilities per FERC because Account 189, Unamortized loss are regulatory assets on reacquired debt for GAAP statements but not for FERC statements.
- Vegetation management that is shown as a regulatory asset for FERC purposes.
- Estimated interest and penalties related to uncertain tax positions are recorded as part of interest expense and penalties respectively under FERC and as income tax expense under GAAP.
- Other Comprehensive Income pages 122a-b are not audited per FERC instructions.
- As a result of the merger with FirstEnergy, purchase accounting adjustments and reclassifications were made for GAAP reporting, but not for FERC reporting, to reclassify accumulated depreciation to property, plant and equipment, and the allowance for uncollectible accounts to receivables.
- Capital leases are recorded on a net basis in Plant in Service on the FERC balance sheet.
- Unamortized debt issuance costs are included in deferred charges on the FERC balance sheet and long-term debt on the GAAP balance sheet.

PE complies with the regulations, orders, policies and practices prescribed by FERC, the MDPSC, the VSCC and the WVPSC. The preparation of financial statements requires management to make periodic estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Actual results could differ from these estimates. The reported results of operations are not indicative of results of operations for any future period.

ACCOUNTING FOR THE EFFECTS OF REGULATION

PE accounts for the effects of regulation through the application of regulatory accounting since its rates are established by a third-party regulator with the authority to set rates that bind customers, are cost-based and can be charged to and collected from customers. PE records regulatory assets and liabilities that result from the regulated rate-making process that would not be recorded under GAAP for non-regulated entities. These assets and liabilities are amortized in the Statements of Income concurrent with their recovery or refund through customer rates. PE believes that it is probable that its regulatory assets and liabilities will be recovered and settled, respectively, through future rates.

REVENUES AND RECEIVABLES

PE's principal business is providing electric service to customers in Maryland and West Virginia. PE's retail customers are metered on a cycle basis. Electric revenues are recorded based on energy delivered through the end of the calendar month. An estimate of unbilled revenues is calculated to recognize electric service provided from the last meter reading through the end of the month. This estimate includes many factors, among which are historical customer usage, load profiles, estimated weather impacts, customer

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| NOTES TO FINANCIAL STATEMENTS (Continued) | | | |

shopping activity and prices in effect for each class of customer. In each accounting period, PE accrues the estimated unbilled amount as revenue and reverses the related prior period estimate.

Receivables from customers include distribution and retail electric sales to residential, commercial and industrial customers. There was no material concentration of receivables as of December 31, 2016 and 2015, with respect to any particular segment of PE's customers. Billed and unbilled customer receivables were \$45 million and \$59 million, respectively, as of December 31, 2016 and \$27 million and \$47 million, respectively, as of December 31, 2015.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment reflects original cost (net of any impairments recognized), including payroll and related costs such as taxes, employee benefits, administrative and general costs, and interest costs incurred to place the assets in service. The costs of normal maintenance, repairs and minor replacements are expensed as incurred. PE recognizes liabilities for planned major maintenance projects as they are incurred.

PE provides for depreciation on a straight-line basis at various rates over the estimated lives of property included in plant in service. Depreciation expense was approximately 2.9% of average depreciable property in 2016 and 2015.

PE reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. The recoverability of a long-lived asset is measured by comparing its carrying value to the sum of undiscounted future cash flows expected to result from the use and eventual disposition of the asset. If the carrying value is greater than the undiscounted cash flows, impairment exists and a loss is recognized for the amount by which the carrying value of the long-lived asset exceeds its estimated fair value.

INVESTMENTS

All temporary cash investments purchased with an initial maturity of three months or less are reported as cash equivalents on the Consolidated Balance Sheets, at cost, which approximates their fair market value.

PREPAID PURCHASE POWER

In April 2007 and December 2009, MP Environmental Funding LLC, an indirect subsidiary of MP, and PE Environmental Funding LLC, an indirect subsidiary of PE, issued environmental control bonds. These bonds securitize the right to collect an environmental control surcharge that MP and PE impose on their retail customers in West Virginia. PE contributed its net bond proceeds from its issuances of these bonds to MP as a prepayment for power, with MP recording the receipt of the proceeds as unearned revenue. The carrying amount of this power prepayment is designated as "Prepaid purchased power" on PE's Consolidated Balance Sheets. This power expense is recognized to the same extent that PE depreciates the portion of the scrubber fixed assets financed by PE's bonds.

NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers". Subsequent accounting standards updates have been issued which amend and/or clarify the application of ASU 2014-09. The core principle of the new guidance is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. More detailed disclosures will also be required to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. For public business entities, the new revenue recognition guidance will be effective for annual and interim reporting periods beginning after December 15, 2017. Earlier adoption is permitted for annual and interim reporting periods beginning after December 15, 2016. PE will not early adopt the standards. The standards shall be applied retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. PE has evaluated a significant portion of its revenues and preliminarily expects limited impacts to current revenue recognition practices, dependent on the resolution of industry issues including accounting for contributions in aid of construction and the ability to recognize revenue for contracts where collectibility is in question. PE continues to assess the remainder of its revenue streams and the impact on its financial statements and disclosures as well as which transition method it will select to adopt the guidance.

On August 27, 2014, the FASB issued ASU 2014-15, "Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern." In connection with preparing financial statements for each annual and interim reporting period, the ASU requires an entity's management to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. Disclosures are required when management identifies conditions or events that raise substantial doubt. The new requirements were effective for the

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| NOTES TO FINANCIAL STATEMENTS (Continued) | | | |

annual period ended December 31, 2016.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)", which will require organizations that lease assets with lease terms of more than twelve months to recognize assets and liabilities for the rights and obligations created by those leases on their balance sheets. In addition, new qualitative and quantitative disclosures of the amounts, timing, and uncertainty of cash flows arising from leases will be required. The ASU will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018, with early adoption permitted. Lessors and lessees will be required to apply a modified retrospective transition approach, which requires adjusting the accounting for any leases existing at the beginning of the earliest comparative period presented in the adoption-period financial statements. Any leases that expire before the initial application date will not require any accounting adjustment. PE is currently evaluating the impact on its financial statements of adopting this standard.

In March of 2016, the FASB issued ASU 2016-09, "Improvements to Employee Share-Based Payment Accounting", which simplifies several aspects of the accounting for employee share-based payment. The new guidance will require all income tax effects of awards to be recognized in the income statement when the awards vest or are settled. It also will not require liability accounting when an employer repurchases more of an employee's shares for tax withholding purposes. The ASU will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016, with early adoption permitted. Upon adoption, January 1, 2017, FirstEnergy elected to account for forfeitures as they occur. The adoption of the ASU did not have a material impact on PE's financial statements.

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments". The standard is intended to eliminate diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows, including the presentation of debt prepayment or debt extinguishment costs, all of which will be classified as financing activities. The guidance is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2017. Early adoption is permitted for all entities. PE expects to adopt this ASU in 2017 and does not expect this ASU to have a material effect on its financial statements.

In November 2016, the FASB issued ASU 2016-18, "Restricted Cash" that will require entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. When cash, cash equivalents, restricted cash and restricted cash equivalents are presented in more than one line item on the balance sheet, the new guidance requires a reconciliation of the totals in the statement of cash flows to the related captions in the balance sheet. The guidance is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2019. Early adoption in an interim period is permitted, but any adjustments must be reflected as of the beginning of the fiscal year that includes that interim period. PE does not expect this ASU to have a material effect on its financial statements.

2. PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)

FirstEnergy provides noncontributory qualified defined benefit pension plans that cover substantially all of its employees and non-qualified pension plans that cover certain employees, including employees of PE. The plans provide defined benefits based on years of service and compensation levels. In addition, FirstEnergy provides a minimum amount of noncontributory life insurance to retired employees in addition to optional contributory insurance. Health care benefits, which include certain employee contributions, deductibles and co-payments, are also available upon retirement to certain employees, their dependents and, under certain circumstances, their survivors. PE recognizes its allocated portion of the expected cost of providing pension and OPEB to employees and their beneficiaries and covered dependents from the time employees are hired until they become eligible to receive those benefits. PE also recognized its allocated portion of obligations to former or inactive employees after employment, but before retirement, for disability-related benefits.

FirstEnergy recognizes a pension and OPEB mark-to-market adjustment for the change in the fair value of plan assets and net actuarial gains and losses annually in the fourth quarter of each fiscal year and whenever a plan is determined to qualify for a remeasurement. The remaining components of pension and OPEB expense, primarily service costs, interest on obligations, assumed return on assets and prior service costs, are recorded on a monthly basis. PE's pension and OPEB mark-to-market adjustment for the years ended December 31, 2016 and 2015 were (\$4) million (\$1 million net of amounts capitalized) and \$1 million (\$3 million net of amounts capitalized), respectively. In 2016, the pension and OPEB mark-to-market adjustment primarily reflects a 25 basis point decline in the discount rate, partially offset by changes in actuarial assumptions, including mortality assumptions and higher than expected asset returns.

FirstEnergy's pension and OPEB funding policy is based on actuarial computations using the projected unit credit method. In 2016, FirstEnergy satisfied its minimum required funding obligations of \$382 million and addressed funding obligations for future years to its qualified pension plan with total contributions of \$882 million, including \$500 million of FE common stock contributed to the qualified pension plan on December 13, 2016 (\$18 million of equity contributions at PE). The equity pension contribution reduced PE's share of

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| NOTES TO FINANCIAL STATEMENTS (Continued) | | | |

the net pension and OPEB liability with the difference credited to the common stock of PE.

Pension and OPEB costs are affected by employee demographics (including age, compensation levels and employment periods), the level of contributions made to the plans and earnings on plan assets. Pension and OPEB costs may also be affected by changes in key assumptions, including anticipated rates of return on plan assets, the discount rates and health care trend rates used in determining the projected benefit obligations for pension and OPEB costs. FirstEnergy uses a December 31 measurement date for its pension and OPEB plans. The fair value of the plan assets represents the actual market value as of the measurement date.

FirstEnergy's assumed rate of return on pension plan assets considers historical market returns and economic forecasts for the types of investments held by the pension trusts. In 2016, FirstEnergy's qualified pension and OPEB plan assets experienced gains of \$472 million, or 8.2% compared to losses of \$(172) million, or (2.7)% in 2015, and assumed a 7.50% rate of return for 2016 and a 7.75% rate of return for 2015 on plan assets which generated \$429 million and \$476 million of expected returns on plan assets, respectively. The expected return on pension and OPEB assets is based on the trusts' asset allocation targets and the historical performance of risk-based and fixed income securities. The gains or losses generated as a result of the difference between expected and actual returns on plan assets will increase or decrease future net periodic pension and OPEB cost as the difference is recognized annually in the fourth quarter of each fiscal year or whenever a plan is determined to qualify for remeasurement.

During 2016, the Society of Actuaries released its updated mortality improvement scale for pension plans, MP-2016, incorporating three additional years of Social Security Administration (SSA) data on U.S. population mortality. MP-2016 incorporates SSA mortality data from 2012 to 2014 and a slight modification of two input values designed to improve the model's year-over-year stability. The updated improvement scale indicates a slight decline in life expectancy as a result of the slower average rate of mortality improvement. Due to the additional years of data on population mortality, the RP2014 mortality table with the projection scale MP-2016 was utilized to determine the 2016 benefit cost and obligation as of December 31, 2016 for the FirstEnergy pension and OPEB plans. The impact of using the projection scale MP-2016 resulted in a decrease in the projected benefit obligation of \$141 million and \$8 million for the pension and OPEB plans, respectively, and was included in the 2016 pension and OPEB mark-to-market adjustment.

The following is a summary of the plan status:

| (In millions) | Year ended <u>December 31, 2016</u> | Year ended <u>December 31, 2015</u> |
|---------------------------|--|--|
| Pension plan costs(1) | \$ (4) | \$ (1) |
| OPEB plan costs | (6) | (5) |
| Pension plan liability(2) | 30 | 52 |
| OPEB plan liability | 9 | 12 |

(1) Includes annual pension and OPEB mark-to-market adjustment.

(2) Excludes \$17 million and \$21 million as of December 31, 2016 and 2015, respectively, of affiliated non-current assets related to pension and OPEB mark-to-market costs allocated to PE.

In selecting an assumed discount rate, FE considers currently available rates of return on high-quality fixed income investments expected to be available during the period to maturity of the pension and OPEB obligations. The assumed rates of return on plan assets consider historical market returns and economic forecasts for the types of investments held by FE's pension trusts. The long-term rate of return is developed considering the portfolio's asset allocation strategy.

3. LEASES

PE leases certain office space and other property and equipment under cancelable and noncancelable leases.

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| NOTES TO FINANCIAL STATEMENTS (Continued) | | | |

Operating lease expense which includes rent expense for the use of office space and other property and equipment primarily owned by affiliated companies was \$5 million for the years ended December 31, 2016 and 2015. PE's estimated future minimum lease payments for capital and operating leases as of December 31, 2016 with initial or remaining lease terms in excess of one year are as follows:

| (In millions) | 2017 | 2018 | 2019 | 2020 | 2021 | Thereafter | Total | Less: amount representing interest and fees | Present value of net minimum capital lease payments |
|------------------|------|------|------|------|------|------------|-------|---|---|
| Capital Leases | \$ 2 | \$ 2 | \$ 1 | \$ - | \$ - | \$ - | \$ 5 | \$ 1 | \$ 4 |
| Operating Leases | \$ 1 | \$ - | \$ 1 | \$ 1 | \$ 1 | \$ 2 | \$ 6 | N/A | N/A |

PE's estimated future minimum lease payments for operating leases are immaterial. The carrying amounts of assets recorded under capital lease agreements included in "Property, plant and equipment, net" on PE's Consolidated Balance Sheets as of December 31, 2016 and 2015, were \$4 million and \$5 million, respectively.

4. REGULATORY MATTERS

STATE REGULATION

PE's retail rates, conditions of service, issuance of securities and other matters are subject to regulation in Maryland by the MDPSC and in West Virginia by the WVPSC. The transmission operations of PE in Virginia are subject to certain regulations of the VSCC.

MARYLAND

PE provides Standard Offer Service (SOS) pursuant to a combination of settlement agreements, MDPSC orders and regulations, and statutory provisions. SOS supply is competitively procured in the form of rolling contracts of varying lengths through periodic auctions that are overseen by the MDPSC and a third party monitor. Although settlements with respect to SOS supply for PE customers have expired, service continues in the same manner until changed by order of the MDPSC. PE recovers its costs plus a return for providing SOS.

The Maryland legislature adopted a statute in 2008 codifying the EmPOWER Maryland Energy Efficiency Act (EmPOWER Maryland) goals to reduce electric consumption and demand and requiring each electric utility to file a plan every three years. PE's current plan, covering the three-year period 2015-2017, was approved by the MDPSC on December 23, 2014. On July 16, 2015, the MDPSC issued an order setting new incremental energy savings goals for 2017 and beyond, beginning with the goal of 0.97% savings set in PE's plan for 2016, and increasing 0.2% per year thereafter to reach 2%. The costs of the 2015-2017 plan are expected to be approximately \$70 million, of which \$43 million was incurred through December 31, 2016. PE continues to recover program costs subject to a five-year amortization. Maryland law only allows for the utility to recover lost distribution revenue attributable to energy efficiency or demand reduction programs through a base rate case proceeding, and to date, such recovery has not been sought or obtained by PE.

On February 27, 2013, the MDPSC issued an order requiring the Maryland electric utilities to submit analyses relating to the costs and benefits of making further system and staffing enhancements in order to attempt to reduce storm outage durations. PE's responsive filings discussed the steps needed to harden the utility's system in order to attempt to achieve various levels of storm response speed described in the February 2013 Order, and projected that it would require approximately \$2.7 billion in infrastructure investments over 15 years to attempt to achieve the quickest level of response for the largest storm projected in the February 2013 Order. On July 1, 2014, the Staff of the MDPSC issued a set of reports that recommended the imposition of extensive additional requirements in the areas of storm response, feeder performance, estimates of restoration times, and regulatory reporting, as well as the imposition of penalties, including customer rebates, for a utility's failure or inability to comply with the escalating standards of storm restoration speed proposed by the Staff of the MDPSC. In addition, the Staff of the MDPSC proposed that the Maryland utilities be required to develop and implement system hardening plans, up to a rate impact cap on cost. The MDPSC conducted a hearing September 15-18, 2014, to consider certain of these matters, and has not yet issued a ruling on any of those matters.

On September 26, 2016, the MDPSC initiated a new proceeding to consider an array of issues relating to electric distribution system design, including matters relating to electric vehicles, distributed energy resources, advanced metering infrastructure, energy storage, system planning, rate design, and impacts on low-income customers. Initial comments in the proceeding were filed on October 28, 2016, and the MDPSC held an initial hearing on the matter on December 8-9, 2016. On January 31, 2017, the MDPSC issued a notice establishing five working groups to address these issues over the following eighteen months, and also directed the retention of an

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outside consultant to prepare a report on costs and benefits of distributed solar generation in Maryland.

WEST VIRGINIA

MP and PE provide electric service to all customers through traditional cost-based, regulated utility ratemaking. MP and PE recover net power supply costs, including fuel costs, purchased power costs and related expenses, net of related market sales revenue through the Expanded Net Energy Cost (ENEC). MP's and PE's ENEC rate is updated annually.

On March 31, 2016, MP and PE filed with the WVPSC seeking approval of their Phase II energy efficiency program including three MP and PE energy efficiency programs to meet their Phase II requirement of energy efficiency reductions of 0.5% of 2013 distribution sales for the January 1, 2017 through May 31, 2018 period, as agreed to by MP and PE, and approved by the WVPSC in the 2012 proceeding approving the transfer of ownership of the Harrison Power Station to MP. The costs for the Phase II program are expected to be \$10.4 million and are eligible for recovery through the existing energy efficiency rider which is reviewed in the fuel (ENEC) case each year. A unanimous settlement was reached by the parties on all issues and presented to the WVPSC on August 18, 2016. An order approving the settlement in full without modification was issued by the WVPSC on September 23, 2016. The Phase II program began initial implementation in November 2016.

The Staff of the WVPSC and the Consumer Advocate Division filed a Show Cause petition on August 5, 2016, requesting that the WVPSC order MP and PE to file and implement Request for Proposal (RFP) for all future capacity and energy requirements above 100 Megawatt Hours (MWs) and that they comply with an RFP settlement provision from the Harrison power station acquisition. MP and PE filed a timely response to the petition arguing for dismissal on September 7, 2016. On October 17, 2016, the WVPSC denied the petition filed by the Staff of the WVPSC and the Consumer Advocate Division and dismissed the case.

On August 16, 2016, MP and PE filed their annual ENEC case proposing an annual increase in rates of approximately \$65 million effective January 1, 2017, which is a 4.7% increase over existing rates. The increase is comprised of a \$119 million under-recovered balance as of June 30, 2016, and a projected \$54 million over-recovery for the 2017 rate effective period. The parties reached a unanimous settlement providing for a \$25 million increase beginning January 1, 2017 and keeping ENEC rates at the same level for a two year period. The settlement was presented to the WVPSC at a hearing on November 9, 2016. On December 9, 2016, the WVPSC approved the settlement as submitted.

On August 22, 2016, MP and PE filed an application for approval of a modernization and improvement plan for coal-fired boilers at electric power plants and cost-recovery surcharge proposing an approximate \$6.9 million annual increase in rates to be effective May 1, 2017, which is a 0.5% increase over existing rates. The filing is in response to recent legislation by the West Virginia Legislature permitting accelerated recovery of costs related to modernizing and improving coal-fired boilers, including costs related to meeting environmental requirements and reducing emissions. The filing was supplemented on September 28, 2016, to add two additional projects, resulting in an approximate \$7.4 million annual increase in rates. The Staff of the WVPSC filed a motion to dismiss the case arguing the new statute was not meant to recover these types of projects, but the WVPSC set the case for hearing for February 21-23, 2017. As part of the annual ENEC settlement described above, the parties agreed that MP and PE will increase ENEC rates to provide for a return of and on Mercury and Air Toxics Standards (MATS)/Cross-State Air Pollution Rule (CSAPR) capital costs incurred during 2016-2017. Accordingly, MP and PE withdrew this case as part of the ENEC approval.

On December 30, 2015, MP filed an Integrated Resource Plan (IRP) with the WVPSC identifying a capacity shortfall starting in 2016 and exceeding 700 MWs by 2020 and 850 MWs by 2027. On June 3, 2016, the WVPSC accepted the IRP finding that IRPs are informational and that it must not approve or disapprove the IRP. MP issued a RFP to address its generation shortfall identified in the IRP on December 16, 2016 along with issuing a second RFP to sell its interest in Bath County. Bids were received by an independent evaluator in February 2017 for both RFPs. On March 6, 2017, MP signed a Purchase Agreement with Allegheny Energy Supply Company, LLC (AE Supply), as the selected respondent to the generation shortfall RFP, to purchase AE Supply's Pleasants power station (1,300 MW) for approximately \$195 million. On March 7, 2017, MP, and PE filed an application with the WVPSC requesting authorization for MP to purchase AE Supply's Pleasants power station.

FEDERAL REGULATION

With respect to their wholesale services and rates, Ohio Edison Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company, Pennsylvania Power Company, Jersey Central Power & Light Company, Metropolitan Edison Company, Pennsylvania Electric Company, MP, PE, and West Penn Power Company (the Utilities), including PE, are subject to regulation by FERC. Under the Federal Power Act, FERC regulates rates for interstate wholesale sales, transmission of electric power, accounting and other matters. FERC regulations require PE to provide open access transmission service at FERC-approved rates, terms and conditions. PE's transmission facilities are subject to functional control by PJM Interconnection L.L.C. (PJM) and transmission service using PE's transmission facilities is provided by PJM under the PJM Open Access Transmission Tariff (PJM Tariff). See "FERC

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| NOTES TO FINANCIAL STATEMENTS (Continued) | | | |

Matters" below.

FERC regulates the sale of power for resale in interstate commerce in part by granting authority to public utilities to sell wholesale power at market-based rates upon showing that the seller cannot exert market power in generation or transmission or erect barriers to entry into markets. The Utilities, including PE, each have been authorized by FERC to sell wholesale power in interstate commerce and have a market-based rate tariff on file with FERC; although major wholesale purchases remain subject to regulation by the relevant state commissions. As a condition to selling electricity on a wholesale basis at market-based rates, the Utilities, including PE, like other entities granted market-based rate authority, must file electronic quarterly reports with FERC listing their sales transactions for the prior quarter.

RELIABILITY MATTERS

Federally-enforceable mandatory reliability standards apply to the bulk electric system and impose certain operating, record-keeping and reporting requirements on PE. North American Electric Reliability Corporation (NERC) is the Electric Reliability Organization designated by FERC to establish and enforce these reliability standards, although NERC has delegated day-to-day implementation and enforcement of these reliability standards to eight regional entities, including ReliabilityFirst Corporation (RFC). All of FirstEnergy's facilities, including those of PE, are located within the RFC region. FirstEnergy actively participates in the NERC and RFC stakeholder processes, and otherwise monitors and manages its companies, including PE, in response to the ongoing development, implementation and enforcement of the reliability standards implemented and enforced by RFC.

FirstEnergy believes that it is in compliance with all currently-effective and enforceable reliability standards. Nevertheless, in the course of operating its extensive electric utility systems and facilities, FirstEnergy occasionally learns of isolated facts or circumstances that could be interpreted as excursions from the reliability standards. If and when such occurrences are found, FirstEnergy develops information about the occurrence and develops a remedial response to the specific circumstances, including in appropriate cases "self-reporting" an occurrence to RFC. Moreover, it is clear that NERC, RFC and FERC will continue to refine existing reliability standards as well as to develop and adopt new reliability standards. Any inability on FirstEnergy's part to comply with the reliability standards for its bulk electric system could result in the imposition of financial penalties, and obligations to upgrade or build transmission facilities, that could have a material adverse effect on PE's financial condition, results of operations and cash flows.

FERC MATTERS

PJM Transmission Rates

PJM and its stakeholders have been debating the proper method to allocate costs for certain transmission facilities. While FirstEnergy and other parties advocate for a traditional "beneficiary pays" (or usage based) approach, others advocate for "socializing" the costs on a load-ratio share basis, where each customer in the zone would pay based on its total usage of energy within PJM. This question has been the subject of extensive litigation before FERC and the appellate courts, including before the United States Court of Appeals for the Seventh Circuit (Seventh Circuit). On June 25, 2014, a divided three-judge panel of the Seventh Circuit ruled that FERC had not quantified the benefits that western PJM utilities would derive from certain 500 kilovolt (kV) or higher lines and thus had not adequately supported its decision to socialize the costs of these lines. The majority found that eastern PJM utilities are the primary beneficiaries of the lines, while western PJM utilities are only incidental beneficiaries, and that, while incidental beneficiaries should pay some share of the costs of the lines, that share should be proportionate to the benefit they derive from the lines, and not on load-ratio share in PJM as a whole. The court remanded the case to FERC, which issued an order setting the issue of cost allocation for hearing and settlement proceedings. On June 15, 2016, various parties, including PE, filed a settlement agreement at FERC agreeing to apply a combined usage based/socialization approach to cost allocation for charges to transmission customers in the PJM region for transmission projects operating at or above 500 kV. Certain other parties in the proceeding did not agree to the settlement and filed protests to the settlement seeking, among other issues, to strike certain of the evidence advanced by FirstEnergy and certain of the other settling parties in support of the settlement, as well as provided further comments in opposition to the settlement. The PJM transmission owners responded to the protesting parties' various pleadings and motions. The settlement is pending before FERC.

The outcome of this proceeding and its impact, if any, on PE cannot be predicted at this time.

Market-Based Rate Authority, Triennial Update

PE holds authority from FERC to sell electricity at market-based rates. One condition for retaining this authority is that every three years PE must file an update with FERC that demonstrates that it continues to meet FERC's requirements for holding market-based rate authority. On December 23, 2016, FirstEnergy Service Company (FESC), on behalf of its affiliates with market-based rate authority, including PE, submitted to FERC the most recent triennial market power analysis filing for PE for the current cycle of this filing requirement. The filing remains pending before FERC.

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| NOTES TO FINANCIAL STATEMENTS (Continued) | | | |

5. COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL MATTERS

Various federal, state and local authorities regulate PE with regard to air and water quality and other environmental matters. Compliance with environmental regulations could have a material adverse effect on PE's earnings and competitive position to the extent that PE competes with companies that are not subject to such regulations and, therefore, do not bear the risk of costs associated with compliance, or failure to comply, with such regulations.

OTHER LEGAL PROCEEDINGS

Other Legal Matters

There are various lawsuits, claims (including claims for asbestos exposure) and proceedings related to PE's normal business operations pending against PE and its subsidiaries. The loss or range of loss in these matters is not expected to be material to PE or its subsidiaries. The other potentially material items not otherwise discussed above are described under "Note 4, Regulatory Matters" of the Notes to Consolidated Financial Statements.

PE accrues legal liabilities only when it concludes that it is probable that it has an obligation for such costs and can reasonably estimate the amount of such costs. In cases where PE determines that it is not probable, but reasonably possible that it has a material obligation, it discloses such obligations and the possible loss or range of loss if such estimate can be made. If it were ultimately determined that PE or its subsidiaries have legal liability or are otherwise made subject to liability based on any of the matters referenced above, it could have a material adverse effect on PE's or its subsidiaries' financial condition, results of operations and cash flows.

6. TRANSACTIONS WITH AFFILIATED COMPANIES

PE's operating revenues, operating expenses and interest expenses include transactions with affiliated companies. These affiliated company transactions include affiliated company power sales agreements between FirstEnergy's competitive and regulated companies, support service billings, interest on affiliated company notes including the money pools, and other transactions.

FE's competitive companies at times provide power through affiliated company power sales to meet a portion of the Utilities' Provider of Last Resort and default service requirements. The primary affiliated company transactions for PE during the years ended December 31, 2016 and 2015 are as follows:

| | 2016 | 2015 |
|---------------------------------|----------------------|------|
| | <i>(In millions)</i> | |
| Revenues | \$ 3 | \$ 2 |
| Expenses: | | |
| Purchased power from affiliates | 301 | 301 |
| Support services | 41 | 39 |
| Interest expense to affiliates | 2 | 1 |

FirstEnergy does not bill directly or allocate any of its costs to any subsidiary company. Costs are allocated from FESC. The majority of costs are directly billed or assigned at no more than cost. The remaining costs are for services that are provided on behalf of more than one company, or costs that cannot be precisely identified and are allocated using formulas developed by FESC. The current allocation or assignment formulas used and their bases include multiple factor formulas: each company's proportionate amount of FirstEnergy's aggregate direct payroll, number of employees, asset balances, revenues, number of customers, other factors and specific departmental charge ratios. Intercompany transactions with FirstEnergy and its other subsidiaries are generally settled under commercial terms within thirty days.

PE and FirstEnergy's other subsidiaries are parties to an intercompany income tax allocation agreement with FE and its other subsidiaries that provides for the allocation of consolidated tax liabilities. Net tax benefits attributable to FE are generally reallocated to

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| NOTES TO FINANCIAL STATEMENTS (Continued) | | | |

the subsidiaries of FirstEnergy that have taxable income. That allocation is accounted for as a capital contribution to the company receiving the tax benefit.

7. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION - Per Instructions on Page 121

| As of December 31, | 2016 | 2015 |
|---|-----------------|---------------|
| Cash paid (received) during for the year: | | |
| Interest – net of amount capitalized | \$ 23,428,207 | \$ 22,554,309 |
| Income Taxes (refunds) | \$ (15,807,265) | \$ 44,105,989 |

STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

| Line No. | Other Cash Flow Hedges Interest Rate Swaps (f) | Other Cash Flow Hedges [Insert Footnote at Line 1 to specify] (g) | Totals for each category of items recorded in Account 219 (h) | Net Income (Carried Forward from Page 117, Line 78) (i) | Total Comprehensive Income (j) |
|----------|--|---|--|--|---------------------------------------|
| 1 | | | 12,243,890 | | |
| 2 | | | (1,940,296) | | |
| 3 | | | | | |
| 4 | | | (1,940,296) | 62,135,814 | 60,195,518 |
| 5 | | | 10,303,594 | | |
| 6 | | | 10,303,594 | | |
| 7 | | | (1,936,722) | | |
| 8 | | | | | |
| 9 | | | (1,936,722) | 58,229,774 | 56,293,052 |
| 10 | | | 8,366,872 | | |

| Name of Respondent THE POTOMAC EDISON COMPANY | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|---|---|---|-----------------|---------------------------------------|---|
| SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION | | | | | |
| Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (h) common function. | | | | | |
| Line No. | Classification (a) | Total Company for the Current Year/Quarter Ended (b) | Electric (c) | | |
| 1 | Utility Plant | | | | |
| 2 | In Service | | | | |
| 3 | Plant in Service (Classified) | 2,073,847,019 | 2,073,847,019 | | |
| 4 | Property Under Capital Leases | 3,911,647 | 3,911,647 | | |
| 5 | Plant Purchased or Sold | | | | |
| 6 | Completed Construction not Classified | 68,735,706 | 68,735,706 | | |
| 7 | Experimental Plant Unclassified | | | | |
| 8 | Total (3 thru 7) | 2,146,494,372 | 2,146,494,372 | | |
| 9 | Leased to Others | | | | |
| 10 | Held for Future Use | | | | |
| 11 | Construction Work in Progress | 31,246,376 | 31,246,376 | | |
| 12 | Acquisition Adjustments | | | | |
| 13 | Total Utility Plant (8 thru 12) | 2,177,740,748 | 2,177,740,748 | | |
| 14 | Accum Prov for Depr, Amort, & Depl | 913,758,188 | 913,758,188 | | |
| 15 | Net Utility Plant (13 less 14) | 1,263,982,560 | 1,263,982,560 | | |
| 16 | Detail of Accum Prov for Depr, Amort & Depl | | | | |
| 17 | In Service: | | | | |
| 18 | Depreciation | 907,663,916 | 907,663,916 | | |
| 19 | Amort & Depl of Producing Nat Gas Land/Land Right | | | | |
| 20 | Amort of Underground Storage Land/Land Rights | | | | |
| 21 | Amort of Other Utility Plant | 6,094,272 | 6,094,272 | | |
| 22 | Total In Service (18 thru 21) | 913,758,188 | 913,758,188 | | |
| 23 | Leased to Others | | | | |
| 24 | Depreciation | | | | |
| 25 | Amortization and Depletion | | | | |
| 26 | Total Leased to Others (24 & 25) | | | | |
| 27 | Held for Future Use | | | | |
| 28 | Depreciation | | | | |
| 29 | Amortization | | | | |
| 30 | Total Held for Future Use (28 & 29) | | | | |
| 31 | Abandonment of Leases (Natural Gas) | | | | |
| 32 | Amort of Plant Acquisition Adj | | | | |
| 33 | Total Accum Prov (equals 14) (22,26,30,31,32) | 913,758,188 | 913,758,188 | | |

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION, AMORTIZATION AND DEPLETION

| Gas (d) | Other (Specify) (e) | Other (Specify) (f) | Other (Specify) (g) | Common (h) | Line No. |
|------------|------------------------|------------------------|------------------------|---------------|-------------|
| | | | | | 1 |
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| Name of Respondent THE POTOMAC EDISON COMPANY | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---|---|---------------------------------------|---|
| NUCLEAR FUEL MATERIALS (Account 120.1 through 120.6 and 157) | | | | | |
| 1. Report below the costs incurred for nuclear fuel materials in process of fabrication, on hand, in reactor, and in cooling; owned by the respondent. | | | | | |
| 2. If the nuclear fuel stock is obtained under leasing arrangements, attach a statement showing the amount of nuclear fuel leased, the quantity used and quantity on hand, and the costs incurred under such leasing arrangements. | | | | | |
| Line No. | Description of Item (a) | Balance Beginning of Year (b) | Changes during Year Additions (c) | | |
| 1 | Nuclear Fuel in process of Refinement, Conv, Enrichment & Fab (120.1) | | | | |
| 2 | Fabrication | | | | |
| 3 | Nuclear Materials | | | | |
| 4 | Allowance for Funds Used during Construction | | | | |
| 5 | (Other Overhead Construction Costs, provide details in footnote) | | | | |
| 6 | SUBTOTAL (Total 2 thru 5) | | | | |
| 7 | Nuclear Fuel Materials and Assemblies | | | | |
| 8 | In Stock (120.2) | | | | |
| 9 | In Reactor (120.3) | | | | |
| 10 | SUBTOTAL (Total 8 & 9) | | | | |
| 11 | Spent Nuclear Fuel (120.4) | | | | |
| 12 | Nuclear Fuel Under Capital Leases (120.6) | | | | |
| 13 | (Less) Accum Prov for Amortization of Nuclear Fuel Assem (120.5) | | | | |
| 14 | TOTAL Nuclear Fuel Stock (Total 6, 10, 11, 12, less 13) | | | | |
| 15 | Estimated net Salvage Value of Nuclear Materials in line 9 | | | | |
| 16 | Estimated net Salvage Value of Nuclear Materials in line 11 | | | | |
| 17 | Est Net Salvage Value of Nuclear Materials in Chemical Processing | | | | |
| 18 | Nuclear Materials held for Sale (157) | | | | |
| 19 | Uranium | | | | |
| 20 | Plutonium | | | | |
| 21 | Other (provide details in footnote): | | | | |
| 22 | TOTAL Nuclear Materials held for Sale (Total 19, 20, and 21) | | | | |

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|--|---|---|---------------------------------------|--|
| Name of Respondent THE POTOMAC EDISON COMPANY | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of <u>2016/Q4</u> |
| NUCLEAR FUEL MATERIALS (Account 120.1 through 120.6 and 157) | | | | |
| | | | | |
| | Changes during Year | Balance | | |
| Amortization (d) | Other Reductions (Explain in a footnote) (e) | End of Year (f) | | Line No. |
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|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)

- Report below the original cost of electric plant in service according to the prescribed accounts.
- In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.
- Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
- For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments.
- Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
- Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d)

| Line No. | Account (a) | Balance Beginning of Year (b) | Additions (c) |
|----------|--|-------------------------------|---------------|
| 1 | 1. INTANGIBLE PLANT | | |
| 2 | (301) Organization | 124,449 | |
| 3 | (302) Franchises and Consents | | |
| 4 | (303) Miscellaneous Intangible Plant | 14,618,609 | 2,404,106 |
| 5 | TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4) | 14,743,058 | 2,404,106 |
| 6 | 2. PRODUCTION PLANT | | |
| 7 | A. Steam Production Plant | | |
| 8 | (310) Land and Land Rights | | |
| 9 | (311) Structures and Improvements | | |
| 10 | (312) Boiler Plant Equipment | | |
| 11 | (313) Engines and Engine-Driven Generators | | |
| 12 | (314) Turbogenerator Units | | |
| 13 | (315) Accessory Electric Equipment | | |
| 14 | (316) Misc. Power Plant Equipment | | |
| 15 | (317) Asset Retirement Costs for Steam Production | | |
| 16 | TOTAL Steam Production Plant (Enter Total of lines 8 thru 15) | | |
| 17 | B. Nuclear Production Plant | | |
| 18 | (320) Land and Land Rights | | |
| 19 | (321) Structures and Improvements | | |
| 20 | (322) Reactor Plant Equipment | | |
| 21 | (323) Turbogenerator Units | | |
| 22 | (324) Accessory Electric Equipment | | |
| 23 | (325) Misc. Power Plant Equipment | | |
| 24 | (326) Asset Retirement Costs for Nuclear Production | | |
| 25 | TOTAL Nuclear Production Plant (Enter Total of lines 18 thru 24) | | |
| 26 | C. Hydraulic Production Plant | | |
| 27 | (330) Land and Land Rights | | |
| 28 | (331) Structures and Improvements | | |
| 29 | (332) Reservoirs, Dams, and Waterways | | |
| 30 | (333) Water Wheels, Turbines, and Generators | | |
| 31 | (334) Accessory Electric Equipment | | |
| 32 | (335) Misc. Power Plant Equipment | | |
| 33 | (336) Roads, Railroads, and Bridges | | |
| 34 | (337) Asset Retirement Costs for Hydraulic Production | | |
| 35 | TOTAL Hydraulic Production Plant (Enter Total of lines 27 thru 34) | | |
| 36 | D. Other Production Plant | | |
| 37 | (340) Land and Land Rights | | |
| 38 | (341) Structures and Improvements | | |
| 39 | (342) Fuel Holders, Products, and Accessories | | |
| 40 | (343) Prime Movers | | |
| 41 | (344) Generators | | |
| 42 | (345) Accessory Electric Equipment | | |
| 43 | (346) Misc. Power Plant Equipment | | |
| 44 | (347) Asset Retirement Costs for Other Production | | |
| 45 | TOTAL Other Prod. Plant (Enter Total of lines 37 thru 44) | | |
| 46 | TOTAL Prod. Plant (Enter Total of lines 16, 25, 35, and 45) | | |

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

| Line No. | Account (a) | Balance Beginning of Year (b) | Additions (c) |
|----------|--|----------------------------------|------------------|
| 47 | 3. TRANSMISSION PLANT | | |
| 48 | (350) Land and Land Rights | 47,534,585 | 10 |
| 49 | (352) Structures and Improvements | 14,751,709 | 78,186 |
| 50 | (353) Station Equipment | 180,652,283 | 7,703,924 |
| 51 | (354) Towers and Fixtures | 31,252,286 | 21,527 |
| 52 | (355) Poles and Fixtures | 73,978,832 | 2,943,187 |
| 53 | (356) Overhead Conductors and Devices | 95,932,112 | 7,236,955 |
| 54 | (357) Underground Conduit | 9,267 | 1,797,678 |
| 55 | (358) Underground Conductors and Devices | 478,689 | 2,554,608 |
| 56 | (359) Roads and Trails | | |
| 57 | (359.1) Asset Retirement Costs for Transmission Plant | 3,431 | |
| 58 | TOTAL Transmission Plant (Enter Total of lines 48 thru 57) | 444,593,194 | 22,336,075 |
| 59 | 4. DISTRIBUTION PLANT | | |
| 60 | (360) Land and Land Rights | 24,679,001 | 291,711 |
| 61 | (361) Structures and Improvements | 13,456,292 | 41,461 |
| 62 | (362) Station Equipment | 196,992,009 | 4,137,031 |
| 63 | (363) Storage Battery Equipment | | |
| 64 | (364) Poles, Towers, and Fixtures | 212,569,010 | 8,115,343 |
| 65 | (365) Overhead Conductors and Devices | 303,647,737 | 28,177,884 |
| 66 | (366) Underground Conduit | 66,432,679 | 1,353,680 |
| 67 | (367) Underground Conductors and Devices | 258,105,074 | 15,366,038 |
| 68 | (368) Line Transformers | 255,449,810 | 8,179,520 |
| 69 | (369) Services | 88,791,239 | 2,765,256 |
| 70 | (370) Meters | 63,763,665 | 3,985,564 |
| 71 | (371) Installations on Customer Premises | 4,115,477 | 109,405 |
| 72 | (372) Leased Property on Customer Premises | | |
| 73 | (373) Street Lighting and Signal Systems | 32,922,796 | 1,113,610 |
| 74 | (374) Asset Retirement Costs for Distribution Plant | | |
| 75 | TOTAL Distribution Plant (Enter Total of lines 60 thru 74) | 1,520,924,779 | 73,656,503 |
| 76 | 5. REGIONAL TRANSMISSION AND MARKET OPERATION PLANT | | |
| 77 | (380) Land and Land Rights | | |
| 78 | (381) Structures and Improvements | | |
| 79 | (382) Computer Hardware | | |
| 80 | (383) Computer Software | | |
| 81 | (384) Communication Equipment | | |
| 82 | (385) Miscellaneous Regional Transmission and Market Operation Plant | | |
| 83 | (386) Asset Retirement Costs for Regional Transmission and Market Oper | | |
| 84 | TOTAL Transmission and Market Operation Plant (Total lines 77 thru 83) | | |
| 85 | 6. GENERAL PLANT | | |
| 86 | (389) Land and Land Rights | 2,544,368 | |
| 87 | (390) Structures and Improvements | 34,785,453 | 3,042,465 |
| 88 | (391) Office Furniture and Equipment | 8,771,019 | 401,571 |
| 89 | (392) Transportation Equipment | 8,576,775 | 885,181 |
| 90 | (393) Stores Equipment | 238,265 | |
| 91 | (394) Tools, Shop and Garage Equipment | 7,637,452 | |
| 92 | (395) Laboratory Equipment | 917,693 | 11 |
| 93 | (396) Power Operated Equipment | 908,752 | 11 |
| 94 | (397) Communication Equipment | 13,103,704 | 273,646 |
| 95 | (398) Miscellaneous Equipment | 249,181 | 11 |
| 96 | SUBTOTAL (Enter Total of lines 86 thru 95) | 77,732,862 | 4,602,896 |
| 97 | (399) Other Tangible Property | | |
| 98 | (399.1) Asset Retirement Costs for General Plant | 25,544 | |
| 99 | TOTAL General Plant (Enter Total of lines 96, 97 and 98) | 77,758,206 | 4,602,896 |
| 100 | TOTAL (Accounts 101 and 106) | 2,058,019,237 | 102,999,580 |
| 101 | (102) Electric Plant Purchased (See Instr. 8) | | |
| 102 | (Less) (102) Electric Plant Sold (See Instr. 8) | | |
| 103 | (103) Experimental Plant Unclassified | | |
| 104 | TOTAL Electric Plant in Service (Enter Total of lines 100 thru 103) | 2,058,019,237 | 102,999,580 |

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

7. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

8. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirement of these pages.

9. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchase, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date

| Retirements (d) | Adjustments (e) | Transfers (f) | Balance at End of Year (g) | Line No. |
|--------------------|--------------------|------------------|----------------------------------|-------------|
| | | | | 1 |
| | | | 124,449 | 2 |
| | | | | 3 |
| | 223,296 | | 17,246,011 | 4 |
| | 223,296 | | 17,370,460 | 5 |
| | | | | 6 |
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ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

| Retirements (d) | Adjustments (e) | Transfers (f) | Balance at End of Year (g) | Line No. |
|--------------------|--------------------|------------------|----------------------------------|-------------|
| | | | | 47 |
| | | | 47,534,595 | 48 |
| | -15,098 | | 14,814,797 | 49 |
| 247,605 | -92,368 | | 188,016,234 | 50 |
| | -44,784 | | 31,229,029 | 51 |
| 1,214,634 | -2,566,423 | | 73,140,962 | 52 |
| 831,378 | 998,021 | | 103,335,710 | 53 |
| | | | 1,806,945 | 54 |
| 49,530 | -79 | | 2,983,688 | 55 |
| | | | | 56 |
| | | | 3,431 | 57 |
| 2,343,147 | -1,720,731 | | 462,865,391 | 58 |
| | | | | 59 |
| | -2 | | 24,970,710 | 60 |
| | -45,274 | | 13,452,479 | 61 |
| 111,470 | 66,583 | | 201,084,153 | 62 |
| | | | | 63 |
| 358,215 | -1,626,611 | | 218,699,527 | 64 |
| 1,347,050 | 3,577,043 | | 334,055,614 | 65 |
| 73,247 | -231,541 | | 67,481,571 | 66 |
| 3,212,769 | 736,616 | | 270,994,959 | 67 |
| 4,023,058 | 690,583 | | 260,296,855 | 68 |
| 58,522 | 61,162 | | 91,579,135 | 69 |
| 1,121,301 | -32,181 | | 66,595,737 | 70 |
| 20,206 | 7,701 | | 4,212,377 | 71 |
| | | | | 72 |
| 218,759 | 33,071 | | 33,850,718 | 73 |
| | | | | 74 |
| 10,544,597 | 3,237,150 | | 1,567,273,835 | 75 |
| | | | | 76 |
| | | | | 77 |
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| | | | | 81 |
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| | | | | 83 |
| | | | | 84 |
| | | | | 85 |
| | -578 | | 2,543,790 | 86 |
| 11,922 | 33,889 | | 37,849,885 | 87 |
| 648,829 | -196,278 | | 8,327,483 | 88 |
| | -1,968,822 | | 7,493,134 | 89 |
| 11,766 | | | 226,499 | 90 |
| 153,446 | -2,069 | | 7,481,937 | 91 |
| 16,074 | | | 901,630 | 92 |
| | -10 | | 908,753 | 93 |
| 391,681 | -2,661 | | 12,983,008 | 94 |
| 4,066 | -1 | | 245,125 | 95 |
| 1,237,784 | -2,136,530 | | 78,961,244 | 96 |
| | | | | 97 |
| 2,102 | | | 23,442 | 98 |
| 1,239,886 | -2,136,530 | | 78,984,686 | 99 |
| 14,127,630 | -396,815 | | 2,146,494,372 | 100 |
| | | | | 101 |
| | | | | 102 |
| | | | | 103 |
| 14,127,630 | -396,815 | | 2,146,494,372 | 104 |

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|--|---|---------------------------------------|--|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of <u>2016/Q4</u> |
|--|---|---------------------------------------|--|

ELECTRIC PLANT LEASED TO OTHERS (Account 104)

| Line No. | Name of Lessee (Designate associated companies with a double asterisk) (a) | Description of Property Leased (b) | Commission Authorization (c) | Expiration Date of Lease (d) | Balance at End of Year (e) |
|----------|---|--|------------------------------------|---------------------------------------|----------------------------------|
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| 46 | | | | | |
| 47 | TOTAL | | | | |

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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

ELECTRIC PLANT HELD FOR FUTURE USE (Account 105)

1. Report separately each property held for future use at end of the year having an original cost of \$250,000 or more. Group other items of property held for future use.
2. For property having an original cost of \$250,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.

| Line No. | Description and Location Of Property (a) | Date Originally Included in This Account (b) | Date Expected to be used in Utility Service (c) | Balance at End of Year (d) |
|----------|--|--|---|----------------------------|
| 1 | Land and Rights: | | | |
| 2 | | | | |
| 3 | NONE | | | |
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| 19 | | | | |
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| 21 | Other Property: | | | |
| 22 | | | | |
| 23 | NONE | | | |
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| 25 | | | | |
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| 27 | | | | |
| 28 | | | | |
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| 45 | | | | |
| 46 | | | | |
| 47 | Total | | | 0 |

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is. (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

CONSTRUCTION WORK IN PROGRESS - - ELECTRIC (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107)
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstrating (see Account 107 of the Uniform System of Accounts)
3. Minor projects (5% of the Balance End of the Year for Account 107 or \$1,000,000, whichever is less) may be grouped.

| Line No | Description of Project (a) | Construction work in progress - Electric (Account 107) (b) |
|---------|---|--|
| 1 | New Business Residential Underground | 2,274,211 |
| 2 | Small Tools and Equipment Blanket | 1,939,281 |
| 3 | Project Independence Extend 34.5kV Service to Vanville Substation | 1,492,118 |
| 4 | Charles Town Substation - Replace Transformer | 1,198,105 |
| 5 | Miscellaneous Projects Under \$1,000,000 | 24,342,661 |
| 6 | | |
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| 42 | | |
| 43 | TOTAL | 31,246,376 |

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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, Line 11, column (c), and that reported for electric plant in service, pages 204-207, column 9d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year

| Line No. | Item (a) | Total (c+d+e) (b) | Electric Plant in Service (c) | Electric Plant Held for Future Use (d) | Electric Plant Leased to Others (e) |
|----------|---|-------------------|-------------------------------|--|-------------------------------------|
| 1 | Balance Beginning of Year | 873,347,685 | 873,347,685 | | |
| 2 | Depreciation Provisions for Year, Charged to | | | | |
| 3 | (403) Depreciation Expense | 58,051,096 | 58,051,096 | | |
| 4 | (403.1) Depreciation Expense for Asset Retirement Costs | | | | |
| 5 | (413) Exp. of Elec. Plt. Leas. to Others | | | | |
| 6 | Transportation Expenses-Clearing | | | | |
| 7 | Other Clearing Accounts | | | | |
| 8 | Other Accounts (Specify, details in footnote): | | | | |
| 9 | | | | | |
| 10 | TOTAL Deprec. Prov for Year (Enter Total of lines 3 thru 9) | 58,051,096 | 58,051,096 | | |
| 11 | Net Charges for Plant Retired: | | | | |
| 12 | Book Cost of Plant Retired | 14,127,630 | 14,127,630 | | |
| 13 | Cost of Removal | 9,579,379 | 9,579,379 | | |
| 14 | Salvage (Credit) | | | | |
| 15 | TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14) | 23,707,009 | 23,707,009 | | |
| 16 | Other Debit or Cr. Items (Describe, details in footnote): | -20,229 | -20,229 | | |
| 17 | Miscellaneous | -7,627 | -7,627 | | |
| 18 | Book Cost or Asset Retirement Costs Retired | | | | |
| 19 | Balance End of Year (Enter Totals of lines 1, 10, 15, 16, and 18) | 907,663,916 | 907,663,916 | | |

Section B. Balances at End of Year According to Functional Classification

| | | | | | |
|----|--|-------------|-------------|--|--|
| 20 | Steam Production | | | | |
| 21 | Nuclear Production | | | | |
| 22 | Hydraulic Production-Conventional | | | | |
| 23 | Hydraulic Production-Pumped Storage | | | | |
| 24 | Other Production | | | | |
| 25 | Transmission | 229,358,640 | 229,358,640 | | |
| 26 | Distribution | 642,872,650 | 642,872,650 | | |
| 27 | Regional Transmission and Market Operation | | | | |
| 28 | General | 35,432,626 | 35,432,626 | | |
| 29 | TOTAL (Enter Total of lines 20 thru 28) | 907,663,916 | 907,663,916 | | |

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| FOOTNOTE DATA | | | |

Schedule Page: 219 Line No.: 16 Column: c
 Accretion of asset retirement costs

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1)

- Report below investments in Accounts 123.1, investments in Subsidiary Companies.
- Provide a subheading for each company and List there under the information called for below. Sub - TOTAL by company and give a TOTAL in columns (e),(f),(g) and (h)
(a) Investment in Securities - List and describe each security owned. For bonds give also principal amount, date of issue, maturity and interest rate.
(b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.
- Report separately the equity in undistributed subsidiary earnings since acquisition. The TOTAL in column (e) should equal the amount entered for Account 418.1.

| Line No. | Description of Investment (a) | Date Acquired (b) | Date Of Maturity (c) | Amount of Investment at Beginning of Year (d) |
|----------|---|----------------------|-------------------------|--|
| 1 | PE Transferring Agent, LLC | | | |
| 2 | Pre-merger undistributed earnings reclassified to paid-in capital | 02/25/11 | | -4,644,282 |
| 3 | Capital Contributions | | | 7,682,682 |
| 4 | Subtotal | | | 3,038,400 |
| 5 | | | | |
| 6 | PE Renaissance Funding, LLC | | | |
| 7 | Pre-merger undistributed earnings reclassified to paid-in capital | 02/25/11 | | -97,297,453 |
| 8 | Equity in Undistributed Subsidiary Earnings | | | 18,046,062 |
| 9 | Capital Contributions | | | 731,675 |
| 10 | Miscellaneous Paid-in Capital -Stock Unit Tax Benefit | | | 54,982 |
| 11 | Subtotal | | | -78,464,734 |
| 12 | | | | |
| 13 | PATH Allegheny Maryland Transmission Company, LLC | | | |
| 14 | Pre-merger undistributed earnings reclassified to paid-in capital | 02/25/11 | | 59,764 |
| 15 | Equity in Undistributed Subsidiary Earnings | | | 263,572 |
| 16 | Equity Rollups - tax accruals at PATH Maryland | | | 9,339 |
| 17 | Subtotal | | | 332,675 |
| 18 | | | | |
| 19 | | | | |
| 20 | | | | |
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| 41 | | | | |
| 42 | Total Cost of Account 123.1 \$ | 0 | TOTAL | -75,093,659 |

INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1) (Continued)

4. For any securities, notes, or accounts that were pledged designate such securities, notes, or accounts in a footnote, and state the name of pledgee and purpose of the pledge.
5. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.
6. Report column (f) interest and dividend revenues from investments, including such revenues from securities disposed of during the year.
7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if difference from cost) and the selling price thereof, not including interest adjustment includible in column (f).
8. Report on Line 42, column (a) the TOTAL cost of Account 123.1

| Equity in Subsidiary Earnings of Year (e) | Revenues for Year (f) | Amount of Investment at End of Year (g) | Gain or Loss from Investment Disposed of (h) | Line No. |
|---|-----------------------|---|--|----------|
| | | | | 1 |
| | | -4,644,282 | | 2 |
| | | 7,682,682 | | 3 |
| | | 3,038,400 | | 4 |
| | | | | 5 |
| | | | | 6 |
| | | -97,297,453 | | 7 |
| 4,832,374 | -37,220 | 22,841,217 | | 8 |
| | | 731,675 | | 9 |
| | | 54,982 | | 10 |
| 4,832,374 | -37,220 | -73,669,579 | | 11 |
| | | | | 12 |
| | | | | 13 |
| | | 59,764 | | 14 |
| 2,645 | | 266,217 | | 15 |
| | 1,022 | 10,361 | | 16 |
| 2,645 | 1,022 | 336,342 | | 17 |
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| | | | | 41 |
| 4,835,019 | -36,198 | -70,294,837 | | 42 |

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

MATERIALS AND SUPPLIES

1. For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments which use the class of material.
2. Give an explanation of important inventory adjustments during the year (in a footnote) showing general classes of material and supplies and the various accounts (operating expenses, clearing accounts, plant, etc.) affected debited or credited. Show separately debit or credits to stores expense clearing, if applicable.

| Line No. | Account (a) | Balance Beginning of Year (b) | Balance End of Year (c) | Department or Departments which Use Material (d) |
|----------|--|----------------------------------|----------------------------|---|
| 1 | Fuel Stock (Account 151) | | | |
| 2 | Fuel Stock Expenses Undistributed (Account 152) | | | |
| 3 | Residuals and Extracted Products (Account 153) | | | |
| 4 | Plant Materials and Operating Supplies (Account 154) | | | |
| 5 | Assigned to - Construction (Estimated) | | | |
| 6 | Assigned to - Operations and Maintenance | | | |
| 7 | Production Plant (Estimated) | | | |
| 8 | Transmission Plant (Estimated) | | | |
| 9 | Distribution Plant (Estimated) | | | |
| 10 | Regional Transmission and Market Operation Plant (Estimated) | | | |
| 11 | Assigned to - Other (provide details in footnote) | | | |
| 12 | TOTAL Account 154 (Enter Total of lines 5 thru 11) | | | |
| 13 | Merchandise (Account 155) | | | |
| 14 | Other Materials and Supplies (Account 156) | | | |
| 15 | Nuclear Materials Held for Sale (Account 157) (Not applic to Gas Util) | | | |
| 16 | Stores Expense Undistributed (Account 163) | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | TOTAL Materials and Supplies (Per Balance Sheet) | | | |

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

Allowances (Accounts 158.1 and 158.2)

1. Report below the particulars (details) called for concerning allowances.
2. Report all acquisitions of allowances at cost.
3. Report allowances in accordance with a weighted average cost allocation method and other accounting as prescribed by General Instruction No. 21 in the Uniform System of Accounts.
4. Report the allowances transactions by the period they are first eligible for use: the current year's allowances in columns (b)-(c), allowances for the three succeeding years in columns (d)-(i), starting with the following year, and allowances for the remaining succeeding years in columns (j)-(k).
5. Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions Lines 36-40.

| Line No. | SO2 Allowances Inventory (Account 158.1) (a) | Current Year | | 2017 | |
|----------|--|--------------|-------------|------------|-------------|
| | | No. (b) | Amt. (c) | No. (d) | Amt. (e) |
| 1 | Balance-Beginning of Year | | | | |
| 2 | | | | | |
| 3 | Acquired During Year: | | | | |
| 4 | Issued (Less Withheld Allow) | | | | |
| 5 | Returned by EPA | | | | |
| 6 | | | | | |
| 7 | | | | | |
| 8 | Purchases/Transfers: | | | | |
| 9 | | | | | |
| 10 | | | | | |
| 11 | | | | | |
| 12 | | | | | |
| 13 | | | | | |
| 14 | | | | | |
| 15 | Total | | | | |
| 16 | | | | | |
| 17 | Relinquished During Year: | | | | |
| 18 | Charges to Account 509 | | | | |
| 19 | Other: | | | | |
| 20 | | | | | |
| 21 | Cost of Sales/Transfers: | | | | |
| 22 | | | | | |
| 23 | | | | | |
| 24 | | | | | |
| 25 | | | | | |
| 26 | | | | | |
| 27 | | | | | |
| 28 | Total | | | | |
| 29 | Balance-End of Year | | | | |
| 30 | | | | | |
| 31 | Sales: | | | | |
| 32 | Net Sales Proceeds(Assoc. Co.) | | | | |
| 33 | Net Sales Proceeds (Other) | | | | |
| 34 | Gains | | | | |
| 35 | Losses | | | | |
| | Allowances Withheld (Acct 158.2) | | | | |
| 36 | Balance-Beginning of Year | | | | |
| 37 | Add: Withheld by EPA | | | | |
| 38 | Deduct: Returned by EPA | | | | |
| 39 | Cost of Sales | | | | |
| 40 | Balance-End of Year | | | | |
| 41 | | | | | |
| 42 | Sales: | | | | |
| 43 | Net Sales Proceeds (Assoc. Co.) | | | | |
| 44 | Net Sales Proceeds (Other) | | | | |
| 45 | Gains | | | | |
| 46 | Losses | | | | |

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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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Allowances (Accounts 158.1 and 158.2) (Continued)

6. Report on Lines 5 allowances returned by the EPA, Report on Line 39 the EPA's sales of the withheld allowances. Report on Lines 43-46 the net sales proceeds and gains/losses resulting from the EPA's sale or auction of the withheld allowances.
7. Report on Lines 8-14 the names of vendors/transferrors of allowances acquire and identify associated companies (See "associated company" under "Definitions" in the Uniform System of Accounts).
8. Report on Lines 22 - 27 the name of purchasers/ transferees of allowances disposed of an identify associated companies.
9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers.
10. Report on Lines 32-35 and 43-46 the net sales proceeds and gains or losses from allowance sales.

| 2018 | | 2019 | | Future Years | | Totals | | Line No. |
|---------|----------|---------|----------|--------------|----------|---------|----------|----------|
| No. (f) | Amt. (g) | No. (h) | Amt. (i) | No. (j) | Amt. (k) | No. (l) | Amt. (m) | |
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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

Allowances (Accounts 158.1 and 158.2)

1. Report below the particulars (details) called for concerning allowances.
2. Report all acquisitions of allowances at cost.
3. Report allowances in accordance with a weighted average cost allocation method and other accounting as prescribed by General Instruction No. 21 in the Uniform System of Accounts.
4. Report the allowances transactions by the period they are first eligible for use: the current year's allowances in columns (b)-(c), allowances for the three succeeding years in columns (d)-(i), starting with the following year, and allowances for the remaining succeeding years in columns (j)-(k).
5. Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions Lines 36-40.

| Line No. | NOx Allowances Inventory (Account 158.1) (a) | Current Year | | 2017 | |
|----------|--|--------------|-------------|------------|-------------|
| | | No. (b) | Amt. (c) | No. (d) | Amt. (e) |
| 1 | Balance-Beginning of Year | | | | |
| 2 | | | | | |
| 3 | Acquired During Year: | | | | |
| 4 | Issued (Less Withheld Allow) | | | | |
| 5 | Returned by EPA | | | | |
| 6 | | | | | |
| 7 | | | | | |
| 8 | Purchases/Transfers: | | | | |
| 9 | | | | | |
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| 12 | | | | | |
| 13 | | | | | |
| 14 | | | | | |
| 15 | Total | | | | |
| 16 | | | | | |
| 17 | Relinquished During Year: | | | | |
| 18 | Charges to Account 509 | | | | |
| 19 | Other: | | | | |
| 20 | | | | | |
| 21 | Cost of Sales/Transfers: | | | | |
| 22 | | | | | |
| 23 | | | | | |
| 24 | | | | | |
| 25 | | | | | |
| 26 | | | | | |
| 27 | | | | | |
| 28 | Total | | | | |
| 29 | Balance-End of Year | | | | |
| 30 | | | | | |
| 31 | Sales: | | | | |
| 32 | Net Sales Proceeds(Assoc. Co.) | | | | |
| 33 | Net Sales Proceeds (Other) | | | | |
| 34 | Gains | | | | |
| 35 | Losses | | | | |
| | Allowances Withheld (Acct 158.2) | | | | |
| 36 | Balance-Beginning of Year | | | | |
| 37 | Add: Withheld by EPA | | | | |
| 38 | Deduct: Returned by EPA | | | | |
| 39 | Cost of Sales | | | | |
| 40 | Balance-End of Year | | | | |
| 41 | | | | | |
| 42 | Sales: | | | | |
| 43 | Net Sales Proceeds (Assoc. Co.) | | | | |
| 44 | Net Sales Proceeds (Other) | | | | |
| 45 | Gains | | | | |
| 46 | Losses | | | | |

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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2018/Q4 |
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Allowances (Accounts 158.1 and 158.2) (Continued)

6. Report on Lines 5 allowances returned by the EPA. Report on Line 39 the EPA's sales of the withheld allowances. Report on Lines 43-46 the net sales proceeds and gains/losses resulting from the EPA's sale or auction of the withheld allowances.
7. Report on Lines 8-14 the names of vendors/transfersors of allowances acquire and identify associated companies (See "associated company" under "Definitions" in the Uniform System of Accounts).
8. Report on Lines 22 - 27 the name of purchasers/ transferees of allowances disposed of an identify associated companies.
9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers.
10. Report on Lines 32-35 and 43-46 the net sales proceeds and gains or losses from allowance sales.

| 2018 | | 2019 | | Future Years | | Totals | | Line No. |
|---------|----------|---------|----------|--------------|----------|---------|----------|----------|
| No. (f) | Amt. (g) | No. (h) | Amt. (i) | No. (j) | Amt. (k) | No. (l) | Amt. (m) | |
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|--|---|---------------------------------------|--|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of <u>2016/Q4</u> |
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EXTRAORDINARY PROPERTY LOSSES (Account 182.1)

| Line No. | Description of Extraordinary Loss [Include in the description the date of Commission Authorization to use Acc 182.1 and period of amortization (mo, yr to mo, yr).] (a) | Total Amount of Loss (b) | Losses Recognized During Year (c) | WRITTEN OFF DURING YEAR | | Balance at End of Year (f) |
|----------|---|-----------------------------|--------------------------------------|-------------------------|---------------|-------------------------------|
| | | | | Account Charged (d) | Amount (e) | |
| 1 | | | | | | |
| 2 | | | | | | |
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| 18 | | | | | | |
| 19 | | | | | | |
| 20 | TOTAL | | | | | |

Name of Respondent

THE POTOMAC EDISON COMPANY

This Report Is:

(1) An Original

(2) A Resubmission

Date of Report

(Mo, Da, Yr)

/ /

Year/Period of Report

End of 2016/Q4

UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)

| Line No. | Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission Authorization to use Acc 182.2 and period of amortization (mo, yr to mo, yr)] (a) | Total Amount of Charges (b) | Costs Recognised During Year (c) | WRITTEN OFF DURING YEAR | | Balance at End of Year (f) |
|----------|--|-----------------------------|----------------------------------|-------------------------|------------|----------------------------|
| | | | | Account Charged (d) | Amount (e) | |
| 21 | | | | | | |
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| 45 | | | | | | |
| 46 | | | | | | |
| 47 | | | | | | |
| 48 | | | | | | |
| 49 | TOTAL | | | | | |

Transmission Service and Generation Interconnection Study Costs

1. Report the particulars (details) called for concerning the costs incurred and the reimbursements received for performing transmission service and generator interconnection studies.
2. List each study separately.
3. In column (a) provide the name of the study.
4. In column (b) report the cost incurred to perform the study at the end of period.
5. In column (c) report the account charged with the cost of the study.
6. In column (d) report the amounts received for reimbursement of the study costs at end of period.
7. In column (e) report the account credited with the reimbursement received for performing the study.

| Line No. | Description (a) | Costs Incurred During Period (b) | Account Charged (c) | Reimbursements Received During the Period (d) | Account Credited With Reimbursement (e) |
|----------|---|----------------------------------|---------------------|---|---|
| 1 | Transmission Studies | | | | |
| 2 | | | | | |
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| 18 | | | | | |
| 19 | | | | | |
| 20 | | | | | |
| 21 | Generation Studies | | | | |
| 22 | | | | | |
| 23 | Total Generation Interconnection | 191,477 | 561.7 | 243,289 | 561.7 |
| 24 | Studies | | | | |
| 25 | | | | | |
| 26 | | | | | |
| 27 | | | | | |
| 28 | | | | | |
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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2016/Q4 |
| FOOTNOTE DATA | | | |

Schedule Page: 231 Line No.: 23 Column: a

| Description (a) | Costs Incurred During Period (b) | Account Charged (c) | Reimbursements Received During the Period (d) | Account Credited With Reimbursement (e) |
|--|-------------------------------------|------------------------|--|--|
| Antietam 138kV-Feasibility Study AB2-027 | \$ 4,395 | 561.7 | \$ 5,171 | 561.7 |
| Baker 138kV-Facility Study - AB1-149 | 725 | 561.7 | 1,034 | 561.7 |
| Baker 138kV-Feasibility Study AB1-149 | 7,392 | 561.7 | 9,142 | 561.7 |
| Baker 138kV-System Impact Study AB1-149 | 3,115 | 561.7 | 4,137 | 561.7 |
| Carroll-Monocacy 34.5kV-Feasibility Study AB1-125 | 1,945 | 561.7 | 3,563 | 561.7 |
| Carroll-Monocacy 34.5kV-System Impact Study AB1-125 | 6,256 | 561.7 | 8,964 | 561.7 |
| Carroll-Mt. Airy 34.5kV-Feasibility Study AB1-096 | 3,039 | 561.7 | 2,758 | 561.7 |
| Catoctin 12.5kV-System Impact Study AA2-143 | 1,755 | 561.7 | 2,069 | 561.7 |
| Catoctin 138kV-Feasibility Study AB2-181 | 451 | 561.7 | 689 | 561.7 |
| Catoctin 34.5kV-System Impact Study AA2-145 | 10,108 | 561.7 | 10,166 | 561.7 |
| Catoctin 34.5kV-System Impact Study AA2-146 | 8,979 | 561.7 | 8,825 | 561.7 |
| Catoctin 34kV-Feasibility Study | 696 | 561.7 | 1,034 | 561.7 |
| Catoctin-Yellow Springs 12.5-Feasibility Study AA2-143 | 1,127 | 561.7 | | |
| Clear Spring 12.5kV-Feasibility Study AA1-093 | 75 | 561.7 | 137 | 561.7 |
| Cotoctin-Troutville 34kV-System Impact Study AA1-109 | 460 | 561.7 | 390 | 561.7 |
| Doubs 138kV-Feasibility Study AB1-066 | 2,353 | 561.7 | 3,563 | 561.7 |
| Doubs 230kV-138kV-Feasibility Study AB2-129 | 3,446 | 561.7 | 6,208 | 561.7 |
| Downsville 34.5kV-Feasibility Study AA2-085 | 263 | 561.7 | 263 | 561.7 |
| Emmitsburg 230kV-Feasibility Study AB2-144 | 4,596 | 561.7 | 5,861 | 561.7 |
| Fourmile Ridge 138kV-Feasibility Study AB1-076 | 3,912 | 561.7 | 6,436 | 561.7 |
| Fourmile Ridge 138kV-System Impact Study AB1-076 | 2,920 | 561.7 | 3,792 | 561.7 |
| Frostburg 138kV & Above-Feasibility Study AB2-038 | 3,484 | 561.7 | 4,827 | 561.7 |
| Frostburg 138kV-Feasibility Study AB2-041 | 4,875 | 561.7 | 6,550 | 561.7 |
| Frostburg 13kV-System Impact Study AB2-041 | 30 | 561.7 | 115 | 561.7 |
| General Office 12.5kV-System Impact Study AA2-085 | 5,618 | 561.7 | 5,605 | 561.7 |
| Grover II 34.5kV-System Impact Study AA1-106 | 1,267 | 561.7 | 780 | 561.7 |
| Halfway & Milnor 34.5kV Tap-Feasibility Study AB2-004 | 5,091 | 561.7 | 6,810 | 561.7 |
| Halfway & Milnor 34.5kV-Feasibility Study AB2-097 | 12,856 | 561.7 | 15,859 | 561.7 |
| Halfway 34.5kV-System Impact Study AA1-092 | 117 | 561.7 | 53 | 561.7 |
| Halfway-Marlow 34.5 kV-System Impact Study AA1-095 | 968 | 561.7 | 430 | 561.7 |
| Hancock-Marlowe 34.5kV-Feasibility Study AB1-072 | 2,317 | 561.7 | 3,218 | 561.7 |
| Hazelton-Jennings 138V-Facility Study AA1-047 | 9,153 | 561.7 | 11,345 | 561.7 |
| Jennings-Hoyes 34.5kV-Feasibility Study AB1-065 | 3,563 | 561.7 | 5,864 | 561.7 |
| Jennings-Hoyes 34.5kV-System Impact Study AB1-065 | 4,709 | 561.7 | 7,149 | 561.7 |
| Lappans Road 12.5kV-Feasibility Study AA2-084 | 601 | 561.7 | 601 | 561.7 |
| Lappans Road 12.5kV-System Impact Study AA2-084 | 2,473 | 561.7 | 2,475 | 561.7 |
| Monocacy-Carroll 34.5kV-Feasibility Study AB1-124 | 2,286 | 561.7 | 3,563 | 561.7 |
| Monocacy-Carroll 34.5kV-System Impact Study AB1-124 | 3,860 | 561.7 | 4,990 | 561.7 |
| Moshannon-E Towanda 230kV-System Impact Study AA1-111 | 14,581 | 561.7 | 14,576 | 561.7 |
| Mt Lean 12.5kV-System Impact Study AA2-155 | 2,119 | 561.7 | 1,954 | 561.7 |
| Mt Lena-San Mar 12.5 kV-Feasibility Study AA2-155 | 376 | 561.7 | | |
| Potomac Edison 138kV-Feasibility/System Impact Study AA1-035 | 766 | 561.7 | 1,034 | 561.7 |
| Ridgeley Frostburg 138kV-Facility Study Z2-038 | 3,739 | 561.7 | | |
| Showalter 34.5kV-Feasibility Study AB1-123 | 2,114 | 561.7 | 2,988 | 561.7 |
| Showalter 34.5kV-System Impact Study AB1-123 | 4,827 | 561.7 | 6,254 | 561.7 |
| Walkersville 12kV-System Impact Study AB1-098 | 5,420 | 561.7 | 10,113 | 561.7 |
| Walkersville 138kV-Feasibility Study AB1-098 | 9,181 | 561.7 | 13,704 | 561.7 |
| Washington 34.5kV-Feasibility Study AB2-003 | 3,171 | 561.7 | 4,815 | 561.7 |
| Wilson 12.5kV-Feasibility Study AA1-096 | 106 | 561.7 | 143 | 561.7 |
| Wilson 34.5kV-Feasibility Study AB1-078 | 2,731 | 561.7 | 4,137 | 561.7 |
| Yellow Springs 12.5kV-System Impact Study AA2-153 | 911 | 561.7 | 1,034 | 561.7 |
| YellowSprings 12.5kV-System Impact Study AA2-153 | 8,376 | 561.7 | 8,103 | 561.7 |

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|--|---|---------------------------------------|--------------------------------------|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2016/Q4 |
| FOOTNOTE DATA | | | |

| | | | | |
|---|--------------|-------|---------------|-------|
| Order charges to be transferred from 561.7 | <u>1,783</u> | 561.7 | <u>10,000</u> | 561.7 |
| Total Generation Interconnection Studies | \$ 191,477 | | \$ 243,289 | |

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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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OTHER REGULATORY ASSETS (Account 182.3)

- Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.
- Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than \$100,000 which ever is less), may be grouped by classes.
- For Regulatory Assets being amortized, show period of amortization.

| Line No. | Description and Purpose of Other Regulatory Assets (a) | Balance at Beginning of Current Quarter/Year (b) | Debits (c) | CREDITS | | Balance at end of Current Quarter/Year (f) |
|----------|---|---|---------------|--|--|---|
| | | | | Written off During the Quarter /Year Account Charged (d) | Written off During the Period Amount (e) | |
| 1 | FAS 109 - Accounting for Income Taxes | 2,483,597 | 2,487,835 | | | 4,971,432 |
| 2 | | | | | | |
| 3 | MD Energy Efficiency Program Commission | | | | | |
| 4 | Order #82825 | 64,870,270 | 4,733,057 | | | 69,603,327 |
| 5 | | | | | | |
| 6 | Purchase Accounting: | | | | | |
| 7 | PURPA to be amortized through year 2030 | 45,810,487 | | 253 | 3,259,191 | 42,551,296 |
| 8 | | | | | | |
| 9 | Deferred Transmission Energy Cost - MD | 5,755,449 | | 407.3 | 1,267,603 | 4,487,846 |
| 10 | | | | | | |
| 11 | Demand Response Surcharge - MD | 44,065 | | 407.4 | 44,065 | |
| 12 | | | | | | |
| 13 | WV Storm Deferrals - 2012 Storms | 1,801,597 | | 407.3 | 433,622 | 1,367,975 |
| 14 | WV Case # 14-0702-E-42T | | | | | |
| 15 | | | | | | |
| 16 | Storm Deferrals-Hurricane Sandy-Transmission only | 232,168 | | | | 232,168 |
| 17 | | | | | | |
| 18 | Conservation Voltage Reduction - MD | 302,652 | 44,878 | | | 347,530 |
| 19 | | | | | | |
| 20 | Energy Efficiency Program - WV | 625,910 | 28,384 | | | 654,294 |
| 21 | | | | | | |
| 22 | Vegetation Management - MD & VA | 3,214,954 | 2,120,668 | 407.3 | 151,474 | 5,184,148 |
| 23 | | | | | | |
| 24 | Temporary Transaction Surcharge - WV | 10,823,419 | | 407.4 | 4,609,423 | 6,213,996 |
| 25 | WV Case # 12-1571-E-PC | | | | | |
| 26 | | | | | | |
| 27 | Deferred Power Costs - WV ENEC | 29,667,018 | | 557 | 3,248,661 | 26,418,357 |
| 28 | WV Case # 09-1352-E-42T | | | | | |
| 29 | | | | | | |
| 30 | MD Supplier Purchase of Receivables (POR) | 1,273 | 4,271 | | | 5,544 |
| 31 | Process Costs | | | | | |
| 32 | | | | | | |
| 33 | Vegetation Management (VMP) deferral - WV | 9,830,459 | | 407.3 | 4,915,229 | 4,915,230 |
| 34 | WV Case # 13-1064-E-P | | | | | |
| 35 | | | | | | |
| 36 | Warrior Run - MD | 2,730,708 | 979,900 | | | 3,710,608 |
| 37 | | | | | | |
| 38 | WV Reg Liability - WV Securitization | 160,508 | 973,062 | | | 1,133,570 |
| 39 | | | | | | |
| 40 | Deferred Generation Energy Cost - MD | | 5,644,047 | | | 5,644,047 |
| 41 | | | | | | |
| 42 | WV Mercury & Air Toxic Standards | | 642,104 | | | 642,104 |
| 43 | | | | | | |
| 44 | TOTAL : | 178,354,534 | 17,658,206 | | 17,929,268 | 178,083,472 |

MISCELLANEOUS DEFERRED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a)
3. Minor item (1% of the Balance at End of Year for Account 186 or amounts less than \$100,000, whichever is less) may be grouped by classes.

| Line No. | Description of Miscellaneous Deferred Debits (a) | Balance at Beginning of Year (b) | Debits (c) | CREDITS | | Balance at End of Year (f) |
|----------|--|-------------------------------------|---------------|------------------------|---------------|-------------------------------|
| | | | | Account Charged (d) | Amount (e) | |
| 1 | Energy Insurance Services, Inc. | 1,491,845 | 19,526 | | | 1,511,371 |
| 2 | | | | | | |
| 3 | WV Prepaid Purchase Power | 89,598,467 | 1,277 | 555 | 5,559,833 | 84,039,911 |
| 4 | | | | | | |
| 5 | Long Term Insurance Receivable | 3,831,982 | | 228.1 | 39,762 | 3,792,220 |
| 6 | | | | | | |
| 7 | Purchase Accounting | | | | | |
| 8 | Energy Efficiency Programs | -300,913 | 257,926 | | | -42,987 |
| 9 | Storm Feb 2010 | | | | | |
| 10 | | | | | | |
| 11 | WV Property Tax - Long Term | 2,200,000 | 2,287,500 | 253 | 2,200,000 | 2,287,500 |
| 12 | | | | | | |
| 13 | Affiliated Company Pension and | 21,419,656 | 495,965 | Various | 4,587,060 | 17,328,561 |
| 14 | OPEB Valuation Adjustment | | | | | |
| 15 | | | | | | |
| 16 | Short Term Credit Revolvers | 374,493 | 1,237,338 | 431 | 860,744 | 751,087 |
| 17 | | | | | | |
| 18 | Other Minor Items | 192,608 | 1,234,497 | Various | 1,490,329 | -63,224 |
| 19 | | | | | | |
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| 45 | | | | | | |
| 46 | | | | | | |
| 47 | Misc. Work in Progress | | | | | |
| 48 | Deferred Regulatory Comm. Expenses (See pages 350 - 351) | | | | | |
| 49 | TOTAL | 118,808,138 | | | | 109,604,439 |

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|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.

| Line No. | Description and Location (a) | Balance of Beginning of Year (b) | Balance at End of Year (c) |
|----------|--|-------------------------------------|-------------------------------|
| 1 | Electric | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 5 | | | |
| 6 | | | |
| 7 | Other | 164,744,271 | 136,362,705 |
| 8 | TOTAL Electric (Enter Total of lines 2 thru 7) | 164,744,271 | 136,362,705 |
| 9 | Gas | | |
| 10 | | | |
| 11 | | | |
| 12 | | | |
| 13 | | | |
| 14 | | | |
| 15 | Other | | |
| 16 | TOTAL Gas (Enter Total of lines 10 thru 15) | | |
| 17 | Other (Specify) | | |
| 18 | TOTAL (Acct 190) (Total of lines 8, 16 and 17) | 164,744,271 | 136,362,705 |

Notes

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|--|---|---------------------------------------|----------------------------------|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2016/Q4 |
| FOOTNOTE DATA | | | |

Schedule Page: 234 Line No.: 7 Column: c

| Other Electric: (a) | Balance at Beginning of Year (b) | Balance at End of Year (c) |
|---|--|----------------------------------|
| A&G Expenses-VA-Norm | \$ 2,160 | \$ 0 |
| A&G Expenses-WV-Norm | 30,270 | 0 |
| Accelerated Tax Depreciation-VA-Norm | 1,259,699 | 1,143,930 |
| Accrued Taxes: FICA on Vacation Accrual | 33,894 | 39,495 |
| Accrued Taxes: Tax Audit Reserves | 487,731 | 490,752 |
| Accumulated Depreciation: Asset Retirement Obligation | 7,851 | 7,900 |
| Accumulated Provision For Injured and Damage-General Liability | 0 | 3,296 |
| Accumulated Provision For Injured and Damage-Workers Compensation | 316,342 | 315,538 |
| Accumulated Provision: Asbestos Accrual | 1,641,921 | 1,642,622 |
| AFUDC Debt-MD-Norm-Reversal-CWIP | 0 | 2,441 |
| AFUDC Debt-VA-Norm | 49,689 | 45,600 |
| AFUDC Debt-VA-Norm-Reversal-CWIP | 0 | 3,051 |
| AFUDC Debt-WV-Norm-Reversal-CWIP | 0 | 19,703 |
| AFUDC Equity/FAS 43-Fed-FT-Reversal-CWIP | 995,381 | 1,032,268 |
| AFUDC Equity/FAS 43-MD-FT-Reversal-CWIP | 97,134 | 101,436 |
| AFUDC Equity/FAS 43-VA-FT-Reversal-CWIP | 1,284 | 2,209 |
| AFUDC Equity/FAS 43-WV-FT-Reversal-CWIP | 35,316 | 42,297 |
| Asset Retirement Obligation Liability | 253,460 | 255,030 |
| Bad Debt Expense | 984,833 | 1,110,823 |
| Capital Loss Carryforward State & Local RTA | 0 | 3,833 |
| Capital Vertical Tree Trimming-VA-Norm | 2,444 | 0 |
| Capital Vertical Tree Trimming-WV-Norm | 45,380 | 0 |
| Capitalized Repairs-MD-Norm | 213 | 208 |
| Capitalized Repairs-WV-Norm | 174 | 202 |
| Casualty Loss-VA-Norm | 73,426 | 56,971 |
| Casualty Loss-WV-Norm | 84,284 | 7,100 |
| Charitable Contribution Carryforward | 937,428 | 943,013 |
| CIAC-Fed-Norm | 35,482,268 | 34,563,594 |
| CIAC-Fed-Norm-Incurred-CWIP | 6,568,472 | 8,906,557 |
| CIAC-MD-Norm | 3,769,497 | 3,713,159 |
| CIAC-MD-Norm-Incurred-CWIP | 640,982 | 876,848 |
| CIAC-VA-Norm | 45,753 | 73,973 |
| CIAC-VA-Norm-Incurred-CWIP | 8,470 | 21,116 |
| CIAC-WV-Norm | 1,434,139 | 1,713,720 |
| CIAC-WV-Norm-Incurred-CWIP | 233,051 | 378,207 |
| Current Liability: Line Protection Deferred Revenue | 28,874 | 22,714 |
| Customer Advances for Construction Refundable | 2,470,009 | 2,298,404 |
| Customer Advances-MD-Norm | 97 | 96 |
| Customer Advances-WV-Norm | 81 | 95 |
| Deferred Administrative Credit MD | 116,132 | 0 |
| Deferred Compensation Expense | 79,874 | 115,717 |
| Deferred Generation Energy Cost MD | 298,863 | 0 |
| Deferred Power WV Derivative - S/T | 14,827 | 14,919 |
| Deferred Revenue - Pole Attachment | 116,527 | 0 |
| EDCP OCI Offset | 5,254 | 5,209 |
| FAS 112 - Medical Benefit Accrual | 397,427 | 358,067 |
| FAS 123R - APIC | 5,309 | 0 |
| FAS 123R - Performance Shares | 19,126 | 42,165 |
| FAS 123R - Performance Shares-VA-Norm | 6 | 4 |
| FAS 123R - Performance Shares-WV-Norm | 53 | 37 |
| FAS 123R - Restricted Stock | 44,616 | 55,659 |
| FAS 123R - Restricted Stock Units | 50,143 | 165,866 |
| FAS 123R - Restricted Stock-MD-Norm | 35 | 22 |

| Name of Respondent | This Report is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|----------------------------|--|--------------------------------|-----------------------|
| THE POTOMAC EDISON COMPANY | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | / / | 2016/Q4 |
| FOOTNOTE DATA | | | |

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|---|------------|------------|
| FAS 123R - Restricted Stock-VA-Norm | 2 | 0 |
| FAS 123R - Restricted Stock-WV-Norm | 55 | 0 |
| FAS 123R - RSU Capital-VA-Norm | 13 | 0 |
| FAS 123R - RSU Capital-WV-Norm | 165 | 0 |
| FE Service Timing Allocation | 867,656 | 0 |
| February 2010 Storm Deferrals | 18,328 | 0 |
| Federal NOL | 8,199,475 | 0 |
| G Overheads-MD-Norm | 12,424 | 10,037 |
| G Overheads-VA-Norm | 55 | 0 |
| G Overheads-WV-Norm | 6,369 | 0 |
| Highway Relocations-VA-Norm | 2,715 | 2,490 |
| Incentive Compensation | 1,356,698 | 1,775,367 |
| Income from U.S. Partnerships | 268,060 | 86,242 |
| Life Insurance-VA-Norm | 0 | 18 |
| Life Insurance-WV-Norm | 0 | 52 |
| MD DRS | 2,812 | 0 |
| Merger Costs: D&O Insurance | 3,476 | 3,153 |
| Merger Costs: Licenses | 160,362 | 145,485 |
| Meters and Transformers-MD-Norm | 3,535 | 3,490 |
| Meters and Transformers-WV-Norm | 2,884 | 3,380 |
| Miscellaneous Current Liability | 462,567 | 107,288 |
| Miscellaneous Schedule M | 7,472,667 | 7,518,949 |
| NOL Deferred Tax Asset - LT MD | 1,284,011 | 0 |
| NOL Deferred Tax Asset - LT VA | 14,818 | 21,404 |
| NOL Deferred Tax Asset - LT WV | 220,576 | 273,675 |
| OCI AYE | 73 | 73 |
| OPEBs-VA-Norm | 0 | 1,383 |
| OPEBs-WV-Norm | 0 | 6,288 |
| Other Basis Differences-WV-Norm | 2,837 | 14,859 |
| PAA - 221 Debt Amortization | 12,307 | 0 |
| PAA - Fredrick Mgp Site Estab | 1,782,792 | 1,793,833 |
| PAA - Inventory Reserve Amortization | 1,268,079 | 0 |
| PAA - NUG Purchase Power Liability Amortization | 18,187,863 | 16,998,519 |
| PAA - Purchase Power Asset Amortization | 2,934,300 | 0 |
| PAA - Unamortized Loss Amortization | 71,616 | 59,608 |
| Pension EDCP-SERP Payments | 104,658 | 130,623 |
| Pensions Expense | 20,416,583 | 11,887,016 |
| Post Retirement Benefits SFAS 106 Accrual | 12,075,461 | 9,835,988 |
| PT Rebalance-Additional Property Final Entry-All-Norm | 0 | 291 |
| PT Rebalance-Other CWIP Incurred-Misc-All-Norm | 0 | 1,179 |
| PT Rebalance-Other CWIP Incurred-Pension-All-Norm | 0 | 7,872 |
| PT Rebalance-Other CWIP Incurred-RAR-All-Norm | 0 | 5,532 |
| PT Rebalance-Rate Change-All-Norm | 0 | 1,433 |
| PT Rebalance-TBBS Adjustment not in PT-All-FT | 4,072,577 | 4,140,064 |
| Purchase Accounting-Regulatory Asset-EE & C | 426,678 | 0 |
| Purchase Accounting-Warrior Run | 2,580,883 | 0 |
| Purchase Accounting-WV Ft Martin Scr | 582,863 | 848,374 |
| Repair Allowance-VA-Norm | 81,466 | 69,418 |
| SC01 Timing Allocation | 49,771 | 49,118 |
| Storm Damage | 53,339 | 0 |
| Tax Interest Capitalized-Fed-Norm | 5,849,819 | 5,866,506 |
| Tax Interest Capitalized-Fed-Norm-Incurred-CWIP | 8,287,079 | 8,770,059 |
| Tax Interest Capitalized-MD-Norm | 648,189 | 653,676 |
| Tax Interest Capitalized-MD-Norm-Incurred-CWIP | 808,692 | 865,301 |
| Tax Interest Capitalized-VA-Norm | 7,543 | 12,555 |
| Tax Interest Capitalized-VA-Norm-Incurred-CWIP | 10,686 | 23,156 |
| Tax Interest Capitalized-WV-Norm | 256,385 | 308,280 |
| Tax Interest Capitalized-WV-Norm-Incurred-CWIP | 294,028 | 387,677 |
| Tax UoP Repair Disallow Loss-WV-Norm | 5,908 | 5,925 |
| Tax UoP Repair Expense-Fed-Norm | 14,144 | 13,951 |

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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2016/Q4 |
| FOOTNOTE DATA | | | |

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| Tax UoP Repair Expense-MD-Norm-Reversal-CWIP | 0 | 2,230 |
| Tax UoP Repair Expense-VA-Norm | 354,331 | 308,298 |
| Tax UoP Repair Expense-VA-Norm-Reversal-CWIP | 0 | 2,787 |
| Tax UoP Repair Expense-WV-Norm | 168,799 | 0 |
| Tax UoP Repair Expense-WV-Norm-Reversal-CWIP | 0 | 18,002 |
| Unamortized Debt Expense for Tax | 145,509 | 0 |
| VA Sale Stipulation-Rate Payback | 2,808,006 | 0 |
| Vacation Pay Accrual | 328,619 | 385,342 |
| Vegetation Management | 0 | 2,038,318 |
| WV ECC Normalization | 522,466 | 302,275 |
| | \$ 164,744,271 | \$ 136,362,705 |

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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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CAPITAL STOCKS (Account 201 and 204)

1. Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form filing, a specific reference to report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.

2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.

| Line No. | Class and Series of Stock and Name of Stock Series (a) | Number of shares Authorized by Charter (b) | Par or Stated Value per share (c) | Call Price at End of Year (d) |
|----------|---|---|--|--------------------------------------|
| 1 | Common Stock (Account 201) | 26,000,000 | 0.01 | |
| 2 | | | | |
| 3 | Total Common Stock | 26,000,000 | | |
| 4 | | | | |
| 5 | Preferred Stock (Account 204) | | | |
| 6 | | | | |
| 7 | \$0.01 par value: | | | |
| 8 | Undesignated as to series | 10,000,000 | 0.01 | |
| 9 | | | | |
| 10 | Total Preferred Stock | 10,000,000 | | |
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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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CAPITAL STOCKS (Account 201 and 204) (Continued)

3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.

4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or non-cumulative.

5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.

Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purposes of pledge.

| OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent) | | HELD BY RESPONDENT | | | | Line No. |
|---|---------------|-----------------------------------|-------------|----------------------------|---------------|-------------|
| Shares (e) | Amount (f) | AS REACQUIRED STOCK (Account 217) | | IN SINKING AND OTHER FUNDS | | |
| | | Shares (g) | Cost (h) | Shares (i) | Amount (j) | |
| 22,385,000 | 223,850 | | | | | 1 |
| | | | | | | 2 |
| 22,385,000 | 223,850 | | | | | 3 |
| | | | | | | 4 |
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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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OTHER PAID-IN CAPITAL (Accounts 208-211, inc.)

Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as total of all accounts for reconciliation with balance sheet, Page 112. Add more columns for any account if deemed necessary. Explain changes made in any account during the year and give the accounting entries effecting such change.

- (a) Donations Received from Stockholders (Account 208)-State amount and give brief explanation of the origin and purpose of each donation.
 (b) Reduction in Par or Stated value of Capital Stock (Account 209): State amount and give brief explanation of the capital change which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.
 (c) Gain on Resale or Cancellation of Reacquired Capital Stock (Account 210): Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.
 (d) Miscellaneous Paid-in Capital (Account 211)-Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.

| Line No. | Item (a) | Amount (b) |
|----------|--|-------------|
| 1 | Donations Received from Stockholders (Account 208) | |
| 2 | | |
| 3 | Balance at Beginning of Year | 2,939,936 |
| 4 | Activity During Year | |
| 5 | Subtotal - Balance at End of Year | 2,939,936 |
| 6 | | |
| 7 | Reduction in Par or Stated Value of Capital Stock (Account 209) | |
| 8 | | |
| 9 | Balance at Beginning of Year | 29,058,879 |
| 10 | Activity During Year | |
| 11 | Subtotal - Balance at End of Year | 29,058,879 |
| 12 | | |
| 13 | Gain on Resale or Cancellation of Reacquired Cap Stock (Account 210) | |
| 14 | | |
| 15 | Miscellaneous Paid-In-Capital (Account 211) | |
| 16 | | |
| 17 | Balance at Beginning of Year | 297,374,227 |
| 18 | Performance and Discretionary Restricted Stock Issued/Payouts | 257,850 |
| 19 | Options/Restricted Stock - Accrued Taxes | 68,260 |
| 20 | ESOP Compensation | 1,125,216 |
| 21 | FAS 158 OCI Pension Tax Roll-up | 1,022 |
| 22 | Qualified Pension Plan Stock Contribution | 18,000,000 |
| 23 | 2015 Federal Tax Allocation | 43,679 |
| 24 | 2015 WV Tax Allocation | 7,012 |
| 25 | Subtotal - Balance at End of Year | 316,877,266 |
| 26 | | |
| 27 | | |
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| 40 | TOTAL | 348,876,081 |

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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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CAPITAL STOCK EXPENSE (Account 214)

1. Report the balance at end of the year of discount on capital stock for each class and series of capital stock.
2. If any change occurred during the year in the balance in respect to any class or series of stock, attach a statement giving particulars (details) of the change. State the reason for any charge-off of capital stock expense and specify the account charged.

| Line No. | Class and Series of Stock (a) | Balance at End of Year (b) |
|----------|-------------------------------|----------------------------|
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |
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| 19 | | |
| 20 | | |
| 21 | | |
| 22 | TOTAL | |

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

LONG-TERM DEBT (Account 221, 222, 223 and 224)

1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other long-Term Debt.
2. In column (a), for new issues, give Commission authorization numbers and dates.
3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
5. For receivers, certificates, show in column (a) the name of the court -and date of court order under which such certificates were issued.
6. In column (b) show the principal amount of bonds or other long-term debt originally issued.
7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.
8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.
9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

| Line No. | Class and Series of Obligation, Coupon Rate (For new issue, give commission Authorization numbers and dates) (a) | Principal Amount Of Debt issued (b) | Total expense, Premium or Discount (c) |
|----------|--|---|--|
| 1 | Account 221 | | |
| 2 | First Mortgage Bonds | | |
| 3 | 5.8% Series Due 2016 | 100,000,000 | 994,016 |
| 4 | | | 283,000 D |
| 5 | 4.44% Series Due 2044 | 200,000,000 | 1,261,677 |
| 6 | 4.47% Series Due 2045 | 145,000,000 | 1,091,999 |
| 7 | 3.89% Series Due 2046 | 155,000,000 | 1,104,274 |
| 8 | | | |
| 9 | Subtotal | 600,000,000 | 4,734,966 |
| 10 | | | |
| 11 | Account 222 and 223: None | | |
| 12 | | | |
| 13 | Account 224: | | |
| 14 | Unamortized Fair Value Merger Adjustment - Principal | | |
| 15 | Amortization of Fair Value Merger Adjustment - Interest | | |
| 16 | | | |
| 17 | | | |
| 18 | Note to Instruction 15 | | |
| 19 | | | |
| 20 | | | |
| 21 | | | |
| 22 | | | |
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| 26 | | | |
| 27 | | | |
| 28 | | | |
| 29 | | | |
| 30 | | | |
| 31 | | | |
| 32 | | | |
| 33 | TOTAL | 600,000,000 | 4,734,966 |

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

LONG-TERM DEBT (Account 221, 222, 223 and 224) (Continued)

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.
11. Explain any debits and credits other than debited to Account 428, Amortization and Expense, or credited to Account 429, Premium on Debt - Credit.
12. In a footnote, give explanatory (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principle repaid during year. Give Commission authorization numbers and dates.
13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.
14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

| Nominal Date of Issue (d) | Date of Maturity (e) | AMORTIZATION PERIOD | | Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h) | Interest for Year Amount (i) | Line No. |
|---------------------------|----------------------|---------------------|-------------|---|------------------------------|----------|
| | | Date From (f) | Date To (g) | | | |
| | | | | | | 1 |
| | | | | | | 2 |
| 10/23/2006 | 10/15/2016 | 10/23/2006 | 10/15/2016 | | 4,575,556 | 3 |
| | | | | | | 4 |
| 11/25/2014 | 11/15/2044 | 11/25/2014 | 11/15/2044 | 200,000,000 | 8,880,000 | 5 |
| 08/17/2015 | 08/15/2045 | 08/17/2015 | 08/15/2045 | 145,000,000 | 6,481,500 | 6 |
| 10/17/2016 | 10/15/2046 | 10/17/2016 | 10/15/2046 | 155,000,000 | 1,239,397 | 7 |
| | | | | | | 8 |
| | | | | 500,000,000 | 21,176,453 | 9 |
| | | | | | | 10 |
| | | | | | | 11 |
| | | | | | | 12 |
| | | | | | | 13 |
| | | | | | | 14 |
| | | | | | -1,499,080 | 15 |
| | | | | | | 16 |
| | | | | | | 17 |
| | | | | | | 18 |
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| | | | | | | 29 |
| | | | | | | 30 |
| | | | | | | 31 |
| | | | | | | 32 |
| | | | | 500,000,000 | 19,677,373 | 33 |

| | | | |
|--|---|--------------------------------------|----------------------------------|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) // | Year/Period of Report 2016/Q4 |
| FOOTNOTE DATA | | | |

Schedule Page: 256 Line No.: 3 Column: a

Redemption of 5.80% First Mortgage Bonds maturing 10/15/2016. Associated debt expense was previously expensed as part of merger accounting adjustments in March 2011.

Schedule Page: 256 Line No.: 7 Column: a

Persuant to Order No. 86643, Case No. 9360 dated 10/1/2014, Potomac Edison Company entered into \$155,000,000 3.89% secured First Mortgage Bonds on 10/17/2016.

Schedule Page: 256 Line No.: 18 Column: a

Reconciliation of Column (i) to accounts 427 and 430.

Interest in account 430 includes interest on short-term affiliated notes payable.

| | |
|--|------------------|
| Account 427 interest | \$19,677,373 |
| Account 430 interest | <u>1,974,966</u> |
| Total Interest in accounts 427 and 430 | \$21,652,339 |
| | |
| Total interest in column (i) page 257 | \$19,677,373 |
| Carrying Charges on SC00 Assets | 1,639,679 |
| Interest on short term money pool borrowings | <u>335,287</u> |
| Total Interest | \$21,652,339 |

| | | | |
|--|---|---------------------------------------|---|
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|--|---|---------------------------------------|---|

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.
2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group member, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.
3. A substitute page, designed to meet a particular need of a company, may be used as long as the data is consistent and meets the requirements of the above instructions. For electronic reporting purposes complete Line 27 and provide the substitute Page in the context of a footnote.

| Line No. | Particulars (Details) (a) | Amount (b) |
|----------|--|---------------|
| 1 | Net Income for the Year (Page 117) | 58,229,774 |
| 2 | | |
| 3 | | |
| 4 | Taxable Income Not Reported on Books | |
| 5 | | 7,755,053 |
| 6 | | |
| 7 | | |
| 8 | | |
| 9 | Deductions Recorded on Books Not Deducted for Return | |
| 10 | | 144,617,686 |
| 11 | | |
| 12 | | |
| 13 | | |
| 14 | Income Recorded on Books Not Included in Return | |
| 15 | | -5,787,427 |
| 16 | | |
| 17 | | |
| 18 | | |
| 19 | Deductions on Return Not Charged Against Book Income | |
| 20 | | -175,517,136 |
| 21 | | |
| 22 | | |
| 23 | | |
| 24 | | |
| 25 | | |
| 26 | | |
| 27 | Federal Tax Net Income | 29,297,950 |
| 28 | Show Computation of Tax: | |
| 29 | Net Liability @ 35% | 10,254,282 |
| 30 | | |
| 31 | Basis of Allocation | |
| 32 | See Footnote | |
| 33 | | |
| 34 | | |
| 35 | | |
| 36 | | |
| 37 | | |
| 38 | | |
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|--|---|---------------------------------------|----------------------------------|
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| FOOTNOTE DATA | | | |

Schedule Page: 261 Line No.: 5 Column: b
TAXABLE INCOME NOT REPORTED ON BOOKS

| | | |
|--|----|-----------|
| AFUDC Equity/FAS 43-Fed-FT | \$ | 198,615 |
| AFUDC Equity/FAS 43-Fed-FT-Reversal-CWIP | | 111,819 |
| CIAC-Fed-Norm-Incurred-CWIP | | 7,444,619 |
| | \$ | 7,755,053 |

Schedule Page: 261 Line No.: 10 Column: b

DEDUCTIONS RECORDED ON BOOKS NOT DEDUCTED FOR RETURN

| | | |
|--|----|------------|
| Accelerated Tax Depreciation-Fed-FT | \$ | 768,984 |
| Accrued Taxes: FICA on Vacation Accrual | | 13,496 |
| Accumulated Provision For Injured and Damage-General Liability | | 8,250 |
| AFUDC Debt-Fed-Norm | | 484,420 |
| AFUDC Debt-Fed-Norm-Reversal-CWIP | | 243,871 |
| AFUDC Equity-Perm | | 2,895 |
| Bad Debt Expense | | 300,115 |
| Capitalized Benefits-Fed-Norm-Incurred-CWIP | | 16,490,747 |
| Casualty Loss-Fed-Norm | | 2,611,118 |
| Current Income Taxes | | 489,099 |
| Customer Advances for Construction Refundable | | 374,609 |
| Deferred Compensation Expense | | 88,485 |
| Deferred Income Taxes | | 41,221,666 |
| Deferred Power Costs WV | | 3,248,661 |
| Deferred Transmission Energy Cost MD | | 1,267,603 |
| FAS 123R - Performance Shares | | 57,374 |
| FAS 123R - Performance Shares-Fed-Norm | | 4,968 |
| FAS 123R - Restricted Stock | | 35,669 |
| FAS 123R - Restricted Stock Units | | 154,746 |
| G Overheads-Fed-Norm | | 11,733,279 |
| Highway Relocations-Fed-Norm | | 35,823 |
| Incentive Compensation | | 1,026,993 |
| Lobbying | | 13,728 |
| MD DRS | | 44,065 |
| MD Energy Efficiency Program | | 5,864,074 |
| Meals and Entertainment - 50% Disallowance | | 52,236 |
| OPEBs-Fed-Norm | | 3,029,276 |
| Other Basis Differences-Fed-FT | | 702,695 |
| Other Regulatory Assets | | 5,574,326 |
| Pension EDCP-SERP Payments | | 78,622 |
| Pension/OPEB : Other Deferred Credit or Debit | | 4,299,912 |
| Purchase Acct-Warrior Run | | 3,259,191 |
| Purchase Acct-WV Ft Martin Scr | | 655,599 |
| Repair Allowance-Fed-Norm | | 1,988,199 |
| Storm Damage | | 433,622 |
| Tax Interest Capitalized-Fed-Norm | | 109,943 |
| Tax Interest Capitalized-Fed-Norm-Incurred-CWIP | | 1,379,945 |
| Tax UoP Repair Expense-Fed-Norm-Reversal-CWIP | | 19,499,165 |
| Temporary Transaction Surcharge WV | | 4,609,423 |
| Unamortized Loss on Reacquired Debt | | 96,132 |
| Vacation Pay Accrual | | 176,417 |
| Vegetation Management | | 12,070,778 |
| WV STIP | | 17,467 |

| | | | |
|--|---|---------------------------------------|----------------------------------|
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| FOOTNOTE DATA | | | |

\$ 144,617,686

Schedule Page: 261 Line No.: 15 Column: b

INCOME RECORDED ON BOOKS NOT INCLUDED IN RETURN

| | |
|---|----------------|
| Accumulated Provision: Asbestos Accrual | \$ (23,700) |
| CIAC-Fed-Norm | (2,814,104) |
| CIAC-Fed-Norm-Reversal-CWIP | (2,417,201) |
| Current Liability: Line Protection Deferred Revenue | (15,868) |
| Equity Earnings | (2,645) |
| ESOP Dividends | (439,799) |
| MD CVR | (44,878) |
| Sale of Property - Book Gain or (Loss) | (848) |
| WV Energy Efficiency Program-LT | (28,384) |
| | \$ (5,787,427) |

Schedule Page: 261 Line No.: 20 Column: b

DEDUCTIONS ON RETURN NOT CHARGED AGAINST BOOK INCOME

| | |
|---|----------------|
| A&G Expenses-Fed-Norm | \$ (5,194,159) |
| Accelerated Tax Depreciation-Fed-Norm | (40,671,623) |
| Accumulated Provision For Injured and Damage-Workers Comp | (6,918) |
| AFUDC Debt-Fed-Norm-Incurred-CWIP | (158,126) |
| Capitalized Benefits-Fed-Norm-Reversal-CWIP | (15,031,085) |
| Capitalized Repairs-Fed-Norm | (1,476) |
| Capitalized Vertical Tree Trimming-Fed-Norm | (15,142,934) |
| Customer Acquisition Fees - Surge Protection | (1,172) |
| Customer Advances-Fed-Norm | (724) |
| Deferred Charge-EIB | (19,526) |
| Deferred Generation Energy Cost MD | (6,490,634) |
| ECC Deferred Cost Recovery | (290,351) |
| ECC Normalization ST | (973,062) |
| FAS 112 - Medical Benefit Accrual | (104,688) |
| FAS 123R - Restricted Stock-Fed-Norm | (15,506) |
| FAS 123R - RSU Capital-Fed-Norm | (75,287) |
| FE Service Permanent M Allocation | (144,462) |
| FE Service Timing Allocation | (2,193,527) |
| Life Insurance | (11,973) |
| Life Insurance-Fed-Norm | (10,866) |
| Maryland Case 8783 Warrior Run | (979,900) |
| MD Energy Efficiency Program - LT | (16,171,456) |
| Merger Costs: D&O Insurance | (861) |
| Merger Costs: Licenses | (39,729) |
| Meters and Transformers-Fed-Norm | (24,236) |
| Miscellaneous Current Liability | (1,190,018) |
| Other Basis Differences-Fed-Norm | (419,770) |
| PAA - 221 Debt Amortization | (2,154,679) |
| PAA - NUG Purchase Power Liability Amortization | (3,259,191) |
| PAA - Unamortized Loss Amortization | (31,170) |
| PAA-Fed-Norm | (96,879) |
| PE MD Costs Incur Supplier POR | (4,271) |
| Pensions Expense | (21,683,300) |
| Post Retirement Benefits SFAS 106 Accrual | (5,793,145) |
| Post Retirement Benefits SFAS 106 Payments | (127,389) |

| | | | |
|--|---|---------------------------------------|----------------------------------|
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| FOOTNOTE DATA | | | |

| | |
|---|------------------|
| State Income Tax Deduction | (1,466,551) |
| Tax Interest Capitalized-Fed-Norm-Reversal-CWIP | (1,126,088) |
| Tax UoP Repair Disallow Loss-Fed-Norm | (11,464) |
| Tax UoP Repair Expense-Fed-Norm | (11,897,564) |
| Tax UoP Repair Expense-Fed-Norm-Incurred-CWIP | (21,300,000) |
| WV ECC Normalization | (559,291) |
| WV Mercury & Air Toxic Standard | (299,495) |
| WV Mercury & Air Toxic Standard - FERC Adjustment | (342,610) |
| | \$ (175,517,136) |

Schedule Page: 261 Line No.: 32 Column: a

Basis of Allocation:

Respondent is included in the consolidated Federal Income Tax Return filed by FirstEnergy Corp., which includes its wholly owned subsidiaries. Federal income tax liability is allocated on the basis of each member's United States Federal tax liability. The total Federal Income Tax liability of each member will be no more than if it were to file an individual tax return. This is in accordance with IRC Section 1552 and Treasury Regulation 1.1502-33(d)(3) and 1.1552-1(a)(2).

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual, or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes.)
Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

| Line No. | Kind of Tax (See instruction 5) (a) | BALANCE AT BEGINNING OF YEAR | | Taxes Charged During Year (d) | Taxes Paid During Year (e) | Adjustments (f) |
|----------|---|------------------------------------|---|----------------------------------|-------------------------------|--------------------|
| | | Taxes Accrued (Account 236) (b) | Prepaid Taxes (Include in Account 165) (c) | | | |
| 1 | FEDERAL | | | | | |
| 2 | Income Tax | 87,713 | 31,887,358 | -1,236,230 | -10,267,484 | |
| 3 | FICA | 85,369 | | 3,246,267 | 3,232,771 | |
| 4 | Federal Unemployment | | | 21,430 | 21,430 | |
| 5 | Federal Excise | | | 1,345 | 1,345 | |
| 6 | Federal Hvy Hwy Vehicle | | | 1,604 | 1,604 | |
| 7 | Subtotal Federal | 173,082 | 31,887,358 | 2,034,416 | -7,010,334 | |
| 8 | | | | | | |
| 9 | STATE - MD | | | | | |
| 10 | CNI | | 6,137,873 | 747,262 | -5,786,848 | |
| 11 | | | | | | |
| 12 | 2015 - Use Tax | 56,219 | | -4,762 | 51,457 | |
| 13 | 2016 - Use Tax | | | 620,491 | 574,139 | |
| 14 | | | | | | |
| 15 | 2015 - Gross Receipts Tax | | 1,004,825 | -20,276 | -1,025,101 | |
| 16 | 2016 - Gross Receipts Tax | | | 7,132,291 | 6,750,000 | |
| 17 | | | | | | |
| 18 | IFTA International Fuel Tax | | | 204 | 204 | |
| 19 | | | | | | |
| 20 | 2016-Capital Stock/Franchise | | | 300 | 300 | |
| 21 | | | | | | |
| 22 | 2015 - Environ Surcharge | 77,228 | | | 77,228 | |
| 23 | 2016 - Environ Surcharge | | | 984,641 | 901,194 | |
| 24 | | | | | | |
| 25 | 2003 - Taxes Accr State | 10,981 | | | | |
| 26 | 2004 - Taxes Accr State | 17,706 | | | | |
| 27 | 2005 - Taxes Accr State | 40,834 | | | | |
| 28 | 2006 - Taxes Accr State | 70,550 | | | | |
| 29 | 2007 - Taxes Accr State | 94,115 | | | | |
| 30 | 2008 - Taxes Accr State | 647,382 | | | | |
| 31 | 2009 - Taxes Accr State | 120,069 | | | | |
| 32 | 2010 - Taxes Accr State | 125,995 | | | | |
| 33 | 2011 - Taxes Accr State | 100,836 | | | | |
| 34 | | | | | | |
| 35 | 2016 MD Unemployment | | | 25,585 | 25,585 | |
| 36 | Subtotal - MD | 1,361,915 | 7,142,698 | 9,485,736 | 1,568,158 | |
| 37 | | | | | | |
| 38 | STATE - VA | | | | | |
| 39 | CNI | 14,760 | 73,091 | 38,714 | -64,995 | |
| 40 | | | | | | |
| 41 | TOTAL | 7,223,461 | 44,651,846 | 44,992,320 | 27,144,602 | |

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual, or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes.) Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

| Line No. | Kind of Tax (See instruction 5) (a) | BALANCE AT BEGINNING OF YEAR | | Taxes Charged During Year (d) | Taxes Paid During Year (e) | Adjustments (f) |
|----------|---|------------------------------------|---|----------------------------------|-------------------------------|--------------------|
| | | Taxes Accrued (Account 236) (b) | Prepaid Taxes (Include in Account 165) (c) | | | |
| 1 | 2015 VA Use Tax | 6 | | | 6 | |
| 2 | 2016 VA Use Tax | | | 41 | 41 | |
| 3 | Subtotal - VA | 14,766 | 73,091 | 38,755 | -64,948 | |
| 4 | | | | | | |
| 5 | STATE - WV | | | | | |
| 6 | CNI | | 23,158 | 807,723 | 105,802 | |
| 7 | | | | | | |
| 8 | 2015 - State Property Tax | 2,117,745 | | | 2,117,745 | |
| 9 | 2016 - State Property Tax | 2,200,000 | | 2,118,538 | 2,159,269 | |
| 10 | 2017 - State Property Tax | | | 2,287,500 | | |
| 11 | | | | | | |
| 12 | 2015 - Use Tax | 1,070 | | 161 | 1,231 | |
| 13 | 2016 - Use Tax | | | 15,406 | 10,562 | |
| 14 | | | | | | |
| 15 | 2015 - B&O Tax | 401,949 | | | 401,949 | |
| 16 | 2016 - B&O Tax | | | 4,822,936 | 4,420,986 | |
| 17 | | | | | | |
| 18 | | | | | | |
| 19 | 2014 Franchise Tax | 3,733 | | | | |
| 20 | | | | | | |
| 21 | 2016 WV Unemployment | | | 29,843 | 29,843 | |
| 22 | Subtotal - WV | 4,724,497 | 23,158 | 10,082,107 | 9,247,387 | |
| 23 | | | | | | |
| 24 | STATE - PA | | | | | |
| 25 | | | | | | |
| 26 | 2016 Sales and Use Tax | | | 2,499 | 2,499 | |
| 27 | | | | | | |
| 28 | 2015-CapitalStock/Franchise | | | -216 | | |
| 29 | | | | | | |
| 30 | Subtotal - PA | | | 2,283 | 2,499 | |
| 31 | | | | | | |
| 32 | | | | | | |
| 33 | LOCAL - MD | | | | | |
| 34 | 2015 - Local Property | | 5,511,172 | 5,525,238 | 14,066 | |
| 35 | 2016-Local Property | | | 5,908,371 | 11,802,080 | |
| 36 | | | | | | |
| 37 | 2015 - Non-Op Local Property | | 12,750 | 12,750 | | |
| 38 | 2016 - Non-Op Local Property | | | 12,818 | 25,636 | |
| 39 | | | | | | |
| 40 | 2015-Public Util Fuel Energy | 714,935 | | | 714,935 | |
| 41 | TOTAL | 7,223,461 | 44,651,846 | 44,992,320 | 27,144,602 | |

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual, or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes.) Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

| Line No. | Kind of Tax (See instruction 5) (a) | BALANCE AT BEGINNING OF YEAR | | Taxes Charged During Year (d) | Taxes Paid During Year (e) | Adjustments (f) |
|----------|---|------------------------------------|---|----------------------------------|-------------------------------|--------------------|
| | | Taxes Accrued (Account 236) (b) | Prepaid Taxes (Include in Account 165) (c) | | | |
| 1 | 2016-Public Util Fuel Energy | | | 9,547,297 | 8,732,209 | |
| 2 | | | | | | |
| 3 | | | | | | |
| 4 | LOCAL - VA | | | | | |
| 5 | 2015-Local Property | | 1,619 | | | |
| 6 | 2016-Local Property | | | 374,842 | 374,842 | |
| 7 | | | | | | |
| 8 | LOCAL - WV | | | | | |
| 9 | 2015 - Local Property | | | 3,631 | 3,631 | |
| 10 | 2016 - Local Property | | | 2,884 | 2,884 | |
| 11 | | | | | | |
| 12 | 2015 - Local Gross Receipts | 231,970 | | 167,180 | 399,150 | |
| 13 | 2016 - Local Gross Receipts | | | 1,791,606 | 1,327,705 | |
| 14 | | | | | | |
| 15 | 2015-Local Contractual Oblig | 2,296 | | | 2,296 | |
| 16 | 2016-Local Contractual Oblig | | | 2,301 | 2,301 | |
| 17 | | | | | | |
| 18 | 2016-Local Muni License | | | 105 | 105 | |
| 19 | | | | | | |
| 20 | Subtotal - Local | 949,201 | 5,525,541 | 23,349,023 | 23,401,840 | |
| 21 | | | | | | |
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| 36 | | | | | | |
| 37 | | | | | | |
| 38 | | | | | | |
| 39 | | | | | | |
| 40 | | | | | | |
| 41 | TOTAL | 7,223,461 | 44,651,846 | 44,992,320 | 27,144,602 | |

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5. If any tax (exclude Federal and State income taxes)- covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a foot- note. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Report in columns (i) through (l) how the taxes were distributed. Report in column (l) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (i) the amounts charged to Accounts 408.1 and 109.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (l) the taxes charged to utility plant or other balance sheet accounts.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

| BALANCE AT END OF YEAR | | DISTRIBUTION OF TAXES CHARGED | | | | Line No. |
|---------------------------------|--|-------------------------------------|---|--|------------|----------|
| (Taxes accrued Account 236) (g) | Prepaid Taxes (Incl. in Account 165) (h) | Electric (Account 408.1, 409.1) (i) | Extraordinary Items (Account 409.3) (j) | Adjustments to Ret. Earnings (Account 439) (k) | Other (l) | |
| | | | | | | 1 |
| | 22,768,391 | -1,305,452 | | | 69,222 | 2 |
| 98,865 | | 1,072,936 | | | 2,173,331 | 3 |
| | | 21,430 | | | | 4 |
| | | | | | 1,345 | 5 |
| | | 1,604 | | | | 6 |
| 98,865 | 22,768,391 | -209,482 | | | 2,243,898 | 7 |
| | | | | | | 8 |
| | | | | | | 9 |
| 396,237 | | 714,816 | | | 32,446 | 10 |
| | | | | | | 11 |
| | | | | | -4,762 | 12 |
| 46,352 | | -9,321 | | | 629,812 | 13 |
| | | | | | | 14 |
| | | -20,276 | | | | 15 |
| 382,291 | | 9,143,635 | | | -2,011,344 | 16 |
| | | | | | | 17 |
| | | 204 | | | | 18 |
| | | | | | | 19 |
| | | 300 | | | | 20 |
| | | | | | | 21 |
| | | | | | | 22 |
| 83,447 | | 984,641 | | | | 23 |
| | | | | | | 24 |
| 10,981 | | | | | | 25 |
| 17,708 | | | | | | 26 |
| 40,834 | | | | | | 27 |
| 70,550 | | | | | | 28 |
| 94,115 | | | | | | 29 |
| 647,382 | | | | | | 30 |
| 120,069 | | | | | | 31 |
| 125,995 | | | | | | 32 |
| 100,836 | | | | | | 33 |
| | | | | | | 34 |
| | | 26,518 | | | -933 | 35 |
| 2,136,795 | | 10,840,517 | | | -1,354,781 | 36 |
| | | | | | | 37 |
| | | | | | | 38 |
| 45,378 | | 38,301 | | | 413 | 39 |
| | | | | | | 40 |
| 9,096,086 | 28,676,753 | 43,919,780 | | | 1,072,540 | 41 |

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo. Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5. If any tax (exclude Federal and State income taxes)- covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a foot-note. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Report in columns (i) through (l) how the taxes were distributed. Report in column (i) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (j) the amounts charged to Accounts 408.1 and 109.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (l) the taxes charged to utility plant or other balance sheet accounts.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

| BALANCE AT END OF YEAR | | DISTRIBUTION OF TAXES CHARGED | | | | Line No. |
|------------------------------------|---|--|--|---|--------------|----------|
| (Taxes accrued Account 236) (g) | Prepaid Taxes (Incl. in Account 165) (h) | Electric (Account 408.1, 409.1) (i) | Extraordinary Items (Account 409.3) (j) | Adjustments to Ret. Earnings (Account 439) (k) | Other (l) | |
| | | | | | | 1 |
| | | | | | 41 | 2 |
| 45,378 | | 38,301 | | | 454 | 3 |
| | | | | | | 4 |
| | | | | | | 5 |
| 678,763 | | 796,029 | | | 11,694 | 6 |
| | | | | | | 7 |
| | | 2,117,745 | | | -2,117,745 | 8 |
| 2,159,269 | | 2,159,269 | | | -40,731 | 9 |
| 2,287,500 | | | | | 2,287,500 | 10 |
| | | | | | | 11 |
| | | | | | 161 | 12 |
| 4,844 | | -1,475 | | | 16,881 | 13 |
| | | | | | | 14 |
| | | | | | | 15 |
| 401,950 | | 4,822,936 | | | | 16 |
| | | | | | | 17 |
| | | | | | | 18 |
| 3,733 | | | | | | 19 |
| | | | | | | 20 |
| | | 30,202 | | | -359 | 21 |
| 5,536,059 | | 9,924,706 | | | 157,401 | 22 |
| | | | | | | 23 |
| | | | | | | 24 |
| | | | | | | 25 |
| | | 2,499 | | | | 26 |
| | | | | | | 27 |
| | 216 | -216 | | | | 28 |
| | | | | | | 29 |
| | 216 | 2,283 | | | | 30 |
| | | | | | | 31 |
| | | | | | | 32 |
| | | | | | | 33 |
| | | 5,525,238 | | | | 34 |
| | 5,893,709 | 5,908,371 | | | | 35 |
| | | | | | | 36 |
| | | | | | 12,750 | 37 |
| | 12,818 | | | | 12,818 | 38 |
| | | | | | | 39 |
| | | | | | | 40 |
| 9,096,086 | 28,676,753 | 43,919,780 | | | 1,072,540 | 41 |

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|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5. If any tax (exclude Federal and State income taxes)- covers more then one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a foot- note. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Report in columns (i) through (l) how the taxes were distributed. Report in column (i) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (j) the amounts charged to Accounts 408.1 and 109.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (l) the taxes charged to utility plant or other balance sheet accounts.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

| BALANCE AT END OF YEAR | | DISTRIBUTION OF TAXES CHARGED | | | | Line No. |
|---------------------------------|--|-------------------------------------|---|--|-----------|----------|
| (Taxes accrued Account 236) (g) | Prepaid Taxes (Incl. in Account 165) (h) | Electric (Account 408.1, 409.1) (i) | Extraordinary Items (Account 409.3) (j) | Adjustments to Ret. Earnings (Account 439) (k) | Other (l) | |
| 815,088 | | 9,547,297 | | | | 1 |
| | | | | | | 2 |
| | | | | | | 3 |
| | | | | | | 4 |
| | 1,619 | | | | | 5 |
| | | 374,842 | | | | 6 |
| | | | | | | 7 |
| | | | | | | 8 |
| | | 3,631 | | | | 9 |
| | | 2,884 | | | | 10 |
| | | | | | | 11 |
| | | 167,180 | | | | 12 |
| 463,901 | | 1,791,606 | | | | 13 |
| | | | | | | 14 |
| | | | | | | 15 |
| | | 2,301 | | | | 16 |
| | | | | | | 17 |
| | | 105 | | | | 18 |
| | | | | | | 19 |
| 1,278,989 | 5,908,146 | 23,323,455 | | | 25,568 | 20 |
| | | | | | | 21 |
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| | | | | | | 40 |
| 9,096,086 | 28,676,753 | 43,919,780 | | | 1,072,540 | 41 |

| | | | |
|--|---|---------------------------------------|----------------------------------|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2016/Q4 |
| FOOTNOTE DATA | | | |

Schedule Page: 262 Line No.: 2 Column: c
Reclassified to Account 146 due to filing a Federal Consolidated Return.

Schedule Page: 262 Line No.: 2 Column: h
Reclassified to Account 146 due to filing a Federal Consolidated Return.

Schedule Page: 262 Line No.: 2 Column: i
\$200,486 offset to Account 409.2 ; (\$87,713) offset to Account 234 ; (\$43,551) offset to Account 211.

Schedule Page: 262 Line No.: 10 Column: i
\$32,481 offset to Account 409.2 ; (\$35) offset to Account 211.

Schedule Page: 262 Line No.: 16 Column: i
(\$2,011,344) offset to Account 408.2

Schedule Page: 262 Line No.: 39 Column: i
\$457 offset to Account 409.2 ; (\$44) offset to Account 211.

Schedule Page: 262.1 Line No.: 6 Column: c
Reclassified to Account 146 due to filing a Federal Consolidated Return.

Schedule Page: 262.1 Line No.: 6 Column: i
\$11,980 offset to Account 409.2 ; (\$286) offset to Account 211.

Schedule Page: 262.1 Line No.: 37 Column: i
\$12,750 offset to Account 408.2.

Schedule Page: 262.1 Line No.: 38 Column: i
\$12,818 offset to Account 408.2.

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

Report below information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any correction adjustments to the account balance shown in column (g). Include in column (i) the average period over which the tax credits are amortized.

| Line No. | Account Subdivisions (a) | Balance at Beginning of Year (b) | Deferred for Year | | Allocations to Current Year's Income | | Adjustments (g) |
|----------|--|----------------------------------|-------------------|------------|--------------------------------------|------------|-----------------|
| | | | Account No. (c) | Amount (d) | Account No. (e) | Amount (f) | |
| 1 | Electric Utility | | | | | | |
| 2 | 3% | | | | | | |
| 3 | 4% | | | | | | |
| 4 | 7% | | | | | | |
| 5 | 10% | | | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |
| 8 | TOTAL | | | | | | |
| 9 | Other (List separately and show 3%, 4%, 7%, 10% and TOTAL) | | | | | | |
| 10 | | | | | | | |
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ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255) (continued)

| Balance at End of Year (h) | Average Period of Allocation to Income (i) | ADJUSTMENT EXPLANATION | Line No. |
|-------------------------------|---|------------------------|----------|
| | | | 1 |
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OTHER DEFERRED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (5% of the Balance End of Year for Account 253 or amounts less than \$100,000, whichever is greater) may be grouped by classes.

| Line No. | Description and Other Deferred Credits (a) | Balance at Beginning of Year (b) | DEBITS | | Credits (e) | Balance at End of Year (f) |
|----------|---|-------------------------------------|-----------------------|------------------|------------------|-------------------------------|
| | | | Contra Account (c) | Amount (d) | | |
| 1 | Gain on sale of ECP | 16,427,847 | | | | 16,427,847 |
| 2 | (amortization to begin in 2027) | | | | | |
| 3 | | | | | | |
| 4 | Purch Acctng Adj: | | | | | |
| 5 | Frederick MGP | 4,490,387 | | | | 4,490,387 |
| 6 | PURPA(amortization through | 45,810,487 | 182 | 3,259,192 | | 42,551,295 |
| 7 | 12-2030) | | | | | |
| 8 | | | | | | |
| 9 | West Virginia Property Tax (L-T) | 2,200,000 | | | 87,500 | 2,287,500 |
| 10 | | | | | | |
| 11 | Contributions - WV Asset Swap | 143,750 | 232 | 68,750 | | 75,000 |
| 12 | | | | | | |
| 13 | Other Minor Items | 2,813,040 | 415 | 15,867 | 3,476,426 | 6,273,599 |
| 14 | | | | | | |
| 15 | | | | | | |
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| 17 | | | | | | |
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| 43 | | | | | | |
| 44 | | | | | | |
| 45 | | | | | | |
| 46 | | | | | | |
| 47 | TOTAL | 71,885,511 | | 3,343,809 | 3,563,926 | 72,105,628 |

ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED AMORTIZATION PROPERTY (Account 281)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes rating to amortizable property.
2. For other (Specify), include deferrals relating to other income and deductions.

| Line No. | Account (a) | Balance at Beginning of Year (b) | CHANGES DURING YEAR | |
|----------|--|---|---|--|
| | | | Amounts Debited to Account 410.1 (c) | Amounts Credited to Account 411.1 (d) |
| 1 | Accelerated Amortization (Account 281) | | | |
| 2 | Electric | | | |
| 3 | Defense Facilities | | | |
| 4 | Pollution Control Facilities | | | |
| 5 | Other (provide details in footnote): | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | TOTAL Electric (Enter Total of lines 3 thru 7) | | | |
| 9 | Gas | | | |
| 10 | Defense Facilities | | | |
| 11 | Pollution Control Facilities | | | |
| 12 | Other (provide details in footnote): | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | TOTAL Gas (Enter Total of lines 10 thru 14) | | | |
| 16 | | | | |
| 17 | TOTAL (Acct 281) (Total of 8, 15 and 16) | | | |
| 18 | Classification of TOTAL | | | |
| 19 | Federal Income Tax | | | |
| 20 | State Income Tax | | | |
| 21 | Local Income Tax | | | |

NOTES

ACCUMULATED DEFERRED INCOME TAXES _ ACCELERATED AMORTIZATION PROPERTY (Account 281) (Continued)

3. Use footnotes as required.

| CHANGES DURING YEAR | | ADJUSTMENTS | | | | Balance at End of Year (k) | Line No. |
|--|---|----------------------------|---------------|---------------------------|---------------|----------------------------------|-------------|
| Amounts Debited to Account 410.2 (e) | Amounts Credited to Account 411.2 (f) | Debits | | Credits | | | |
| | | Account Credited (g) | Amount (h) | Account Debited (i) | Amount (j) | | |
| | | | | | | | 1 |
| | | | | | | | 2 |
| | | | | | | | 3 |
| | | | | | | | 4 |
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NOTES (Continued)

| Name of Respondent THE POTOMAC EDISON COMPANY | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---|---|--|---|
| ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282) | | | | | |
| 1. Report the information called for below concerning the respondent's accounting for deferred income taxes rating to property not subject to accelerated amortization | | | | | |
| 2. For other (Specify), include deferrals relating to other income and deductions. | | | | | |
| Line No. | Account (a) | Balance at Beginning of Year (b) | CHANGES DURING YEAR | | |
| | | | Amounts Debited to Account 410.1 (c) | Amounts Credited to Account 411.1 (d) | |
| 1 | Account 282 | | | | |
| 2 | Electric | 383,052,272 | 52,407,343 | 36,296,450 | |
| 3 | Gas | | | | |
| 4 | | | | | |
| 5 | TOTAL (Enter Total of lines 2 thru 4) | 383,052,272 | 52,407,343 | 36,296,450 | |
| 6 | | | | | |
| 7 | | | | | |
| 8 | | | | | |
| 9 | TOTAL Account 282 (Enter Total of lines 5 thru 8) | 383,052,272 | 52,407,343 | 36,296,450 | |
| 10 | Classification of TOTAL | | | | |
| 11 | Federal Income Tax | 329,277,015 | 43,723,304 | 30,256,654 | |
| 12 | State Income Tax | 53,775,257 | 8,684,039 | 6,039,796 | |
| 13 | Local Income Tax | | | | |

NOTES

ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282) (Continued)

3. Use footnotes as required.

| CHANGES DURING YEAR | | ADJUSTMENTS | | | | Balance at End of Year (k) | Line No. |
|--|---|----------------------------|---------------|---------------------------|---------------|----------------------------------|-------------|
| Amounts Debited to Account 410.2 (e) | Amounts Credited to Account 411.2 (f) | Debits | | Credits | | | |
| | | Account Credited (g) | Amount (h) | Account Debited (i) | Amount (j) | | |
| | | | | | | | 1 |
| 100,148 | 45,634 | Various | 10,179,246 | | 11,154,519 | 400,192,952 | 2 |
| | | | | | | | 3 |
| | | | | | | | 4 |
| 100,148 | 45,634 | | 10,179,246 | | 11,154,519 | 400,192,952 | 5 |
| | | | | | | | 6 |
| | | | | | | | 7 |
| | | | | | | | 8 |
| 100,148 | 45,634 | | 10,179,246 | | 11,154,519 | 400,192,952 | 9 |
| | | | | | | | 10 |
| 81,700 | 38,123 | | 4,430,215 | | 2,331,625 | 340,688,652 | 11 |
| 18,448 | 7,511 | | 5,749,031 | | 8,822,894 | 59,504,300 | 12 |
| | | | | | | | 13 |

NOTES (Continued)

| | | | |
|--|---|---------------------------------------|----------------------------------|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2016/Q4 |
| FOOTNOTE DATA | | | |

Schedule Page: 274 Line No.: 2 Column: h

| Debits Account Credited (g) | Description | Debit Amount (h) |
|--------------------------------------|-------------------------|------------------------|
| 283 | Vegetation Management | \$ 785,998 |
| 182 | FAS109 Regulatory Asset | 9,393,248 |
| | | \$ 10,179,246 |

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. For other (Specify), include deferrals relating to other income and deductions.

| Line No. | Account (a) | Balance at Beginning of Year (b) | CHANGES DURING YEAR | |
|----------|--|----------------------------------|--------------------------------------|---------------------------------------|
| | | | Amounts Debited to Account 410.1 (c) | Amounts Credited to Account 411.1 (d) |
| 1 | Account 283 | | | |
| 2 | Electric | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | 129,737,855 | 36,929,589 | 68,845,565 |
| 9 | TOTAL Electric (Total of lines 3 thru 8) | 129,737,855 | 36,929,589 | 68,845,565 |
| 10 | Gas | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | | | | |
| 17 | TOTAL Gas (Total of lines 11 thru 16) | | | |
| 18 | | | | |
| 19 | TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18) | 129,737,855 | 36,929,589 | 68,845,565 |
| 20 | Classification of TOTAL | | | |
| 21 | Federal Income Tax | 108,948,155 | 29,373,130 | 56,446,600 |
| 22 | State Income Tax | 20,789,700 | 7,556,459 | 12,398,965 |
| 23 | Local Income Tax | | | |

NOTES

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
4. Use footnotes as required.

| CHANGES DURING YEAR | | ADJUSTMENTS | | | | Balance at End of Year (k) | Line No. |
|--|---|----------------------------|---------------|---------------------------|---------------|----------------------------------|-------------|
| Amounts Debited to Account 410.2 (e) | Amounts Credited to Account 411.2 (f) | Debits | | Credits | | | |
| | | Account Credited (g) | Amount (h) | Account Debited (i) | Amount (j) | | |
| | | | | | | | 1 |
| | | | | | | | 2 |
| | | | | | | | 3 |
| | | | | | | | 4 |
| | | | | | | | 5 |
| | | | | | | | 6 |
| | | | | | | | 7 |
| | | | 4,227,863 | | 32,961,384 | 126,555,400 | 8 |
| | | | 4,227,863 | | 32,961,384 | 126,555,400 | 9 |
| | | | | | | | 10 |
| | | | | | | | 11 |
| | | | | | | | 12 |
| | | | | | | | 13 |
| | | | | | | | 14 |
| | | | | | | | 15 |
| | | | | | | | 16 |
| | | | | | | | 17 |
| | | | | | | | 18 |
| | | | 4,227,863 | | 32,961,384 | 126,555,400 | 19 |
| | | | | | | | 20 |
| | | | 3,437,537 | | 27,438,845 | 105,875,993 | 21 |
| | | | 790,326 | | 5,522,539 | 20,679,407 | 22 |
| | | | | | | | 23 |

NOTES (Continued)

| | | | |
|--|---|---------------------------------------|----------------------------------|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2016/Q4 |
|--|---|---------------------------------------|----------------------------------|

FOOTNOTE DATA

Schedule Page: 276 Line No.: 8 Column: k

| Account Subdivisions (a) | Balance at Beginning of Year (b) | Amounts Debitd to Acct 410.1 (c) | Amounts Credited to Acct 411.1 (d) | Amounts Debitd to Acct 410.2 (e) | Amounts Credited to Acct 411.2 (f) | Acct Credit (g) | Debits Amount (h) | Acct Debit (i) | Credits Amount (j) | Balance at End of Year (k) |
|--|---|---|---|---|---|-----------------------|-------------------------|----------------------|--------------------------|----------------------------------|
| 2013 Adjustments | 7,480,944 | 8,696,431 | 8,650,097 | 0 | 0 | | 0 | | 0 | 7,527,278 |
| A&G Expenses-MD-Norm | 43,971 | 0 | 0 | 0 | 0 | 182 | 4,554 | 182 | 7,711 | 47,128 |
| A&G Expenses-VA-Norm | 0 | 0 | 0 | 0 | 0 | | 0 | 182/190 | 3,096 | 3,096 |
| A&G Expenses-WV-Norm | 0 | 0 | 0 | 0 | 0 | | 0 | 182/190 | 4,549 | 4,549 |
| Accelerated Tax Depreciation-Fed-FT | 186,727 | 0 | 0 | 0 | 0 | 182 | 199,436 | 182 | 87,336 | 74,627 |
| Accelerated Tax Depreciation-Fed-Norm | 210,463 | 0 | 0 | 0 | 0 | 182 | 25,975 | 182 | 114,835 | 299,323 |
| Accelerated Tax Depreciation-MD-Norm | 1,000,781 | 0 | 0 | 0 | 0 | 182 | 80,412 | 182 | 117,930 | 1,038,299 |
| Accelerated Tax Depreciation-WV-FT | 6,625 | 0 | 0 | 0 | 0 | 182 | 9,887 | 182 | 6,320 | 3,058 |
| Accelerated Tax Depreciation-WV-Norm | 584,744 | 0 | 0 | 0 | 0 | 182 | 1,295,763 | 182 | 2,041,582 | 1,329,563 |
| Accrued Taxes: Property Taxes | 1,655,442 | 890,415 | 2,645,857 | 0 | 0 | | 0 | | 0 | 0 |
| AFUDC Debt-MD-Norm | 79,716 | 0 | 0 | 0 | 0 | 182 | 5,913 | 182 | 5,803 | 79,606 |
| AFUDC Debt-MD-Norm-Incurred-CWIP | 0 | 0 | 0 | 0 | 0 | 182 | 187 | 182 | 2,967 | 2,800 |
| AFUDC Debt-VA-Norm-Incurred-CWIP | 0 | 0 | 0 | 0 | 0 | 182 | 233 | 182 | 3,734 | 3,501 |
| AFUDC Debt-WV-Norm | 60,858 | 0 | 0 | 0 | 0 | 182 | 31,949 | 182 | 47,981 | 76,890 |
| AFUDC Debt-WV-Norm-Incurred-CWIP | 0 | 0 | 0 | 0 | 0 | 182 | 33,921 | 182 | 56,528 | 22,607 |
| AFUDC Equity/FAS 43-Fed-FT | 878,045 | 0 | 0 | 0 | 0 | 182 | 74,654 | 182 | 30,680 | 834,071 |
| AFUDC Equity/FAS 43-Fed-FT-Incurred-CWIP | 3,251,725 | 0 | 0 | 0 | 0 | 182 | 75,216 | 182 | 108,079 | 3,284,588 |
| AFUDC Equity/FAS 43-MD-FT | 85,684 | 0 | 0 | 0 | 0 | 182 | 7,358 | 182 | 3,634 | 81,960 |
| AFUDC Equity/FAS 43-MD-FT-Incurred-CWIP | 317,318 | 0 | 0 | 0 | 0 | 182 | 7,493 | 182 | 12,935 | 322,760 |
| AFUDC Equity/FAS 43-VA-FT | 1,132 | 0 | 0 | 0 | 0 | 182 | 188 | 182 | 841 | 1,785 |
| AFUDC Equity/FAS 43-VA-FT-Incurred-CWIP | 4,193 | 0 | 0 | 0 | 0 | 182 | 288 | 182 | 3,125 | 7,030 |
| AFUDC Equity/FAS 43-WV-FT | 31,153 | 0 | 0 | 0 | 0 | 182 | 10,153 | 182 | 13,175 | 34,175 |
| AFUDC Equity/FAS 43-WV-FT-Incurred-CWIP | 115,372 | 0 | 0 | 0 | 0 | 182 | 29,406 | 182 | 48,619 | 134,585 |
| Book Gain/Loss on Assets Retired - MD | 21,230 | 0 | 0 | 0 | 0 | 182 | 1,881 | 182 | 23,721 | 43,070 |
| Capital Loss Carryforward-WV RTA | 0 | 1,709 | 598 | 0 | 0 | | 0 | | 0 | 1,111 |
| Capital Vertical Tree Trimming-MD-Norm | 22,850 | 0 | 0 | 0 | 0 | 182 | 5,752 | 182 | 14,507 | 31,605 |
| Capital Vertical Tree Trimming-VA-Norm | 0 | 0 | 0 | 0 | 0 | | 0 | 182/190 | 9,337 | 9,337 |
| Capital Vertical Tree Trimming-WV-Norm | 0 | 0 | 0 | 0 | 0 | | 0 | 182/190 | 32,965 | 32,965 |
| Capitalized Benefits-WV-Norm-Incurred-CWIP | 0 | 0 | 0 | 0 | 0 | 182 | 1,623 | 182 | 1,623 | 0 |
| Capitalized Benefits-WV-Norm-Reversal-CWIP | 0 | 0 | 0 | 0 | 0 | 182 | 2,965 | 182 | 2,965 | 0 |
| Capitalized Repairs-VA-Norm | 117 | 0 | 0 | 0 | 0 | 182 | 14 | 182 | 3 | 106 |
| Casualty Loss-MD-Norm | 233,663 | 0 | 0 | 0 | 0 | 182 | 26,047 | 182 | 18,817 | 226,433 |
| CIAC-Fed-Norm-Reversal-CWIP | 8,755,829 | 3,037,653 | 1,848,980 | 0 | 0 | | 0 | | 0 | 9,944,502 |
| CIAC-MD-Norm-Reversal-CWIP | 854,434 | 561,602 | 441,843 | 0 | 0 | 182 | 1,751 | 182 | 6,755 | 979,197 |
| CIAC-VA-Norm | 271,200 | 0 | 0 | 0 | 0 | 182 | 38,594 | 182 | 13,004 | 245,610 |
| CIAC-VA-Norm-Reversal-CWIP | 11,290 | 17,814 | 11,577 | 0 | 0 | 182 | 2,180 | 182 | 8,444 | 23,781 |
| CIAC-WV-Norm-Reversal-CWIP | 310,659 | 275,848 | 203,294 | 0 | 0 | 182 | 183,801 | 182 | 224,196 | 423,608 |
| Customer Acquisition Fees - Surge Protection | 0 | 576 | 108 | 0 | 0 | | 0 | | 0 | 468 |
| Customer Advances-VA-Norm | 54 | 0 | 0 | 0 | 0 | 182 | 8 | 182 | 3 | 49 |
| Deferred Charge-EIB | 676,112 | 27,798 | 100,141 | 0 | 0 | | 0 | | 0 | 603,767 |
| Deferred Generation Energy Cost MD | 0 | 0 | 0 | 0 | 0 | | 0 | 190 | 2,175,332 | 2,175,332 |
| Deferred Power Costs WV | 11,778,519 | 1,698,766 | 2,923,599 | 0 | 0 | | 0 | | 0 | 10,553,686 |
| Deferred Storm Damage | 860,792 | 65,971 | 928,763 | 0 | 0 | | 0 | | 0 | 0 |
| Deferred Transmission Energy Cost MD | 2,285,051 | 1,030,554 | 1,522,788 | 0 | 0 | | 0 | | 0 | 1,792,817 |
| ECC Deferred Cost Recovery | 295,207 | 163,160 | 371,624 | 0 | 0 | | 0 | | 0 | 86,743 |
| ECC Normalization ST | 63,726 | 519,710 | 130,594 | 0 | 0 | | 0 | | 0 | 452,842 |
| FAS 123R - Performance Shares-MD-Norm | 209 | 0 | 0 | 0 | 0 | 182 | 20 | 182 | 10 | 199 |
| FAS 123R - Restricted Stock-VA-Norm | 0 | 0 | 0 | 0 | 0 | | 0 | 190 | 10 | 10 |
| FAS 123R - Restricted Stock-WV-Norm | 0 | 0 | 0 | 0 | 0 | | 0 | 190 | 24 | 24 |
| FAS 123R - RSU Capital-MD-Norm | 334 | 0 | 0 | 0 | 0 | 182 | 30 | 182 | 38 | 342 |
| FAS 123R - RSU Capital-VA-Norm | 0 | 0 | 0 | 0 | 0 | | 0 | 190 | 13 | 13 |
| FAS 123R - RSU Capital-WV-Norm | 0 | 0 | 0 | 0 | 0 | | 0 | 190 | 13 | 13 |
| FAS 123R - Stock Options | 23,079 | 2,058 | 25,137 | 0 | 0 | | 0 | | 0 | 0 |
| FAS 168 OPEB OCI Offset | 6,814,084 | 162,586 | 112,419 | 0 | 0 | 219 | 1,394,273 | 219 | 92,543 | 5,562,521 |
| FE Service Timing Allocation | 0 | 0 | 0 | 0 | 0 | | 0 | 190 | 233,417 | 233,417 |
| Federal NOL | 0 | 0 | 0 | 0 | 0 | | 0 | 190 | 5,365,799 | 5,365,799 |
| G Overheads-VA-Norm | 0 | 0 | 0 | 0 | 0 | | 0 | 190 | 1,712 | 1,712 |
| G Overheads-WV-Norm | 0 | 0 | 0 | 0 | 0 | | 0 | 190 | 5,514 | 5,514 |
| Highway Relocations-MD-Norm | 4,908 | 0 | 0 | 0 | 0 | 182 | 480 | 182 | 405 | 4,833 |
| Highway Relocations-WV-Norm | 4,122 | 0 | 0 | 0 | 0 | 182 | 1,743 | 182 | 2,418 | 4,797 |
| Inventry: Reserve for Obsolescence | 224,429 | 270,181 | 494,610 | 0 | 0 | | 0 | | 0 | 0 |
| Life Insurance-MD-Norm | 0 | 0 | 0 | 0 | 0 | 182 | 39 | 182 | 109 | 70 |
| Maryland Case B783 Warrior Run | 1,084,156 | 4,843,415 | 4,445,245 | 0 | 0 | | 0 | | 0 | 1,482,325 |
| MD CVR | 120,161 | 24,100 | 5,428 | 0 | 0 | | 0 | | 0 | 138,833 |
| MD DRS | 20,307 | 1,556 | 21,863 | 0 | 0 | | 0 | | 0 | 0 |
| MD Energy Efficiency Program | 3,900,977 | 245,682 | 2,564,119 | 0 | 0 | | 0 | | 0 | 1,582,540 |
| MD Energy Efficiency Program - LT | 12,807,009 | 9,375,998 | 2,835,455 | 0 | 0 | | 0 | | 0 | 19,345,552 |
| Meters and Transformers-VA-Norm | 1,952 | 0 | 0 | 0 | 0 | 182 | 256 | 182 | 98 | 1,794 |
| OPEBs-MD-Norm | 6,006 | 0 | 0 | 0 | 0 | 182 | 1,916 | 182 | 240 | 4,330 |
| OPEBs-VA-Norm | 26 | 0 | 0 | 0 | 0 | 182 | 1,604 | 182/190 | 1,578 | 0 |
| OPEBs-WV-Norm | 3,079 | 0 | 0 | 0 | 0 | 182 | 22,328 | 182/190 | 19,249 | 0 |
| Other Basis Differences-Fed-FT | 788,021 | 0 | 0 | 0 | 0 | 182 | 219,048 | 182 | 88,083 | 657,056 |
| Other Basis Differences-Fed-Norm | 21,609 | 0 | 0 | 0 | 0 | 182 | 1,993 | 182 | 1,001 | 20,617 |
| Other Basis Differences-MD-Norm | 83,755 | 0 | 0 | 0 | 0 | 182 | 40,002 | 182 | 4,570 | 48,323 |
| Other Basis Differences-VA-Norm | 47,237 | 0 | 0 | 0 | 0 | 182 | 37,143 | 182 | 5,869 | 15,963 |
| Other Regulatory Assets | 9,047,069 | 351,534 | 2,522,349 | 0 | 0 | | 0 | | 0 | 6,876,254 |
| PAA - 221 Debt Amortization | 0 | 0 | 0 | 0 | 0 | | 0 | 190 | 848,374 | 848,374 |
| PAA - LT Regulatory Asset Amortization | 9,184 | 702 | 9,866 | 0 | 0 | | 0 | | 0 | 0 |
| PAA-MD-Norm | 0 | 0 | 0 | 0 | 0 | 182 | 24 | 182 | 53 | 29 |
| PAA-VA-Norm | 0 | 0 | 0 | 0 | 0 | 182 | 30 | 182 | 66 | 36 |

| | | | |
|--|---|---------------------------------------|----------------------------------|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <u>X</u> An Original (2) <u> </u> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2016/Q4 |
|--|---|---------------------------------------|----------------------------------|

FOOTNOTE DATA

| | | | | | | | | | | |
|---|-------------|------------|------------|---|---|-----|-----------|-----|------------|-------------|
| PAA-WV-Norm | 0 | 0 | 0 | 0 | 0 | 182 | 546 | 182 | 779 | 233 |
| PE MD Costs Incur Supplier POR | 505 | 1,834 | 125 | 0 | 0 | 0 | 0 | 0 | 0 | 2,214 |
| Pension/OPEB : Other Deferred Credit or Debt | 8,739,853 | 320,190 | 2,220,996 | 0 | 0 | 0 | 0 | 0 | 0 | 8,839,047 |
| Plant: Asset Retirement Obligation | 11,503 | 254 | 183 | 0 | 0 | 0 | 0 | 0 | 0 | 11,574 |
| Post Retirement Benefits SFAS 106 Payments | 486,194 | 65,089 | 11,188 | 0 | 0 | 0 | 0 | 0 | 0 | 540,095 |
| PT Rebalance-Additional Property RTA-All-Norm | 0 | 0 | 0 | 0 | 0 | 182 | 15 | 182 | 28 | 13 |
| PT Rebalance-Additional Property-All-Norm | 0 | 0 | 0 | 0 | 0 | 182 | 4,604 | 182 | 8,538 | 3,934 |
| PT Rebalance-Additional Property-MD-Norm | 0 | 0 | 0 | 0 | 0 | 182 | 32 | 182 | 507 | 475 |
| PT Rebalance-Additional Property-VA-Norm | 0 | 0 | 0 | 0 | 0 | 182 | 40 | 182 | 633 | 593 |
| PT Rebalance-Other CWIP Incur-107 Impair-All-Norm | 0 | 0 | 0 | 0 | 0 | 182 | 1,360 | 182 | 2,559 | 1,179 |
| PT Rebalance-Rate Change-All-FT | 229,021 | 0 | 0 | 0 | 0 | 182 | 6,416 | 182 | 10,211 | 232,816 |
| PT Rebalance-TBBS Adjustment not in PT-All-FT | 0 | 0 | 0 | 0 | 0 | 182 | 29,831 | 182 | 55,315 | 25,484 |
| Purchase Accounting-Regulatory Asset-POLR/SOS | 1,755,425 | 134,535 | 1,889,960 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Purchase Accounting-Regulatory Asset-Warrior Run | 22,059,188 | 1,690,605 | 23,749,793 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Purchase Accounting-Warrior Run | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 190 | 16,998,519 | 16,998,519 |
| Repair Allowance-MD-Norm | 97,870 | 0 | 0 | 0 | 0 | 182 | 14,888 | 182 | 7,258 | 90,240 |
| Repair Allowance-WV-Norm | 15,329 | 0 | 0 | 0 | 0 | 182 | 36,766 | 182 | 56,759 | 35,322 |
| State Income Tax Deductible | 2,130,112 | 124,317 | 19,164 | 0 | 0 | 0 | 0 | 0 | 0 | 2,235,265 |
| Stores Accrual | 11,671 | 890 | 12,561 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Storm Damage | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 190 | 639,230 | 639,230 |
| Tax Interest Capitalized-Fed-Norm-Reversal-CWIP | 6,481,155 | 481,250 | 90,618 | 0 | 0 | 0 | 0 | 0 | 0 | 6,871,787 |
| Tax Interest Capitalized-MD-Norm-Reversal-CWIP | 632,461 | 77,792 | 39,245 | 0 | 0 | 182 | 2,477 | 182 | 9,553 | 678,084 |
| Tax Interest Capitalized-VA-Norm | 49,385 | 0 | 0 | 0 | 0 | 182 | 6,647 | 182 | 1,764 | 44,502 |
| Tax Interest Capitalized-VA-Norm-Reversal-CWIP | 8,357 | 1,993 | 955 | 0 | 0 | 182 | 3,096 | 182 | 11,942 | 18,241 |
| Tax Interest Capitalized-WV-Norm-Reversal-CWIP | 229,953 | 35,530 | 18,220 | 0 | 0 | 182 | 145,580 | 182 | 202,707 | 304,390 |
| Tax UoP Repair Disallow Loss-MD-Norm | 19,523 | 0 | 0 | 0 | 0 | 182 | 1,162 | 182 | 810 | 19,171 |
| Tax UoP Repair Disallow Loss-VA-Norm | 13,950 | 0 | 0 | 0 | 0 | 182 | 870 | 182 | 583 | 13,663 |
| Tax UoP Repair Expense-MD-Norm | 205,857 | 0 | 0 | 0 | 0 | 182 | 16,308 | 182 | 42,773 | 230,324 |
| Tax UoP Repair Expense-MD-Norm-Incurred-CWIP | 0 | 0 | 0 | 0 | 0 | 182 | 150 | 182 | 2,397 | 2,247 |
| Tax UoP Repair Expense-VA-Norm-Incurred-CWIP | 0 | 0 | 0 | 0 | 0 | 182 | 187 | 182 | 2,996 | 2,809 |
| Tax UoP Repair Expense-WV-Norm | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 190 | 63,382 | 63,382 |
| Tax UoP Repair Expense-WV-Norm-Incurred-CWIP | 0 | 0 | 0 | 0 | 0 | 182 | 75,329 | 182 | 93,467 | 18,138 |
| Temporary Transaction Surcharge WV | 4,297,157 | 220,417 | 2,035,188 | 0 | 0 | 0 | 0 | 0 | 0 | 2,482,366 |
| Unamortized Loss on Recquired Debt | 352,922 | 18,568 | 201,134 | 0 | 0 | 0 | 0 | 0 | 0 | 180,356 |
| Valuation Allowance NOL WV | 0 | 439,996 | 160,321 | 0 | 0 | 0 | 0 | 0 | 0 | 273,675 |
| Vegetation Management | 2,848,579 | 396,247 | 5,283,144 | 0 | 0 | 0 | 0 | 190 | 2,038,318 | 0 |
| Vegetation Management - FERC Adjustment | 1,284,961 | 0 | 0 | 0 | 0 | 0 | 0 | 282 | 785,998 | 2,070,979 |
| WV Energy Efficiency - LT | 132,471 | 10,152 | 142,623 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| WV Energy Efficiency Program-LT | 116,031 | 266,399 | 121,051 | 0 | 0 | 0 | 0 | 0 | 0 | 261,379 |
| WV Mercury & Air Toxic Standard | 0 | 127,765 | 8,122 | 0 | 0 | 0 | 0 | 0 | 0 | 119,843 |
| WV Mercury & Air Toxic Standard - FERC Adjustment | 0 | 145,996 | 9,129 | 0 | 0 | 0 | 0 | 0 | 0 | 136,667 |
| WV STIP | 71,083 | 9,953 | 16,490 | 0 | 0 | 0 | 0 | 0 | 0 | 64,546 |
| | 129,737,855 | 38,929,589 | 68,645,565 | 0 | 0 | 0 | 4,227,863 | 0 | 32,961,384 | 126,555,400 |

OTHER REGULATORY LIABILITIES (Account 254)

1. Report below the particulars (details) called for concerning other regulatory liabilities, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 254 at end of period, or amounts less than \$100,000 which ever is less), may be grouped by classes.
3. For Regulatory Liabilities being amortized, show period of amortization.

| Line No. | Description and Purpose of Other Regulatory Liabilities (a) | Balance at Beginning of Current Quarter/Year (b) | DEBITS | | Credits (e) | Balance at End of Current Quarter/Year (f) |
|----------|--|---|-------------------------|------------------|------------------|---|
| | | | Account Credited (c) | Amount (d) | | |
| 1 | FAS 109 - Accounting for Income taxes | 32,164 | | | | 32,164 |
| 2 | | | | | | |
| 3 | WV Reg Liability - WV Securitization | 1,315,956 | 456 | 559,291 | | 756,655 |
| 4 | | | | | | |
| 5 | Deferred Administrative Credit - MD | 189,137 | | | 9,540 | 198,677 |
| 6 | | | | | | |
| 7 | Deferred Generation Energy Cost - MD | 856,126 | 557 | 856,126 | | |
| 8 | | | | | | |
| 9 | WV Vegetation Management Surcharge | 2,655,631 | | | 7,155,548 | 9,811,179 |
| 10 | | | | | | |
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| 37 | | | | | | |
| 38 | | | | | | |
| 39 | | | | | | |
| 40 | | | | | | |
| 41 | TOTAL | 5,049,014 | | 1,415,417 | 7,165,088 | 10,798,665 |

| | | | |
|--|---|---------------------------------------|--|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of <u>2016/Q4</u> |
|--|---|---------------------------------------|--|

ELECTRIC OPERATING REVENUES (Account 400)

- The following instructions generally apply to the annual version of these pages. Do not report quarterly data in columns (c), (e), (f), and (g). Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages.
- Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
- Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The -average number of customers means the average of twelve figures at the close of each month.
- If increases or decreases from previous period (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.
- Disclose amounts of \$250,000 or greater in a footnote for accounts 451, 456, and 457.2.

| Line No. | Title of Account (a) | Operating Revenues Year to Date Quarterly/Annual (b) | Operating Revenues Previous year (no Quarterly) (c) |
|----------|---|---|--|
| 1 | Sales of Electricity | | |
| 2 | (440) Residential Sales | 514,994,151 | 479,744,482 |
| 3 | (442) Commercial and Industrial Sales | | |
| 4 | Small (or Comm.) (See Instr. 4) | 179,603,226 | 168,287,019 |
| 5 | Large (or Ind.) (See Instr. 4) | 93,019,233 | 82,547,219 |
| 6 | (444) Public Street and Highway Lighting | 5,392,152 | 5,211,293 |
| 7 | (445) Other Sales to Public Authorities | | |
| 8 | (446) Sales to Railroads and Railways | | |
| 9 | (448) Interdepartmental Sales | | |
| 10 | TOTAL Sales to Ultimate Consumers | 793,008,762 | 735,790,013 |
| 11 | (447) Sales for Resale | 38,237,557 | 52,189,237 |
| 12 | TOTAL Sales of Electricity | 831,246,319 | 787,979,250 |
| 13 | (Less) (449.1) Provision for Rate Refunds | | |
| 14 | TOTAL Revenues Net of Prov. for Refunds | 831,246,319 | 787,979,250 |
| 15 | Other Operating Revenues | | |
| 16 | (450) Forfeited Discounts | 2,743,417 | 2,890,091 |
| 17 | (451) Miscellaneous Service Revenues | 851,368 | 925,327 |
| 18 | (453) Sales of Water and Water Power | | |
| 19 | (454) Rent from Electric Property | 6,322,096 | 3,802,107 |
| 20 | (455) Interdepartmental Rents | | |
| 21 | (456) Other Electric Revenues | 2,003,740 | 1,102,014 |
| 22 | (456.1) Revenues from Transmission of Electricity of Others | 25,165,275 | 23,485,125 |
| 23 | (457.1) Regional Control Service Revenues | | |
| 24 | (457.2) Miscellaneous Revenues | | |
| 25 | | | |
| 26 | TOTAL Other Operating Revenues | 37,085,896 | 32,204,664 |
| 27 | TOTAL Electric Operating Revenues | 868,332,215 | 820,183,914 |

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

ELECTRIC OPERATING REVENUES (Account 400)

6. Commercial and Industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 Kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)
7. See pages 108-109, Important Changes During Period, for important new territory added and important rate increase or decreases.
8. For Lines 2,4,5,and 6, see Page 304 for amounts relating to unbilled revenue by accounts.
9. Include unmetered sales. Provide details of such Sales in a footnote.

| MEGAWATT HOURS SOLD | | AVG.NO. CUSTOMERS PER MONTH | | Line No. |
|--------------------------------------|--|------------------------------------|-------------------------------------|----------|
| Year to Date Quarterly/Annual (d) | Amount Previous year (no Quarterly) (e) | Current Year (no Quarterly) (f) | Previous Year (no Quarterly) (g) | |
| | | | | 1 |
| 5,102,840 | 5,162,451 | 350,592 | 347,380 | 2 |
| | | | | 3 |
| 2,965,375 | 2,970,192 | 46,481 | 45,898 | 4 |
| 2,439,811 | 2,461,877 | 4,650 | 4,709 | 5 |
| 21,548 | 21,790 | 604 | 610 | 6 |
| | | | | 7 |
| | | | | 8 |
| | | | | 9 |
| 10,529,574 | 10,616,310 | 402,327 | 398,597 | 10 |
| 1,024,877 | 1,206,772 | 4 | 4 | 11 |
| 11,554,451 | 11,823,082 | 402,331 | 398,601 | 12 |
| | | | | 13 |
| 11,554,451 | 11,823,082 | 402,331 | 398,601 | 14 |

Line 12, column (b) includes \$ 11,552,552 of unbilled revenues.
 Line 12, column (d) includes 57,653 MWH relating to unbilled revenues

| | | | |
|--|---|---------------------------------------|----------------------------------|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2018/Q4 |
| FOOTNOTE DATA | | | |

Schedule Page: 300 Line No.: 6 Column: b

All street lighting sales in accounts 440, 442 and 444 are unmetered.

Schedule Page: 300 Line No.: 6 Column: c

All street lighting sales in accounts 440, 442 and 444 are unmetered.

Schedule Page: 300 Line No.: 17 Column: b

| | |
|------------------------|-----------------|
| Reserve Capacity | \$ 517,326 |
| Facility Charges | 196,855 |
| Connect/Disconnect Fee | 203,026 |
| Other | <u>(65,839)</u> |
| Total | \$ 851,368 |

Schedule Page: 300 Line No.: 17 Column: c

| | |
|------------------------|---------------|
| Reserve Capacity | \$ 496,480 |
| Facility Charges | 173,305 |
| Connect/Disconnect Fee | 199,220 |
| Other | <u>56,322</u> |
| Total | \$ 925,327 |

Schedule Page: 300 Line No.: 21 Column: b

| | |
|---|----------------|
| Affiliated Transmission Revenue | \$ 1,175,759 |
| Affiliated Service & Administration Revenue | 168,168 |
| Ft Martin Income Equalization Revenue | 559,291 |
| Other | <u>100,522</u> |
| Total | \$ 2,003,740 |

Schedule Page: 300 Line No.: 21 Column: c

| | |
|---|---------------|
| Affiliated Service & Administration Revenue | 168,168 |
| Ft Martin Income Equalization Revenue | 858,594 |
| Other | <u>75,252</u> |
| Total | \$ 1,102,014 |

REGIONAL TRANSMISSION SERVICE REVENUES (Account 457.1)

1. The respondent shall report below the revenue collected for each service (i.e., control area administration, market administration, etc.) performed pursuant to a Commission approved tariff. All amounts separately billed must be detailed below.

| Line No | Description of Service (a) | Balance at End of Quarter 1 (b) | Balance at End of Quarter 2 (c) | Balance at End of Quarter 3 (d) | Balance at End of Year (e) |
|---------|-------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|----------------------------------|
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |
| 7 | | | | | |
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| 39 | | | | | |
| 40 | | | | | |
| 41 | | | | | |
| 42 | | | | | |
| 43 | | | | | |
| 44 | | | | | |
| 45 | | | | | |
| 46 | TOTAL | | | | |

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

SALES OF ELECTRICITY BY RATE SCHEDULES

- Report below for each rate schedule in effect during the year the MWh of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
- Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
- Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
- The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
- For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
- Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

| Line No. | Number and Title of Rate schedule (a) | MWh Sold (b) | Revenue (c) | Average Number of Customers (d) | KWh of Sales Per Customer (e) | Revenue Per KWh Sold (f) |
|----------|---------------------------------------|--------------|-------------|---------------------------------|-------------------------------|--------------------------|
| 1 | RESIDENTIAL SALES: | | | | | |
| 2 | R - Residential | 5,019,376 | 515,313,683 | 350,377 | 14,326 | 0.1027 |
| 3 | C - General | | 5 | 1 | | |
| 4 | E - General Service | 10 | 1,202 | | | 0.1202 |
| 5 | G - General Service | 88 | 10,873 | 22 | 4,000 | 0.1236 |
| 6 | OL - Outdoor Lighting | 2,332 | 423,734 | 117 | 19,932 | 0.1817 |
| 7 | AL - Area Lighting | 4 | 615 | | | 0.1538 |
| 8 | EMU - Outdoor Lighting | 1,610 | 327,091 | 73 | 22,055 | 0.2032 |
| 9 | MSL - Mercury Vapor | 8 | 1,788 | 2 | 4,000 | 0.2235 |
| 10 | MU - Outdoor Lighting | 2 | 270 | | | 0.1350 |
| 11 | EM - Outdoor Lighting | | 119 | | | |
| 12 | A8 - Residential | 74 | 6,915 | | | 0.0934 |
| 13 | Y6 - Yard Lighting Service | 65 | 20,452 | | | 0.3146 |
| 14 | Misc. Adjustments Not Maintained | | -10,648,147 | | | |
| 15 | | | | | | |
| 16 | Unbilled Residential | 79,271 | 9,535,551 | | | 0.1203 |
| 17 | TOTAL RESIDENTIAL SALES | 5,102,840 | 514,994,151 | 350,592 | 14,555 | 0.1009 |
| 18 | | | | | | |
| 19 | COMMERCIAL SALES: | | | | | |
| 20 | R - Residential | | | 200 | | |
| 21 | G - General Service | 819,662 | 64,214,998 | 35,554 | 23,054 | 0.0783 |
| 22 | C - General | 90,832 | 7,521,413 | 5,029 | 18,062 | 0.0828 |
| 23 | C-A - All Electric | 23,333 | 1,371,989 | 366 | 63,751 | 0.0588 |
| 24 | CSH - Church and School | 26,370 | 2,520,045 | 222 | 118,784 | 0.0956 |
| 25 | E - General Service | 501,508 | 50,341,967 | 3,061 | 163,838 | 0.1004 |
| 26 | OL - Outdoor Lighting | 1,837 | 342,923 | 320 | 5,741 | 0.1867 |
| 27 | AL - Area Lighting | 979 | 131,425 | 90 | 10,878 | 0.1342 |
| 28 | EMU - Outdoor Lighting | 5,993 | 1,380,184 | 239 | 25,075 | 0.2303 |
| 29 | MU - Outdoor Lighting | 871 | 89,605 | 11 | 79,182 | 0.1029 |
| 30 | EM - Outdoor Lighting | | 14,680 | 2 | | |
| 31 | MSL - Street Lighting | 287 | 81,204 | 9 | 31,889 | 0.2829 |
| 32 | PL - LED Outdoor Lighting | 12 | 5,659 | 1 | 12,000 | 0.4716 |
| 33 | PH - Light & Power | 1,359,545 | 48,639,609 | 1,332 | 1,020,679 | 0.0358 |
| 34 | SPECIAL - Contract Street Lightin | 1,264 | 81,759 | 40 | 31,600 | 0.0647 |
| 35 | PP - Power Service | 132,575 | 5,680,202 | 4 | 33,143,750 | 0.0428 |
| 36 | Y6 - Yard Lighting Service | 32 | 8,318 | 1 | 32,000 | 0.2589 |
| 37 | Misc. Adjustments Not Maintained | -2,409 | -4,409,529 | | | 1.8304 |
| 38 | | | | | | |
| 39 | Unbilled Commercial | 2,684 | 1,586,775 | | | 0.5912 |
| 40 | TOTAL COMMERCIAL SALES | 2,965,375 | 179,603,226 | 46,481 | 63,798 | 0.0606 |
| 41 | TOTAL Billed | 10,471,921 | 781,456,210 | 402,327 | 26,028 | 0.0746 |
| 42 | Total Unbilled Rev.(See Instr. 6) | 57,853 | 11,552,552 | 0 | 0 | 0.2004 |
| 43 | TOTAL | 10,529,574 | 793,008,762 | 402,327 | 26,172 | 0.0753 |

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWh of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

| Line No. | Number and Title of Rate schedule (a) | MWh Sold (b) | Revenue (c) | Average Number of Customers (d) | KWh of Sales Per Customer (e) | Revenue Per KWh Sold (f) |
|----------|---------------------------------------|--------------|-------------|---------------------------------|-------------------------------|--------------------------|
| 1 | INDUSTRIAL SALES | | | | | |
| 2 | G - General Service | 105,730 | 7,645,035 | 3,284 | 32,195 | 0.0723 |
| 3 | C - General | 19,851 | 1,280,039 | 491 | 40,430 | 0.0645 |
| 4 | C-A - All Electric | 5,850 | 234,935 | 35 | 167,143 | 0.0402 |
| 5 | E - General Service | 135,459 | 13,239,392 | 483 | 280,453 | 0.0977 |
| 6 | OL - Outdoor Lighting | 283 | 54,613 | 13 | 21,769 | 0.1930 |
| 7 | EM - Outdoor Lighting | | 491 | | | |
| 8 | AL - Area Lighting | 138 | 26,106 | 6 | 23,000 | 0.1892 |
| 9 | EMU - Outdoor Lighting | 242 | 48,334 | 4 | 60,500 | 0.1997 |
| 10 | MU - Outdoor Lighting | 10 | 1,094 | | | 0.1094 |
| 11 | PP - Power Service | 1,194,956 | 40,712,401 | 14 | 85,354,000 | 0.0341 |
| 12 | PH - Light & Power | 785,708 | 30,059,037 | 318 | 2,470,780 | 0.0383 |
| 13 | AGS - Firm Standby | 42 | 21,685 | 1 | 42,000 | 0.5163 |
| 14 | SPECIAL - Contract | 215,828 | 1,867,547 | 1 | 215,828,000 | 0.0087 |
| 15 | Misc. Adjustments Not Maintained | | -2,586,328 | | | |
| 16 | | | | | | |
| 17 | Unbilled Industrial | -24,286 | 414,852 | | | -0.0171 |
| 18 | TOTAL INDUSTRIAL SALES | 2,439,811 | 93,019,233 | 4,650 | 524,691 | 0.0381 |
| 19 | | | | | | |
| 20 | PUBLIC STREET & HIGHWAY | | | | | |
| 21 | AL - Area Lighting | 20 | 4,161 | 1 | 20,000 | 0.2081 |
| 22 | OL - Outdoor Lighting | 1 | 320 | 2 | 500 | 0.3200 |
| 23 | SL - Street and Highway | 21 | 2,131 | 3 | 7,000 | 0.1015 |
| 24 | EMU - Outdoor Lighting | 10,123 | 2,751,101 | 314 | 32,239 | 0.2718 |
| 25 | MSL - Mercury Vapor | 10,181 | 2,560,851 | 273 | 37,293 | 0.2515 |
| 26 | EM - Outdoor Lighting | | 11,509 | | | |
| 27 | PL - LED Outdoor Lighting | 40 | 3,394 | | | 0.0849 |
| 28 | MU - Outdoor Lighting | 1,178 | 130,801 | 11 | 107,091 | 0.1110 |
| 29 | Misc. Adjustments Not Maintained | | -87,490 | | | |
| 30 | | | | | | |
| 31 | Unbilled Public St & Hwy | -16 | 15,374 | | | -0.9609 |
| 32 | TOTAL PUBLIC ST & HWY | 21,548 | 5,392,152 | 604 | 35,675 | 0.2502 |
| 33 | | | | | | |
| 34 | | | | | | |
| 35 | | | | | | |
| 36 | | | | | | |
| 37 | | | | | | |
| 38 | | | | | | |
| 39 | | | | | | |
| 40 | | | | | | |
| 41 | TOTAL Billed | 10,471,921 | 781,456,210 | 402,327 | 26,028 | 0.0746 |
| 42 | Total Unbilled Rev.(See Instr. 6) | 57,653 | 11,552,552 | 0 | 0 | 0.2004 |
| 43 | TOTAL | 10,529,574 | 793,008,762 | 402,327 | 26,172 | 0.0753 |

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

SALES FOR RESALE (Account 447)

- Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on the Purchased Power schedule (Page 326-327).
- Enter the name of the purchaser in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the purchaser.
- In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:
 RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.
 LF - for long-term service. "Long-term" means five years or Longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for Long-term firm service which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.
 IF - for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but Less than five years.
 SF - for short-term firm service. Use this category for all firm services where the duration of each period of commitment for service is one year or less.
 LU - for Long-term service from a designated generating unit. "Long-term" means five years or Longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of designated unit.
 IU - for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means Longer than one year but Less than five years.

| Line No. | Name of Company or Public Authority (Footnote Affiliations) (a) | Statistical Classification (b) | FERC Rate Schedule or Tariff Number (c) | Average Monthly Billing Demand (MW) (d) | Actual Demand (MW) | |
|----------|---|-----------------------------------|--|--|-----------------------------------|----------------------------------|
| | | | | | Average Monthly NCP Demand (e) | Average Monthly CP Demand (f) |
| 1 | RQ. | | | | | |
| 2 | Monongahela Power Company | RQ | 4th Rev Vol #2 | | | |
| 3 | West Penn Power Company | RQ | 4th Rev Vol #2 | | | |
| 4 | Old Dominion Electric Cooperative | RQ | 2nd Rev Vol #7&8 | | | |
| 5 | | | | | | |
| 6 | Non-RQ: | | | | | |
| 7 | PJM Interconnection, LLC | OS | No 26 | | | |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | | | | | | |
| | | | | | | |
| | Subtotal RQ | | | 0 | 0 | 0 |
| | Subtotal non-RQ | | | 0 | 0 | 0 |
| | Total | | | 0 | 0 | 0 |

| | | | |
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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.

AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)

5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.

6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP)

demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.

7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.
8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.

9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401, line 24.

10. Footnote entries as required and provide explanations following all required data.

| MegaWatt Hours Sold (g) | REVENUE | | | Total (\$) (h+i+j) (k) | Line No. |
|----------------------------|----------------------------|----------------------------|---------------------------|------------------------------|----------|
| | Demand Charges (\$) (h) | Energy Charges (\$) (i) | Other Charges (\$) (j) | | |
| | | | | | 1 |
| 1,711 | | 85,450 | | 85,450 | 2 |
| 30,278 | | 1,378,646 | | 1,378,646 | 3 |
| 2,256 | | 80,858 | | 80,858 | 4 |
| | | | | | 5 |
| | | | | | 6 |
| 990,632 | | 36,692,603 | | 36,692,603 | 7 |
| | | | | | 8 |
| | | | | | 9 |
| | | | | | 10 |
| | | | | | 11 |
| | | | | | 12 |
| | | | | | 13 |
| | | | | | 14 |
| 34,245 | 0 | 1,544,954 | 0 | 1,544,954 | |
| 990,632 | 0 | 36,692,603 | 0 | 36,692,603 | |
| 1,024,877 | 0 | 38,237,557 | 0 | 38,237,557 | |

| | | | |
|--|---|---------------------------------------|----------------------------------|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2016/Q4 |
| FOOTNOTE DATA | | | |

Schedule Page: 310 Line No.: 2 Column: a
Associated Company.

Schedule Page: 310 Line No.: 3 Column: a
Associated Company.

Schedule Page: 310 Line No.: 7 Column: b
Represents power sold through the PJM Interconnection.

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) |
|----------|--|-----------------------------|------------------------------|
| 1 | 1. POWER PRODUCTION EXPENSES | | |
| 2 | A. Steam Power Generation | | |
| 3 | Operation | | |
| 4 | (500) Operation Supervision and Engineering | | |
| 5 | (501) Fuel | | |
| 6 | (502) Steam Expenses | | |
| 7 | (503) Steam from Other Sources | | |
| 8 | (Less) (504) Steam Transferred-Cr. | | |
| 9 | (505) Electric Expenses | | |
| 10 | (506) Miscellaneous Steam Power Expenses | | |
| 11 | (507) Rents | 192,313,085 | 183,910,194 |
| 12 | (509) Allowances | | |
| 13 | TOTAL Operation (Enter Total of Lines 4 thru 12) | 192,313,085 | 183,910,194 |
| 14 | Maintenance | | |
| 15 | (510) Maintenance Supervision and Engineering | | |
| 16 | (511) Maintenance of Structures | | |
| 17 | (512) Maintenance of Boiler Plant | | |
| 18 | (513) Maintenance of Electric Plant | | |
| 19 | (514) Maintenance of Miscellaneous Steam Plant | | |
| 20 | TOTAL Maintenance (Enter Total of Lines 15 thru 19) | | |
| 21 | TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20) | 192,313,085 | 183,910,194 |
| 22 | B. Nuclear Power Generation | | |
| 23 | Operation | | |
| 24 | (517) Operation Supervision and Engineering | | |
| 25 | (518) Fuel | | |
| 26 | (519) Coolants and Water | | |
| 27 | (520) Steam Expenses | | |
| 28 | (521) Steam from Other Sources | | |
| 29 | (Less) (522) Steam Transferred-Cr. | | |
| 30 | (523) Electric Expenses | | |
| 31 | (524) Miscellaneous Nuclear Power Expenses | | |
| 32 | (525) Rents | | |
| 33 | TOTAL Operation (Enter Total of lines 24 thru 32) | | |
| 34 | Maintenance | | |
| 35 | (528) Maintenance Supervision and Engineering | | |
| 36 | (529) Maintenance of Structures | | |
| 37 | (530) Maintenance of Reactor Plant Equipment | | |
| 38 | (531) Maintenance of Electric Plant | | |
| 39 | (532) Maintenance of Miscellaneous Nuclear Plant | | |
| 40 | TOTAL Maintenance (Enter Total of lines 35 thru 39) | | |
| 41 | TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40) | | |
| 42 | C. Hydraulic Power Generation | | |
| 43 | Operation | | |
| 44 | (535) Operation Supervision and Engineering | | |
| 45 | (536) Water for Power | | |
| 46 | (537) Hydraulic Expenses | | |
| 47 | (538) Electric Expenses | | |
| 48 | (539) Miscellaneous Hydraulic Power Generation Expenses | | |
| 49 | (540) Rents | | |
| 50 | TOTAL Operation (Enter Total of Lines 44 thru 49) | | |
| 51 | C. Hydraulic Power Generation (Continued) | | |
| 52 | Maintenance | | |
| 53 | (541) Maintenance Supervision and Engineering | | |
| 54 | (542) Maintenance of Structures | | |
| 55 | (543) Maintenance of Reservoirs, Dams, and Waterways | | |
| 56 | (544) Maintenance of Electric Plant | | |
| 57 | (545) Maintenance of Miscellaneous Hydraulic Plant | | |
| 58 | TOTAL Maintenance (Enter Total of lines 53 thru 57) | | |
| 59 | TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58) | | |

| Name of Respondent | | This Report Is: | Date of Report | Year/Period of Report |
|---|--|--|------------------------------|-----------------------|
| THE POTOMAC EDISON COMPANY | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) / / | End of 2016/Q4 |
| ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued) | | | | |
| If the amount for previous year is not derived from previously reported figures, explain in footnote. | | | | |
| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) | |
| 60 | D. Other Power Generation | | | |
| 61 | Operation | | | |
| 62 | (546) Operation Supervision and Engineering | | | |
| 63 | (547) Fuel | | | |
| 64 | (548) Generation Expenses | | | |
| 65 | (549) Miscellaneous Other Power Generation Expenses | | | |
| 66 | (550) Rents | | | |
| 67 | TOTAL Operation (Enter Total of lines 62 thru 66) | | | |
| 68 | Maintenance | | | |
| 69 | (551) Maintenance Supervision and Engineering | | | |
| 70 | (552) Maintenance of Structures | | | |
| 71 | (553) Maintenance of Generating and Electric Plant | | | |
| 72 | (554) Maintenance of Miscellaneous Other Power Generation Plant | | | |
| 73 | TOTAL Maintenance (Enter Total of lines 69 thru 72) | | | |
| 74 | TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73) | | | |
| 75 | E. Other Power Supply Expenses | | | |
| 76 | (555) Purchased Power | 326,407,170 | 345,177,889 | |
| 77 | (556) System Control and Load Dispatching | | | |
| 78 | (557) Other Expenses | -3,830,553 | -31,947,843 | |
| 79 | TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78) | 322,576,617 | 313,230,046 | |
| 80 | TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79) | 514,889,702 | 497,140,240 | |
| 81 | 2. TRANSMISSION EXPENSES | | | |
| 82 | Operation | | | |
| 83 | (560) Operation Supervision and Engineering | 37,488 | 44,700 | |
| 84 | | | | |
| 85 | (561.1) Load Dispatch-Reliability | 706,444 | 634,035 | |
| 86 | (561.2) Load Dispatch-Monitor and Operate Transmission System | | | |
| 87 | (561.3) Load Dispatch-Transmission Service and Scheduling | | | |
| 88 | (561.4) Scheduling, System Control and Dispatch Services | 19,348 | 23,406 | |
| 89 | (561.5) Reliability, Planning and Standards Development | 53,740 | 121,272 | |
| 90 | (561.6) Transmission Service Studies | -1,998 | 34,983 | |
| 91 | (561.7) Generation Interconnection Studies | -51,812 | -68,218 | |
| 92 | (561.8) Reliability, Planning and Standards Development Services | 731 | 817 | |
| 93 | (562) Station Expenses | 70,440 | 73,070 | |
| 94 | (563) Overhead Lines Expenses | 49,867 | 28,328 | |
| 95 | (564) Underground Lines Expenses | | | |
| 96 | (565) Transmission of Electricity by Others | 21,793,059 | 14,343,252 | |
| 97 | (566) Miscellaneous Transmission Expenses | 643,888 | 527,738 | |
| 98 | (567) Rents | 271,631 | 262,577 | |
| 99 | TOTAL Operation (Enter Total of lines 83 thru 98) | 23,592,826 | 16,025,960 | |
| 100 | Maintenance | | | |
| 101 | (568) Maintenance Supervision and Engineering | 512,073 | 489,637 | |
| 102 | (569) Maintenance of Structures | | | |
| 103 | (569.1) Maintenance of Computer Hardware | 4,856 | 8,597 | |
| 104 | (569.2) Maintenance of Computer Software | 30,023 | 39,479 | |
| 105 | (569.3) Maintenance of Communication Equipment | 12 | 4 | |
| 106 | (569.4) Maintenance of Miscellaneous Regional Transmission Plant | | | |
| 107 | (570) Maintenance of Station Equipment | 1,359,290 | 1,481,445 | |
| 108 | (571) Maintenance of Overhead Lines | 6,095,102 | 4,966,578 | |
| 109 | (572) Maintenance of Underground Lines | | | |
| 110 | (573) Maintenance of Miscellaneous Transmission Plant | -331 | 372 | |
| 111 | TOTAL Maintenance (Total of lines 101 thru 110) | 8,001,025 | 6,986,112 | |
| 112 | TOTAL Transmission Expenses (Total of lines 99 and 111) | 31,593,851 | 23,012,072 | |

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|--|---|---------------------------------------|---|

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) |
|----------|---|--------------------------------|---------------------------------|
| 113 | 3. REGIONAL MARKET EXPENSES | | |
| 114 | Operation | | |
| 115 | (575.1) Operation Supervision | | |
| 116 | (575.2) Day-Ahead and Real-Time Market Facilitation | | |
| 117 | (575.3) Transmission Rights Market Facilitation | | |
| 118 | (575.4) Capacity Market Facilitation | | |
| 119 | (575.5) Ancillary Services Market Facilitation | | |
| 120 | (575.6) Market Monitoring and Compliance | | |
| 121 | (575.7) Market Facilitation, Monitoring and Compliance Services | 137,908 | 132,675 |
| 122 | (575.8) Rents | | |
| 123 | Total Operation (Lines 115 thru 122) | 137,908 | 132,675 |
| 124 | Maintenance | | |
| 125 | (576.1) Maintenance of Structures and Improvements | | |
| 126 | (576.2) Maintenance of Computer Hardware | | |
| 127 | (576.3) Maintenance of Computer Software | | |
| 128 | (576.4) Maintenance of Communication Equipment | | |
| 129 | (576.5) Maintenance of Miscellaneous Market Operation Plant | | |
| 130 | Total Maintenance (Lines 125 thru 129) | | |
| 131 | TOTAL Regional Transmission and Market Op Expns (Total 123 and 130) | 137,908 | 132,675 |
| 132 | 4. DISTRIBUTION EXPENSES | | |
| 133 | Operation | | |
| 134 | (580) Operation Supervision and Engineering | 196,827 | 130,861 |
| 135 | (581) Load Dispatching | 823,762 | 956,685 |
| 136 | (582) Station Expenses | 42,927 | 28,708 |
| 137 | (583) Overhead Line Expenses | 1,630,427 | 1,884,528 |
| 138 | (584) Underground Line Expenses | 792,055 | 773,575 |
| 139 | (585) Street Lighting and Signal System Expenses | 80,192 | 75,039 |
| 140 | (586) Meter Expenses | 690,405 | 746,840 |
| 141 | (587) Customer Installations Expenses | | |
| 142 | (588) Miscellaneous Expenses | 5,993,019 | 7,099,203 |
| 143 | (589) Rents | | |
| 144 | TOTAL Operation (Enter Total of lines 134 thru 143) | 10,249,614 | 11,695,439 |
| 145 | Maintenance | | |
| 146 | (590) Maintenance Supervision and Engineering | 505,206 | 590,814 |
| 147 | (591) Maintenance of Structures | | |
| 148 | (592) Maintenance of Station Equipment | 2,225,365 | 2,039,121 |
| 149 | (593) Maintenance of Overhead Lines | 16,853,184 | 16,472,119 |
| 150 | (594) Maintenance of Underground Lines | 792,350 | 620,309 |
| 151 | (595) Maintenance of Line Transformers | 39,421 | 28,949 |
| 152 | (596) Maintenance of Street Lighting and Signal Systems | 610,904 | 570,519 |
| 153 | (597) Maintenance of Meters | 1,103,964 | 1,064,983 |
| 154 | (598) Maintenance of Miscellaneous Distribution Plant | 232,494 | 321,154 |
| 155 | TOTAL Maintenance (Total of lines 146 thru 154) | 22,362,888 | 21,707,968 |
| 156 | TOTAL Distribution Expenses (Total of lines 144 and 155) | 32,612,502 | 33,403,407 |
| 157 | 5. CUSTOMER ACCOUNTS EXPENSES | | |
| 158 | Operation | | |
| 159 | (901) Supervision | | |
| 160 | (902) Meter Reading Expenses | 4,104,236 | 4,417,467 |
| 161 | (903) Customer Records and Collection Expenses | 4,900,952 | 5,011,021 |
| 162 | (904) Uncollectible Accounts | 4,529,023 | 4,094,325 |
| 163 | (905) Miscellaneous Customer Accounts Expenses | 381,741 | 180,407 |
| 164 | TOTAL Customer Accounts Expenses (Total of lines 159 thru 163) | 13,915,952 | 13,703,220 |

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|--|---|---------------------------------------|---|

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) |
|----------|---|--------------------------------|---------------------------------|
| 165 | 6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES | | |
| 166 | Operation | | |
| 167 | (907) Supervision | 403,930 | 397,016 |
| 168 | (908) Customer Assistance Expenses | 16,982,377 | 12,997,043 |
| 169 | (909) Informational and Instructional Expenses | | |
| 170 | (910) Miscellaneous Customer Service and Informational Expenses | 2,295,961 | 2,306,908 |
| 171 | TOTAL Customer Service and Information Expenses (Total 167 thru 170) | 19,682,268 | 15,700,967 |
| 172 | 7. SALES EXPENSES | | |
| 173 | Operation | | |
| 174 | (911) Supervision | 24,936 | 7,899 |
| 175 | (912) Demonstrating and Selling Expenses | | |
| 176 | (913) Advertising Expenses | 12,279 | 4,548 |
| 177 | (916) Miscellaneous Sales Expenses | | |
| 178 | TOTAL Sales Expenses (Enter Total of lines 174 thru 177) | 37,215 | 12,447 |
| 179 | 8. ADMINISTRATIVE AND GENERAL EXPENSES | | |
| 180 | Operation | | |
| 181 | (920) Administrative and General Salaries | 2,301,674 | 187,496 |
| 182 | (921) Office Supplies and Expenses | 471,215 | 544,635 |
| 183 | (Less) (922) Administrative Expenses Transferred-Credit | | 2,819,091 |
| 184 | (923) Outside Services Employed | 19,996,643 | 18,929,788 |
| 185 | (924) Property Insurance | 65,883 | 84,861 |
| 186 | (925) Injuries and Damages | 1,066,657 | 693,737 |
| 187 | (926) Employee Pensions and Benefits | 471,267 | 2,103,120 |
| 188 | (927) Franchise Requirements | | |
| 189 | (928) Regulatory Commission Expenses | 2,002,163 | 2,030,337 |
| 190 | (929) (Less) Duplicate Charges-Cr. | | |
| 191 | (930.1) General Advertising Expenses | 41,490 | 19,678 |
| 192 | (930.2) Miscellaneous General Expenses | -196,979 | 64,767 |
| 193 | (931) Rents | 180,674 | 337,839 |
| 194 | TOTAL Operation (Enter Total of lines 181 thru 193) | 26,400,687 | 22,177,167 |
| 195 | Maintenance | | |
| 196 | (935) Maintenance of General Plant | 67,881 | 126,140 |
| 197 | TOTAL Administrative & General Expenses (Total of lines 194 and 196) | 26,468,568 | 22,303,307 |
| 198 | TOTAL Elec Op and Maint Exprns (Total 80,112,131,156,164,171,178,197) | 639,337,966 | 605,408,335 |

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|--|---|---------------------------------------|---|

PURCHASED POWER (Account 555)
(Including power exchanges)

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.
2. Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.

SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU - for long-term service from a designated generating unit. "Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU - for intermediate-term service from a designated generating unit. The same as LU service expect that "intermediate-term" means longer than one year but less than five years.

EX - For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote for each adjustment.

| Line No. | Name of Company or Public Authority (Footnote Affiliations) (a) | Statistical Classification (b) | FERC Rate Schedule or Tariff Number (c) | Average Monthly Billing Demand (MW) (d) | Actual Demand (MW) | |
|----------|---|-----------------------------------|--|--|-----------------------------------|----------------------------------|
| | | | | | Average Monthly NCP Demand (e) | Average Monthly CP Demand (f) |
| 1 | West Penn Power Company | RQ | 1st Rev Vol #1 | | | |
| 2 | Monongahela Power Company | RQ | 1st Rev Vol #1 | | | |
| 3 | AES/Warrior Run, Inc | LU | Special Contract | 153 | | |
| 4 | Old Dominion Electric Cooperative | RQ | NA | | | |
| 5 | FirstEnergy Solutions Corp | OS | NA | | | |
| 6 | PJM Interconnection, LLC | OS | NA | | | |
| 7 | Exelon Generation Co | OS | NA | | | |
| 8 | DTE Energy Trading | OS | NA | | | |
| 9 | AEP Energy Partner | OS | NA | | | |
| 10 | NextEra Energy Power Marketing, LLC | OS | NA | | | |
| 11 | Monongahela Power Company | OS | NA | | | |
| 12 | Solar Renewable Energy Credits | OS | NA | | | |
| 13 | Administrative Expense | OS | NA | | | |
| 14 | PJM Interconnection, LLC | OS | NA | | | |
| | Total | | | | | |

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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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**PURCHASED POWER (Account 555)
(Including power exchanges)**

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.
2. Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.

SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU - for long-term service from a designated generating unit. "Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU - for intermediate-term service from a designated generating unit. The same as LU service expect that "intermediate-term" means longer than one year but less than five years.

EX - For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote for each adjustment.

| Line No | Name of Company or Public Authority (Footnote Affiliations) (a) | Statistical Classification (b) | FERC Rate Schedule or Tariff Number (c) | Average Monthly Billing Demand (MW) (d) | Actual Demand (MW) | |
|---------|---|-----------------------------------|--|--|-----------------------------------|----------------------------------|
| | | | | | Average Monthly NCP Demand (e) | Average Monthly CP Demand (f) |
| 1 | MD DRS Capacity Purchases | OS | NA | | | |
| 2 | | | | | | |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
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| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | | | | | | |
| | Total | | | | | |

| | | | |
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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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PURCHASED POWER (Account 555), (Continued)
(Including power exchanges)

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

| MegaWatt Hours Purchased (g) | POWER EXCHANGES | | COST/SETTLEMENT OF POWER | | | | Line No. |
|---------------------------------|--------------------------------|---------------------------------|-------------------------------|-------------------------------|------------------------------|--|----------|
| | MegaWatt Hours Received (h) | MegaWatt Hours Delivered (i) | Demand Charges (\$) (j) | Energy Charges (\$) (k) | Other Charges (\$) (l) | Total (j+k+l) of Settlement (\$) (m) | |
| 29,736 | | | | 1,551,504 | | 1,551,504 | 1 |
| 4,304 | | | | 186,218 | | 186,218 | 2 |
| 990,632 | | | 74,645,713 | 33,706,033 | | 108,351,746 | 3 |
| 2,469 | | | | 70,133 | | 70,133 | 4 |
| 1,798,712 | | | | 101,228,550 | | 101,228,550 | 5 |
| 85,994 | | | | 6,938,872 | | 6,938,872 | 6 |
| 1,389,574 | | | | 84,875,905 | | 84,875,905 | 7 |
| 80,420 | | | | 5,067,240 | | 5,067,240 | 8 |
| 48,410 | | | | 2,136,478 | | 2,136,478 | 9 |
| 204,311 | | | | 9,692,743 | | 9,692,743 | 10 |
| | | | | | 5,559,833 | 5,559,833 | 11 |
| | | | | | -409,381 | -409,381 | 12 |
| | | | | | 114,452 | 114,452 | 13 |
| | | | | | 883,031 | 883,031 | 14 |
| 4,634,562 | | | 74,645,713 | 245,453,676 | 6,307,781 | 326,407,170 | |

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PURCHASED POWER (Account 555) (Continued)
(Including power exchanges)

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.

5. For requirements RQ purchases and any type of service involving demand charges imposed on a monthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.

6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.

7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.

8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.

9. Footnote entries as required and provide explanations following all required data.

| MegaWatt Hours Purchased (g) | POWER EXCHANGES | | COST/SETTLEMENT OF POWER | | | | Line No. |
|---------------------------------|--------------------------------|---------------------------------|-------------------------------|-------------------------------|------------------------------|--|----------|
| | MegaWatt Hours Received (h) | MegaWatt Hours Delivered (i) | Demand Charges (\$) (j) | Energy Charges (\$) (k) | Other Charges (\$) (l) | Total (j+k+l) of Settlement (\$) (m) | |
| | | | | | 159,846 | 159,846 | 1 |
| | | | | | | | 2 |
| | | | | | | | 3 |
| | | | | | | | 4 |
| | | | | | | | 5 |
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| | | | | | | | 14 |
| 4,634,562 | | | 74,645,713 | 245,453,676 | 6,307,781 | 326,407,170 | |

| | | | |
|--|---|---------------------------------------|----------------------------------|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2016/Q4 |
| FOOTNOTE DATA | | | |

Schedule Page: 326 Line No.: 1 Column: a
Associated Company.

Schedule Page: 326 Line No.: 2 Column: a
Associated Company.

Schedule Page: 326 Line No.: 5 Column: a
Associated Company.

Schedule Page: 326 Line No.: 5 Column: b
Represents power purchased from awarded suppliers through the auction.

Schedule Page: 326 Line No.: 6 Column: b
Represents power purchased from PJM Interconnections.

Schedule Page: 326 Line No.: 7 Column: b
Represents power purchased from awarded suppliers through the auction.

Schedule Page: 326 Line No.: 8 Column: b
Represents power purchased from awarded suppliers through the auction.

Schedule Page: 326 Line No.: 9 Column: b
Represents power purchased from awarded suppliers through the auction.

Schedule Page: 326 Line No.: 10 Column: b
Represents power purchased from awarded suppliers through the auction.

Schedule Page: 326 Line No.: 11 Column: a
Associated Company.

Schedule Page: 326 Line No.: 11 Column: b
Amortization of pre-paid purchased power for additional energy in the future through a leasing arrangement.

Schedule Page: 326 Line No.: 14 Column: b
Miscellaneous PJM Billing Line Items including inadvertent interchange charges, monthly charges for corrections to metered energy values and locational reliability charges for unforced capacity obligation.

Schedule Page: 326.1 Line No.: 1 Column: b
Capacity purchased to alleviate potential short term reliability problems in the state of Maryland to fulfill the PJM Emergency Load Program requirements. Contract expired May 2016.

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456.1)
(including transactions referred to as 'wheeling')

1. Report all transmission of electricity, i.e., wheeling, provided for other electric utilities, cooperatives, other public authorities, qualifying facilities, non-traditional utility suppliers and ultimate customers for the quarter.
2. Use a separate line of data for each distinct type of transmission service involving the entities listed in column (a), (b) and (c).
3. Report in column (a) the company or public authority that paid for the transmission service. Report in column (b) the company or public authority that the energy was received from and in column (c) the company or public authority that the energy was delivered to. Provide the full name of each company or public authority. Do not abbreviate or truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation the respondent has with the entities listed in columns (a), (b) or (c)
4. In column (d) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNO - Firm Network Service for Others, FNS - Firm Network Transmission Service for Self, LFP - "Long-Term Firm Point to Point Transmission Service, OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point to Point Transmission Reservation, NF - non-firm transmission service, OS - Other Transmission Service and AD - Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment. See General Instruction for definitions of codes.

| Line No. | Payment By (Company of Public Authority) (Footnote Affiliation) (a) | Energy Received From (Company of Public Authority) (Footnote Affiliation) (b) | Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c) | Statistical Classification (d) |
|----------|--|--|---|-----------------------------------|
| 1 | PJM | | | OS |
| 2 | Potomac Edison Power Company | | | OS |
| 3 | Various | | | OS |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
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| 34 | | | | |
| | TOTAL | | | |

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)(Continued)
(Including transactions referred to as 'wheeling')

5. In column (e), identify the FERC Rate Schedule or Tariff Number, On separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (d), is provided.
6. Report receipt and delivery locations for all single contract path, "point to point" transmission service. In column (f), report the designation for the substation, or other appropriate identification for where energy was received as specified in the contract. In column (g) report the designation for the substation, or other appropriate identification for where energy was delivered as specified in the contract.
7. Report in column (h) the number of megawatts of billing demand that is specified in the firm transmission service contract. Demand reported in column (h) must be in megawatts. Footnote any demand not stated on a megawatts basis and explain.
8. Report in column (i) and (j) the total megawatthours received and delivered.

| FERC Rate Schedule of Tariff Number (e) | Point of Receipt (Substation or Other Designation) (f) | Point of Delivery (Substation or Other Designation) (g) | Billing Demand (MW) (h) | TRANSFER OF ENERGY | | Line No. |
|---|--|---|-------------------------|-----------------------------|------------------------------|----------|
| | | | | MegaWatt Hours Received (i) | MegaWatt Hours Delivered (j) | |
| NA | | | | | | 1 |
| No 32 | | | | | | 2 |
| NA | | | | | | 3 |
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| | | | 0 | 0 | | 0 |

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456) (Continued)
(Including transactions referred to as 'wheeling')

9. In column (k) through (n), report the revenue amounts as shown on bills or vouchers. In column (k), provide revenues from demand charges related to the billing demand reported in column (h). In column (l), provide revenues from energy charges related to the amount of energy transferred. In column (m), provide the total revenues from all other charges on bills or vouchers rendered, including out of period adjustments. Explain in a footnote all components of the amount shown in column (m). Report in column (n) the total charge shown on bills rendered to the entity Listed in column (a). If no monetary settlement was made, enter zero (11011) in column (n). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.

10. The total amounts in columns (i) and (j) must be reported as Transmission Received and Transmission Delivered for annual report purposes only on Page 401, Lines 16 and 17, respectively.

11. Footnote entries and provide explanations following all required data.

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

| Demand Charges (\$) (k) | Energy Charges (\$) (l) | (Other Charges) (\$) (m) | Total Revenues (\$) (k+l+m) (n) | Line No. |
|-------------------------------|-------------------------------|--------------------------------|---------------------------------------|----------|
| | | 24,194,619 | 24,194,619 | 1 |
| | | 51,453 | 51,453 | 2 |
| | | 919,203 | 919,203 | 3 |
| | | | | 4 |
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| | | | | 33 |
| 0 | 0 | 25,165,275 | 25,165,275 | 34 |

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|--|---|---|--------------------------------------|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2016/Q4 |
| FOOTNOTE DATA | | | |

Schedule Page: 328 Line No.: 1 Column: d

Revenues associated with Respondent's membership with PJM as an RTO.

Schedule Page: 328 Line No.: 2 Column: d

Lease revenues from facility agreement dated 9/27/63.

Schedule Page: 328 Line No.: 3 Column: d

Revenues from Other Supporting Facilities Charge. The charge is for any affiliated or non-affiliated generator that connects to the Potomac Edison Company distribution system for the purpose of selling its generation into the PJM market.

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2018/Q4 |
|--|---|---------------------------------------|---|

TRANSMISSION OF ELECTRICITY BY ISO/RTOs

1. Report in Column (a) the Transmission Owner receiving revenue for the transmission of electricity by the ISO/RTO.
2. Use a separate line of data for each distinct type of transmission service involving the entities listed in Column (a).
3. In Column (b) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNO – Firm Network Service for Others, FNS – Firm Network Transmission Service for Self, LFP – Long-Term Firm Point-to-Point Transmission Service, OLF – Other Long-Term Firm Transmission Service, SFP – Short-Term Firm Point-to-Point Transmission Reservation, NF – Non-Firm Transmission Service, OS – Other Transmission Service and AD- Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment. See General Instruction for definitions of codes.
4. In column (c) identify the FERC Rate Schedule or tariff Number, on separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (b) was provided.
5. In column (d) report the revenue amounts as shown on bills or vouchers.
6. Report in column (e) the total revenues distributed to the entity listed in column (a).

| Line No. | Payment Received by (Transmission Owner Name) (a) | Statistical Classification (b) | FERC Rate Schedule or Tariff Number (c) | Total Revenue by Rate Schedule or Tariff (d) | Total Revenue (e) |
|----------|---|-----------------------------------|--|---|----------------------|
| 1 | Potomac Edison: | | | | |
| 2 | Financial Transmission Rights Auction | OS | 6 | 131,649 | 131,649 |
| 3 | Transmission Ancillaries | OS | 6 | 716,596 | 716,596 |
| 4 | Network Integrated Transmission | FNO | 6 | 22,918,924 | 22,918,924 |
| 5 | Point to Point Transmission | OS | 6 | 427,450 | 427,450 |
| 6 | Other Supporting Facilities Charges | OS | 6 | 919,203 | 919,203 |
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| 39 | | | | | |
| 40 | TOTAL | | | 25,113,822 | 25,113,822 |

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

TRANSMISSION OF ELECTRICITY BY OTHERS (Account 565)
(Including transactions referred to as "wheeling")

1. Report all transmission, i.e. wheeling or electricity provided by other electric utilities, cooperatives, municipalities, other public authorities, qualifying facilities, and others for the quarter.
2. In column (a) report each company or public authority that provided transmission service. Provide the full name of the company, abbreviate if necessary, but do not truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation with the transmission service provider. Use additional columns as necessary to report all companies or public authorities that provided transmission service for the quarter reported.
3. In column (b) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNS - Firm Network Transmission Service for Self, LFP - Long-Term Firm Point-to-Point Transmission Reservations, OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point-to-Point Transmission Reservations, NF - Non-Firm Transmission Service, and OS - Other Transmission Service. See General Instructions for definitions of statistical classifications.
4. Report in column (c) and (d) the total megawatt hours received and delivered by the provider of the transmission service.
5. Report in column (e), (f) and (g) expenses as shown on bills or vouchers rendered to the respondent. In column (e) report the demand charges and in column (f) energy charges related to the amount of energy transferred. On column (g) report the total of all other charges on bills or vouchers rendered to the respondent, including any out of period adjustments. Explain in a footnote all components of the amount shown in column (g). Report in column (h) the total charge shown on bills rendered to the respondent. If no monetary settlement was made, enter zero in column (h). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
6. Enter "TOTAL" in column (a) as the last line.
7. Footnote entries and provide explanations following all required data.

| Line No. | Name of Company or Public Authority (Footnote Affiliations) (a) | Statistical Classification (b) | TRANSFER OF ENERGY | | EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS | | | |
|----------|---|--------------------------------|-----------------------------|------------------------------|--|-------------------------|------------------------|-------------------------------------|
| | | | Megawatt-hours Received (c) | Megawatt-hours Delivered (d) | Demand Charges (\$) (e) | Energy Charges (\$) (f) | Other Charges (\$) (g) | Total Cost of Transmission (\$) (h) |
| 1 | PJM | OS | | | | | 19,759,389 | 19,759,389 |
| 2 | Monongahela Power Co | OS | | | | | 2,033,670 | 2,033,670 |
| 3 | | | | | | | | |
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| 15 | | | | | | | | |
| 16 | | | | | | | | |
| | TOTAL | | | | | | 21,793,059 | 21,793,059 |

| | | | |
|--|---|---------------------------------------|----------------------------------|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2016/Q4 |
| FOOTNOTE DATA | | | |

Schedule Page: 332 Line No.: 1 Column: b

Expenses associated with Respondent's membership with PJM as an RTO.

Schedule Page: 332 Line No.: 2 Column: a

Associated company.

Schedule Page: 332 Line No.: 2 Column: b

Prorata sharing of costs of transmission services among the Respondent, Monongahela Power Company and West Penn Power Company (associates), operating companies of the First Energy System. Charges are to cover a proportionate share of fixed charges, including return, depreciation and taxes on the facilities.

| | | | |
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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (ELECTRIC)

| Line No. | Description (a) | Amount (b) |
|----------|--|------------|
| 1 | Industry Association Dues | 21,626 |
| 2 | Nuclear Power Research Expenses | |
| 3 | Other Experimental and General Research Expenses | |
| 4 | Pub & Dist Info to Stkhldrs...expn servicing outstanding Securities | |
| 5 | Oth Expn >=5,000 show purpose, recipient, amount. Group if < \$5,000 | |
| 6 | Amortization of Purchase Accounting Adjustments | -257,926 |
| 7 | Lost Vendor Discounts Adjustment | -186,128 |
| 8 | Bank Fees | 94,217 |
| 9 | Corporate Dues - trade | 87,382 |
| 10 | Financing Administration Fees | 45,405 |
| 11 | Sale of Property Proceeds | -17,969 |
| 12 | Corporate Dues - Civic | 12,070 |
| 13 | Other | 4,344 |
| 14 | | |
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| 18 | | |
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| 46 | TOTAL | -196,979 |

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Account 403, 404, 405)
(Except amortization of acquisition adjustments)

1. Report in section A for the year the amounts for : (b) Depreciation Expense (Account 403; (c) Depreciation Expense for Asset Retirement Costs (Account 403.1; (d) Amortization of Limited-Term Electric Plant (Account 404); and (e) Amortization of Other Electric Plant (Account 405).
2. Report in Section 8 the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute charges and whether any changes have been made in the basis or rates used from the preceding report year.
3. Report all available information called for in Section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.
Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each plant subaccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of Section C the type of plant included in any sub-account used.
In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional Classifications and showing composite total. Indicate at the bottom of section C the manner in which column balances are obtained. If average balances, state the method of averaging used.
For columns (c), (d), and (e) report available information for each plant subaccount, account or functional classification Listed in column (a). If plant mortality studies are prepared to assist in estimating average service Lives, show in column (f) the type mortality curve selected as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant. If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.
4. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of section C the amounts and nature of the provisions and the plant items to which related.

A. Summary of Depreciation and Amortization Charges

| Line No. | Functional Classification (a) | Depreciation Expense (Account 403) (b) | Depreciation Expense for Asset Retirement Costs (Account 403.1) (c) | Amortization of Limited Term Electric Plant (Account 404) (d) | Amortization of Other Electric Plant (Acc 405) (e) | Total (f) |
|----------|--|--|---|---|---|-------------------|
| 1 | Intangible Plant | | | 2,113,014 | | 2,113,014 |
| 2 | Steam Production Plant | | | | | |
| 3 | Nuclear Production Plant | | | | | |
| 4 | Hydraulic Production Plant-Conventional | | | | | |
| 5 | Hydraulic Production Plant-Pumped Storage | | | | | |
| 6 | Other Production Plant | | | | | |
| 7 | Transmission Plant | 11,086,316 | | | | 11,086,316 |
| 8 | Distribution Plant | 42,973,313 | | | | 42,973,313 |
| 9 | Regional Transmission and Market Operation | | | | | |
| 10 | General Plant | 3,991,467 | | | | 3,991,467 |
| 11 | Common Plant-Electric | | | | | |
| 12 | TOTAL | 58,051,096 | | 2,113,014 | | 60,164,110 |

B. Basis for Amortization Charges

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | | | |
|--|--|--|--|--|--|--|

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)

C. Factors Used in Estimating Depreciation Charges

| Line No. | Account No (a) | Depreciable Plant Base (In Thousands) (b) | Estimated Avg. Service Life (c) | Net Salvage (Percent) (d) | Applied Depr rates (Percent) (e) | Mortality Curve Type (f) | Average Remaining Life (g) |
|----------|-------------------|---|------------------------------------|------------------------------|-------------------------------------|-----------------------------|-------------------------------|
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REGULATORY COMMISSION EXPENSES

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to format cases before a regulatory body, or cases in which such a body was a party.
2. Report in columns (b) and (c), only the current year's expenses that are not deferred and the current year's amortization of amounts deferred in previous years.

| Line No. | Description (Furnish name of regulatory commission or body the docket or case number and a description of the case) (a) | Assessed by Regulatory Commission (b) | Expenses of Utility (c) | Total Expense for Current Year (b) + (c) (d) | Deferred in Account 182.3 at Beginning of Year (e) |
|----------|---|--|----------------------------|--|---|
| 1 | MD PSC Intrastate Revenue Assessment | 895,452 | | 895,452 | |
| 2 | | | | | |
| 3 | WV PSC Intrastate Revenue Assessment | 944,643 | | 944,643 | |
| 4 | | | | | |
| 5 | WV PSC Property Value Assessment | 162,068 | | 162,068 | |
| 6 | | | | | |
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| 46 | TOTAL | 2,002,163 | | 2,002,163 | |

REGULATORY COMMISSION EXPENSES (Continued)

3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.
4. List in column (f), (g), and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.
5. Minor items (less than \$25,000) may be grouped.

| EXPENSES INCURRED DURING YEAR | | | AMORTIZED DURING YEAR | | | | Line No. |
|-------------------------------|-----------------|------------|-------------------------------|--------------------|------------|---|----------|
| CURRENTLY CHARGED TO | | | Deferred to Account 182.3 (i) | Contra Account (j) | Amount (k) | Deferred in Account 182.3 End of Year (l) | |
| Department (f) | Account No. (g) | Amount (h) | | | | | |
| Electric | 928 | 895,452 | | | | | 1 |
| | | | | | | | 2 |
| Electric | 928 | 944,643 | | | | | 3 |
| | | | | | | | 4 |
| Electric | 928 | 162,068 | | | | | 5 |
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| | | 2,002,163 | | | | | 46 |

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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES

1. Describe and show below costs incurred and accounts charged during the year for technological research, development, and demonstration (R, D & D) project initiated, continued or concluded during the year. Report also support given to others during the year for jointly-sponsored projects. (Identify recipient regardless of affiliation.) For any R, D & D work carried with others, show separately the respondent's cost for the year and cost chargeable to others (See definition of research, development, and demonstration in Uniform System of Accounts).

2. Indicate in column (a) the applicable classification, as shown below:

Classifications:

A. Electric R, D & D Performed Internally:

a. Overhead

b. Underground

(1) Generation

(3) Distribution

(4) Regional Transmission and Market Operation

a. hydroelectric

i. Recreation fish and wildlife

ii Other hydroelectric

(5) Environment (other than equipment)

b. Fossil-fuel steam

(6) Other (Classify and include items in excess of \$50,000.)

c. Internal combustion or gas turbine

(7) Total Cost Incurred

d. Nuclear

B. Electric, R, D & D Performed Externally:

e. Unconventional generation

(1) Research Support to the electrical Research Council or the Electric Power Research Institute

f. Siting and heat rejection

(2) Transmission

| Line No. | Classification (a) | Description (b) |
|----------|--------------------|---|
| 1 | A (1) | ED Transmission Line Research (Int) |
| 2 | B (1) | CEATI Transmission Line Research (Ext) |
| 3 | | |
| 4 | Total | |
| 5 | | |
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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of <u>2016/Q4</u> |
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RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES

1. Describe and show below costs incurred and accounts charged during the year for technological research, development, and demonstration (R, D & D) project initiated, continued or concluded during the year. Report also support given to others during the year for jointly-sponsored projects. (Identify recipient regardless of affiliation.) For any R, D & D work carried with others, show separately the respondent's cost for the year and cost chargeable to others (See definition of research, development, and demonstration in Uniform System of Accounts).

2. Indicate in column (a) the applicable classification, as shown below:

Classifications:

A. Electric R, D & D Performed Internally:

a. Overhead

b. Underground

(1) Generation

(3) Distribution

a. hydroelectric

(4) Regional Transmission and Market Operation

i. Recreation fish and wildlife

(5) Environment (other than equipment)

ii Other hydroelectric

(6) Other (Classify and include items in excess of \$50,000.)

b. Fossil-fuel steam

(7) Total Cost Incurred

c. Internal combustion or gas turbine

B. Electric, R, D & D Performed Externally:

d. Nuclear

(1) Research Support to the electrical Research Council or the Electric

e. Unconventional generation

Power Research Institute

f. Siting and heat rejection

(2) Transmission

| Line No | Classification (a) | Description (b) |
|---------|--------------------|-----------------|
| 38 | | |

RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES (Continued)

- (2) Research Support to Edison Electric Institute
- (3) Research Support to Nuclear Power Groups
- (4) Research Support to Others (Classify)
- (5) Total Cost Incurred

3. Include in column (c) all R, D & D items performed internally and in column (d) those items performed outside the company costing \$50,000 or more, briefly describing the specific area of R, D & D (such as safety, corrosion control, pollution, automation, measurement, insulation, type of appliance, etc.). Group items under \$50,000 by classifications and indicate the number of items grouped. Under Other, (A (6) and B (4)) classify items by type of R, D & D activity.

4. Show in column (e) the account number charged with expenses during the year or the account to which amounts were capitalized during the year, listing Account 107, Construction Work in Progress, first. Show in column (f) the amounts related to the account charged in column (e)

5. Show in column (g) the total unamortized accumulating of costs of projects. This total must equal the balance in Account 188, Research, Development, and Demonstration Expenditures, Outstanding at the end of the year.

6. If costs have not been segregated for R, D & D activities or projects, submit estimates for columns (c), (d), and (f) with such amounts identified by "Est."

7. Report separately research and related testing facilities operated by the respondent.

| Costs Incurred Internally Current Year (c) | Costs Incurred Externally Current Year (d) | AMOUNTS CHARGED IN CURRENT YEAR | | Unamortized Accumulation (g) | Line No. |
|--|--|---------------------------------|---------------|------------------------------------|-------------|
| | | Account (e) | Amount (f) | | |
| | | 188 | -2,980 | 2,178 | 1 |
| | | 188 | -4,123 | | 2 |
| | | | | | 3 |
| | | | -7,103 | 2,178 | 4 |
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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES (Continued)

(2) Research Support to Edison Electric Institute
 (3) Research Support to Nuclear Power Groups
 (4) Research Support to Others (Classify)
 (5) Total Cost Incurred

3. Include in column (c) all R, D & D items performed internally and in column (d) those items performed outside the company costing \$50,000 or more, briefly describing the specific area of R, D & D (such as safety, corrosion control, pollution, automation, measurement, insulation, type of appliance, etc.). Group items under \$50,000 by classifications and indicate the number of items grouped. Under Other, (A (6) and B (4)) classify items by type of R, D & D activity.

4. Show in column (e) the account number charged with expenses during the year or the account to which amounts were capitalized during the year, listing Account 107, Construction Work in Progress, first. Show in column (f) the amounts related to the account charged in column (e)

5. Show in column (g) the total unamortized accumulating of costs of projects. This total must equal the balance in Account 188, Research, Development, and Demonstration Expenditures, Outstanding at the end of the year.

6. If costs have not been segregated for R, D & D activities or projects, submit estimates for columns (c), (d), and (f) with such amounts identified by "Est."

7. Report separately research and related testing facilities operated by the respondent.

| Costs Incurred Internally Current Year (c) | Costs Incurred Externally Current Year (d) | AMOUNTS CHARGED IN CURRENT YEAR | | Unamortized Accumulation (g) | Line No. |
|--|--|---------------------------------|---------------|------------------------------------|-------------|
| | | Account (e) | Amount (f) | | |
| | | | | | 37 |
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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

| Line No. | Classification (a) | Direct Payroll Distribution (b) | Allocation of Payroll charged for Clearing Accounts (c) | Total (d) |
|----------|--|------------------------------------|--|--------------|
| 1 | Electric | | | |
| 2 | Operation | | | |
| 3 | Production | | | |
| 4 | Transmission | 39,633 | | |
| 5 | Regional Market | | | |
| 6 | Distribution | 1,770,733 | | |
| 7 | Customer Accounts | 3,664,255 | | |
| 8 | Customer Service and Informational | 338,680 | | |
| 9 | Sales | 31 | | |
| 10 | Administrative and General | 106,141 | | |
| 11 | TOTAL Operation (Enter Total of lines 3 thru 10) | 5,919,473 | | |
| 12 | Maintenance | | | |
| 13 | Production | | | |
| 14 | Transmission | 989,433 | | |
| 15 | Regional Market | | | |
| 16 | Distribution | 7,379,127 | | |
| 17 | Administrative and General | 117,959 | | |
| 18 | TOTAL Maintenance (Total of lines 13 thru 17) | 8,486,519 | | |
| 19 | Total Operation and Maintenance | | | |
| 20 | Production (Enter Total of lines 3 and 13) | | | |
| 21 | Transmission (Enter Total of lines 4 and 14) | 1,029,066 | | |
| 22 | Regional Market (Enter Total of Lines 5 and 15) | | | |
| 23 | Distribution (Enter Total of lines 6 and 16) | 9,149,860 | | |
| 24 | Customer Accounts (Transcribe from line 7) | 3,664,255 | | |
| 25 | Customer Service and Informational (Transcribe from line 8) | 338,680 | | |
| 26 | Sales (Transcribe from line 9) | 31 | | |
| 27 | Administrative and General (Enter Total of lines 10 and 17) | 224,100 | | |
| 28 | TOTAL Oper. and Maint. (Total of lines 20 thru 27) | 14,405,992 | | 14,405,992 |
| 29 | Gas | | | |
| 30 | Operation | | | |
| 31 | Production-Manufactured Gas | | | |
| 32 | Production-Nat. Gas (Including Expl. and Dev.) | | | |
| 33 | Other Gas Supply | | | |
| 34 | Storage, LNG Terminaling and Processing | | | |
| 35 | Transmission | | | |
| 36 | Distribution | | | |
| 37 | Customer Accounts | | | |
| 38 | Customer Service and Informational | | | |
| 39 | Sales | | | |
| 40 | Administrative and General | | | |
| 41 | TOTAL Operation (Enter Total of lines 31 thru 40) | | | |
| 42 | Maintenance | | | |
| 43 | Production-Manufactured Gas | | | |
| 44 | Production-Natural Gas (Including Exploration and Development) | | | |
| 45 | Other Gas Supply | | | |
| 46 | Storage, LNG Terminaling and Processing | | | |
| 47 | Transmission | | | |
| | | | | |

DISTRIBUTION OF SALARIES AND WAGES (Continued)

| Line No. | Classification (a) | Direct Payroll Distribution (b) | Allocation of Payroll charged for Clearing Accounts (c) | Total (d) |
|----------|--|------------------------------------|--|--------------|
| 48 | Distribution | | | |
| 49 | Administrative and General | | | |
| 50 | TOTAL Maint. (Enter Total of lines 43 thru 49) | | | |
| 51 | Total Operation and Maintenance | | | |
| 52 | Production-Manufactured Gas (Enter Total of lines 31 and 43) | | | |
| 53 | Production-Natural Gas (Including Expl. and Dev.) (Total lines 32, | | | |
| 54 | Other Gas Supply (Enter Total of lines 33 and 45) | | | |
| 55 | Storage, LNG Terminating and Processing (Total of lines 31 thru | | | |
| 56 | Transmission (Lines 35 and 47) | | | |
| 57 | Distribution (Lines 36 and 48) | | | |
| 58 | Customer Accounts (Line 37) | | | |
| 59 | Customer Service and Informational (Line 38) | | | |
| 60 | Sales (Line 39) | | | |
| 61 | Administrative and General (Lines 40 and 49) | | | |
| 62 | TOTAL Operation and Maint. (Total of lines 52 thru 61) | | | |
| 63 | Other Utility Departments | | | |
| 64 | Operation and Maintenance | | | |
| 65 | TOTAL All Utility Dept. (Total of lines 28, 62, and 64) | 14,405,992 | | 14,405,992 |
| 66 | Utility Plant | | | |
| 67 | Construction (By Utility Departments) | | | |
| 68 | Electric Plant | 16,735,617 | | 16,735,617 |
| 69 | Gas Plant | | | |
| 70 | Other (provide details in footnote): | | | |
| 71 | TOTAL Construction (Total of lines 68 thru 70) | 16,735,617 | | 16,735,617 |
| 72 | Plant Removal (By Utility Departments) | | | |
| 73 | Electric Plant | 2,934,391 | | 2,934,391 |
| 74 | Gas Plant | | | |
| 75 | Other (provide details in footnote): | | | |
| 76 | TOTAL Plant Removal (Total of lines 73 thru 75) | 2,934,391 | | 2,934,391 |
| 77 | Other Accounts (Specify, provide details in footnote): | | | |
| 78 | Jobbing Contract | 53,492 | | 53,492 |
| 79 | Temporary Facilities | 108,985 | | 108,985 |
| 80 | PowerPlant Reconciliation of Settlements | 272 | | 272 |
| 81 | Work Performed for Associated Companies | 967,556 | | 967,556 |
| 82 | | | | |
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| 93 | | | | |
| 94 | | | | |
| 95 | TOTAL Other Accounts | 1,130,305 | | 1,130,305 |
| 96 | TOTAL SALARIES AND WAGES | 35,206,305 | | 35,206,305 |

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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of <u>2016/Q4</u> |
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COMMON UTILITY PLANT AND EXPENSES

1. Describe the property carried in the utility's accounts as common utility plant and show the book cost of such plant at end of year classified by accounts as provided by Plant Instruction 13, Common Utility Plant, of the Uniform System of Accounts. Also show the allocation of such plant costs to the respective departments using the common utility plant and explain the basis of allocation used, giving the allocation factors.
2. Furnish the accumulated provisions for depreciation and amortization at end of year, showing the amounts and classifications of such accumulated provisions, and amounts allocated to utility departments using the Common utility plant to which such accumulated provisions relate, including explanation of basis of allocation and factors used.
3. Give for the year the expenses of operation, maintenance, rents, depreciation, and amortization for common utility plant classified by accounts as provided by the Uniform System of Accounts. Show the allocation of such expenses to the departments using the common utility plant to which such expenses are related. Explain the basis of allocation used and give the factors of allocation.
4. Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.

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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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AMOUNTS INCLUDED IN ISO/RTO SETTLEMENT STATEMENTS

1. The respondent shall report below the details called for concerning amounts it recorded in Account 555, Purchase Power, and Account 447, Sales for Resale, for items shown on ISO/RTO Settlement Statements. Transactions should be separately netted for each ISO/RTO administered energy market for purposes of determining whether an entity is a net seller or purchaser in a given hour. Net megawatt hours are to be used as the basis for determining whether a net purchase or sale has occurred. In each monthly reporting period, the hourly sale and purchase net amounts are to be aggregated and separately reported in Account 447, Sales for Resale, or Account 555, Purchased Power, respectively.

| Line No. | Description of Item(s) (a) | Balance at End of Quarter 1 (b) | Balance at End of Quarter 2 (c) | Balance at End of Quarter 3 (d) | Balance at End of Year (e) |
|----------|-------------------------------|------------------------------------|------------------------------------|------------------------------------|-------------------------------|
| 1 | Energy | | | | |
| 2 | Net Purchases (Account 555) | | | | |
| 3 | Net Sales (Account 447) | | | | |
| 4 | Transmission Rights | | | | |
| 5 | Ancillary Services | | | | |
| 6 | Other Items (list separately) | | | | |
| 7 | | | | | |
| 8 | Purchases (Account 555) | | | | |
| 9 | Day Ahead (DA) | | | | |
| 10 | Real Time (RT) | 1,012,202 | 958,221 | 1,487,340 | 1,158,805 |
| 11 | | | | | |
| 12 | Sales (Account 447) | | | | |
| 13 | Day Ahead (DA) | (8,610,544) | (5,004,755) | (6,864,013) | (8,983,774) |
| 14 | Real Time (RT) | (220,489) | (430,580) | (463,659) | (454,278) |
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| 46 | TOTAL | (7,818,831) | (4,477,114) | (5,840,332) | (8,279,247) |

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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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PURCHASES AND SALES OF ANCILLARY SERVICES

Report the amounts for each type of ancillary service shown in column (a) for the year as specified in Order No. 888 and defined in the respondents Open Access Transmission Tariff.

In columns for usage, report usage-related billing determinant and the unit of measure.

(1) On line 1 columns (b), (c), (d), (e), (f) and (g) report the amount of ancillary services purchased and sold during the year.

(2) On line 2 columns (b) (c), (d), (e), (f), and (g) report the amount of reactive supply and voltage control services purchased and sold during the year.

(3) On line 3 columns (b) (c), (d), (e), (f), and (g) report the amount of regulation and frequency response services purchased and sold during the year.

(4) On line 4 columns (b), (c), (d), (e), (f), and (g) report the amount of energy imbalance services purchased and sold during the year.

(5) On lines 5 and 6, columns (b), (c), (d), (e), (f), and (g) report the amount of operating reserve spinning and supplement services purchased and sold during the period.

(6) On line 7 columns (b), (c), (d), (e), (f), and (g) report the total amount of all other types ancillary services purchased or sold during the year. Include in a footnote and specify the amount for each type of other ancillary service provided.

| Line No. | Type of Ancillary Service (a) | Amount Purchased for the Year | | | Amount Sold for the Year | | |
|----------|---|-------------------------------------|---------------------|-------------|-------------------------------------|---------------------|-------------|
| | | Usage - Related Billing Determinant | | | Usage - Related Billing Determinant | | |
| | | Number of Units (b) | Unit of Measure (c) | Dollars (d) | Number of Units (e) | Unit of Measure (f) | Dollars (g) |
| 1 | Scheduling, System Control and Dispatch | | MWh | 19,784 | | | |
| 2 | Reactive Supply and Voltage | 5,804 | MWd | 6,268 | | MWd | -695,265 |
| 3 | Regulation and Frequency Response | 555 | MWh | 8,835 | | | |
| 4 | Energy Imbalance | | | | | | |
| 5 | Operating Reserve - Spinning | | | 5,055 | | | |
| 6 | Operating Reserve - Supplement | | | 78,825 | | | |
| 7 | Other | | | 9,554 | | | |
| 8 | Total (Lines 1 thru 7) | 6,359 | | 128,321 | | | -695,265 |

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|--|---|---------------------------------------|----------------------------------|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2016/Q4 |
| FOOTNOTE DATA | | | |

Schedule Page: 398 Line No.: 7 Column: d

| | |
|-----------------------------|----------------|
| Black Start Service Charges | \$ 11,204 |
| Market Monitor | 495 |
| Phase Angle Regulation | <u>(2,145)</u> |
| Total | \$ 9,554 |

| | | | |
|--|---|---------------------------------------|---|
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|--|---|---------------------------------------|---|

MONTHLY TRANSMISSION SYSTEM PEAK LOAD

(1) Report the monthly peak load on the respondent's transmission system. If the respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.
(2) Report on Column (b) by month the transmission system's peak load.
(3) Report on Columns (c) and (d) the specified information for each monthly transmission - system peak load reported on Column (b).
(4) Report on Columns (e) through (j) by month the system' monthly maximum megawatt load by statistical classifications. See General Instruction for the definition of each statistical classification.

NAME OF SYSTEM: Allegheny Power

| Line No. | Month (a) | Monthly Peak MW - Total (b) | Day of Monthly Peak (c) | Hour of Monthly Peak (d) | Firm Network Service for Self (e) | Firm Network Service for Others (f) | Long-Term Firm Point-to-point Reservations (g) | Other Long-Term Firm Service (h) | Short-Term Firm Point-to-point Reservation (i) | Other Service (j) |
|----------|-------------------------|--------------------------------|----------------------------|-----------------------------|--------------------------------------|--|---|-------------------------------------|---|----------------------|
| 1 | January | 3,023 | 18 | 1900 | 850 | 2,173 | | | | |
| 2 | February | 3,049 | 12 | 800 | 846 | 2,203 | | | | |
| 3 | March | 2,435 | 3 | 800 | 639 | 1,796 | | | | |
| 4 | Total for Quarter 1 | | | | 2,335 | 6,172 | | | | |
| 5 | April | 2,288 | 6 | 800 | 603 | 1,685 | | | | |
| 6 | May | 2,225 | 31 | 1700 | 520 | 1,705 | | | | |
| 7 | June | 2,328 | 1 | 1800 | 560 | 1,768 | | | | |
| 8 | Total for Quarter 2 | | | | 1,683 | 5,158 | | | | |
| 9 | July | 2,789 | 25 | 1500 | 662 | 2,127 | | | | |
| 10 | August | 2,744 | 11 | 1700 | 658 | 2,086 | | | | |
| 11 | September | 2,646 | 8 | 1700 | 629 | 2,017 | | | | |
| 12 | Total for Quarter 3 | | | | 1,949 | 6,230 | | | | |
| 13 | October | 1,939 | 19 | 1700 | 463 | 1,476 | | | | |
| 14 | November | 2,252 | 21 | 1900 | 567 | 1,685 | | | | |
| 15 | December | 3,034 | 15 | 2000 | 822 | 2,212 | | | | |
| 16 | Total for Quarter 4 | | | | 1,852 | 5,373 | | | | |
| 17 | Total Year to Date/Year | | | | 7,819 | 22,933 | | | | |

| | | | |
|--|---|---------------------------------------|--------------------------------------|
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| FOOTNOTE DATA | | | |

Schedule Page: 400 Line No.: 1 Column: b

Column (b) reports the coincidental peak at the time of the Allegheny Power peak. Reports MW's of energy used for load integrated over the hour.

Schedule Page: 400 Line No.: 1 Column: c

Column (c) reports the coincidental peak at the time of the Allegheny Power peak.

Schedule Page: 400 Line No.: 1 Column: d

Column (d) reports the coincidental peak at the time of the Allegheny Power peak.

Schedule Page: 400 Line No.: 1 Column: e

Column (e) reports MW's of energy used for load integrated over the hour. Reports next-day settlement which is based on historical usage, as opposed to actual usage, with losses and adjustment factors applied.

Schedule Page: 400 Line No.: 1 Column: f

Column (f) reports MW's of energy used for load integrated over the hour. Reports next-day settlement which is based on historical usage, as opposed to actual usage, with losses and adjustment factors applied.

Schedule Page: 400 Line No.: 1 Column: g

For column (g), it is assumed that PJM will report these.

Schedule Page: 400 Line No.: 1 Column: h

For column (h), it is assumed that PJM will report these.

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

MONTHLY ISO/RTO TRANSMISSION SYSTEM PEAK LOAD

- (1) Report the monthly peak load on the respondent's transmission system. If the Respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.
- (2) Report on Column (b) by month the transmission system's peak load.
- (3) Report on Column (c) and (d) the specified information for each monthly transmission - system peak load reported on Column (b).
- (4) Report on Columns (e) through (i) by month the system's transmission usage by classification. Amounts reported as Through and Out Service in Column (g) are to be excluded from those amounts reported in Columns (e) and (f).
- (5) Amounts reported in Column (j) for Total Usage is the sum of Columns (h) and (i).

NAME OF SYSTEM:

| Line No. | Month (a) | Monthly Peak MW - Total (b) | Day of Monthly Peak (c) | Hour of Monthly Peak (d) | Imports Into ISO/RTO (e) | Exports from ISO/RTO (f) | Through and Out Service (g) | Network Service Usage (h) | Point-to-Point Service Usage (i) | Total Usage (j) |
|----------|-------------------------|--------------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|--------------------------------|------------------------------|-------------------------------------|--------------------|
| 1 | January | | | | | | | | | |
| 2 | February | | | | | | | | | |
| 3 | March | | | | | | | | | |
| 4 | Total for Quarter 1 | | | | | | | | | |
| 5 | April | | | | | | | | | |
| 6 | May | | | | | | | | | |
| 7 | June | | | | | | | | | |
| 8 | Total for Quarter 2 | | | | | | | | | |
| 9 | July | | | | | | | | | |
| 10 | August | | | | | | | | | |
| 11 | September | | | | | | | | | |
| 12 | Total for Quarter 3 | | | | | | | | | |
| 13 | October | | | | | | | | | |
| 14 | November | | | | | | | | | |
| 15 | December | | | | | | | | | |
| 16 | Total for Quarter 4 | | | | | | | | | |
| 17 | Total Year to Date/Year | | | | | | | | | |

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|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

ELECTRIC ENERGY ACCOUNT

Report below the information called for concerning the disposition of electric energy generated, purchased, exchanged and wheeled during the year.

| Line No. | Item (a) | MegaWatt Hours (b) | Line No. | Item (a) | MegaWatt Hours (b) |
|----------|--|-----------------------|----------|--|-----------------------|
| 1 | SOURCES OF ENERGY | | 21 | DISPOSITION OF ENERGY | |
| 2 | Generation (Excluding Station Use): | | 22 | Sales to Ultimate Consumers (Including Interdepartmental Sales) | 10,529,574 |
| 3 | Steam | 3,736,822 | 23 | Requirements Sales for Resale (See instruction 4, page 311.) | 34,245 |
| 4 | Nuclear | | 24 | Non-Requirements Sales for Resale (See instruction 4, page 311.) | 990,632 |
| 5 | Hydro-Conventional | | 25 | Energy Furnished Without Charge | -3,401,052 |
| 6 | Hydro-Pumped Storage | | 26 | Energy Used by the Company (Electric Dept Only, Excluding Station Use) | 5,194 |
| 7 | Other | | 27 | Total Energy Losses | 212,791 |
| 8 | Less Energy for Pumping | | 28 | TOTAL (Enter Total of Lines 22 Through 27) (MUST EQUAL LINE 20) | 8,371,384 |
| 9 | Net Generation (Enter Total of lines 3 through 8) | 3,736,822 | | | |
| 10 | Purchases | 4,634,562 | | | |
| 11 | Power Exchanges: | | | | |
| 12 | Received | | | | |
| 13 | Delivered | | | | |
| 14 | Net Exchanges (Line 12 minus line 13) | | | | |
| 15 | Transmission For Other (Wheeling) | | | | |
| 16 | Received | | | | |
| 17 | Delivered | | | | |
| 18 | Net Transmission for Other (Line 16 minus line 17) | | | | |
| 19 | Transmission By Others Losses | | | | |
| 20 | TOTAL (Enter Total of lines 9, 10, 14, 18 and 19) | 8,371,384 | | | |

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|--|---|---------------------------------------|---|
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|--|---|---------------------------------------|---|

MONTHLY PEAKS AND OUTPUT

1. Report the monthly peak load and energy output. If the respondent has two or more power which are not physically integrated, furnish the required information for each non- integrated system.
2. Report in column (b) by month the system's output in Megawatt hours for each month.
3. Report in column (c) by month the non-requirements sales for resale. Include in the monthly amounts any energy losses associated with the sales.
4. Report in column (d) by month the system's monthly maximum megawatt load (60 minute integration) associated with the system.
5. Report in column (e) and (f) the specified information for each monthly peak load reported in column (d).

NAME OF SYSTEM: Potomac Edison

| Line No. | Month (a) | Total Monthly Energy (b) | Monthly Non-Requirements Sales for Resale & Associated Losses (c) | MONTHLY PEAK | | |
|----------|-----------|--------------------------|---|------------------------------|------------------|----------|
| | | | | Megawatts (See Instr. 4) (d) | Day of Month (e) | Hour (f) |
| 29 | January | 1,002,704 | 107,886 | 3,155 | 19 | 800 |
| 30 | February | 767,190 | 97,686 | 3,069 | 14 | 800 |
| 31 | March | 714,520 | 104,644 | 2,444 | 3 | 700 |
| 32 | April | 539,446 | 43,550 | 2,288 | 6 | 800 |
| 33 | May | 554,598 | 74,317 | 2,251 | 27 | 1700 |
| 34 | June | 631,907 | 76,913 | 2,361 | 28 | 1600 |
| 35 | July | 758,579 | 89,982 | 2,789 | 25 | 1500 |
| 36 | August | 738,996 | 73,823 | 2,802 | 13 | 1700 |
| 37 | September | 578,966 | 32,390 | 2,668 | 8 | 1800 |
| 38 | October | 590,177 | 104,623 | 1,967 | 19 | 2000 |
| 39 | November | 643,645 | 82,018 | 2,299 | 23 | 800 |
| 40 | December | 850,656 | 102,799 | 3,038 | 16 | 800 |
| 41 | TOTAL | 8,371,384 | 990,632 | | | |

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|--|---|---------------------------------------|---|

STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants)

1. Report data for plant in Service only. 2. Large plants are steam plants with installed capacity (name plate rating) of 25,000 Kw or more. Report in this page gas-turbine and internal combustion plants of 10,000 Kw or more, and nuclear plants. 3. Indicate by a footnote any plant leased or operated as a joint facility. 4. If net peak demand for 60 minutes is not available, give data which is available, specifying period. 5. If any employees attend more than one plant, report on line 11 the approximate average number of employees assignable to each plant. 6. If gas is used and purchased on a therm basis report the Btu content of the gas and the quantity of fuel burned converted to Mct. 7. Quantities of fuel burned (Line 38) and average cost per unit of fuel burned (Line 41) must be consistent with charges to expense accounts 501 and 547 (Line 42) as show on Line 20. 8. If more than one fuel is burned in a plant furnish only the composite heat rate for all fuels burned.

| Line No. | Item (a) | Plant Name: (b) | Plant Name: (c) |
|----------|---|--------------------|--------------------|
| 1 | Kind of Plant (Internal Comb, Gas Turb, Nuclear | | |
| 2 | Type of Constr (Conventional, Outdoor, Boiler, etc) | | |
| 3 | Year Originally Constructed | | |
| 4 | Year Last Unit was Installed | | |
| 5 | Total Installed Cap (Max Gen Name Plate Ratings-MW) | | |
| 6 | Net Peak Demand on Plant - MW (60 minutes) | | |
| 7 | Plant Hours Connected to Load | | |
| 8 | Net Continuous Plant Capability (Megawatts) | | |
| 9 | When Not Limited by Condenser Water | | |
| 10 | When Limited by Condenser Water | | |
| 11 | Average Number of Employees | | |
| 12 | Net Generation, Exclusive of Plant Use - KWh | | |
| 13 | Cost of Plant: Land and Land Rights | | |
| 14 | Structures and Improvements | | |
| 15 | Equipment Costs | | |
| 16 | Asset Retirement Costs | | |
| 17 | Total Cost | 0 | 0 |
| 18 | Cost per KW of Installed Capacity (line 17/5) Including | 0 | 0 |
| 19 | Production Expenses: Oper, Supv, & Engr | | |
| 20 | Fuel | | |
| 21 | Coolants and Water (Nuclear Plants Only) | | |
| 22 | Steam Expenses | | |
| 23 | Steam From Other Sources | | |
| 24 | Steam Transferred (Cr) | | |
| 25 | Electric Expenses | | |
| 26 | Misc Steam (or Nuclear) Power Expenses | | |
| 27 | Rents | | |
| 28 | Allowances | | |
| 29 | Maintenance Supervision and Engineering | | |
| 30 | Maintenance of Structures | | |
| 31 | Maintenance of Boiler (or reactor) Plant | | |
| 32 | Maintenance of Electric Plant | | |
| 33 | Maintenance of Misc Steam (or Nuclear) Plant | | |
| 34 | Total Production Expenses | | |
| 35 | Expenses per Net KWh | | |
| 36 | Fuel: Kind (Coal, Gas, Oil, or Nuclear) | | |
| 37 | Unit (Coal-tons/Oil-barrel/Gas-mcf/Nuclear-indicate) | | |
| 38 | Quantity (Units) of Fuel Burned | | |
| 39 | Avg Heat Cont - Fuel Burned (btu/indicate if nuclear) | | |
| 40 | Avg Cost of Fuel/unit, as Delvd f.o.b. during year | | |
| 41 | Average Cost of Fuel per Unit Burned | | |
| 42 | Average Cost of Fuel Burned per Million BTU | | |
| 43 | Average Cost of Fuel Burned per KWh Net Gen | | |
| 44 | Average BTU per KWh Net Generation | | |

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STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants)(Continued)

9. Items under Cost of Plant are based on U. S. of A. Accounts. Production expenses do not include Purchased Power, System Control and Load Dispatching, and Other Expenses Classified as Other Power Supply Expenses. 10. For IC and GT plants, report Operating Expenses, Account Nos. 547 and 549 on Line 25 "Electric Expenses," and Maintenance Account Nos. 553 and 554 on Line 32, "Maintenance of Electric Plant." Indicate plants designed for peak load service. Designate automatically operated plants. 11. For a plant equipped with combinations of fossil fuel steam, nuclear steam, hydro, internal combustion or gas-turbine equipment, report each as a separate plant. However, if a gas-turbine unit functions in a combined cycle operation with a conventional steam unit, include the gas-turbine with the steam plant. 12. If a nuclear power generating plant, briefly explain by footnote (a) accounting method for cost of power generated including any excess costs attributed to research and development; (b) types of cost units used for the various components of fuel cost; and (c) any other informative data concerning plant type fuel used, fuel enrichment type and quantity for the report period and other physical and operating characteristics of plant.

| Plant Name: (d) | Plant Name: (e) | Plant Name: (f) | Line No. |
|--------------------|--------------------|--------------------|----------|
| | | | 1 |
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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

HYDROELECTRIC GENERATING PLANT STATISTICS (Large Plants)

1. Large plants are hydro plants of 10,000 Kw or more of installed capacity (name plate ratings)
2. If any plant is leased, operated under a license from the Federal Energy Regulatory Commission, or operated as a joint facility, indicate such facts in a footnote. If licensed project, give project number.
3. If net peak demand for 60 minutes is not available, give that which is available specifying period.
4. If a group of employees attends more than one generating plant, report on line 11 the approximate average number of employees assignable to each plant.

| Line No. | Item (a) | FERC Licensed Project No. 0 Plant Name: (b) | FERC Licensed Project No. 0 Plant Name: (c) |
|----------|---|---|---|
| 1 | Kind of Plant (Run-of-River or Storage) | | |
| 2 | Plant Construction type (Conventional or Outdoor) | | |
| 3 | Year Originally Constructed | | |
| 4 | Year Last Unit was Installed | | |
| 5 | Total installed cap (Gen name plate Rating in MW) | 0.00 | 0.00 |
| 6 | Net Peak Demand on Plant-Megawatts (60 minutes) | 0 | 0 |
| 7 | Plant Hours Connect to Load | 0 | 0 |
| 8 | Net Plant Capability (in megawatts) | | |
| 9 | (a) Under Most Favorable Oper Conditions | 0 | 0 |
| 10 | (b) Under the Most Adverse Oper Conditions | 0 | 0 |
| 11 | Average Number of Employees | 0 | 0 |
| 12 | Net Generation, Exclusive of Plant Use - Kwh | 0 | 0 |
| 13 | Cost of Plant | | |
| 14 | Land and Land Rights | 0 | 0 |
| 15 | Structures and Improvements | 0 | 0 |
| 16 | Reservoirs, Dams, and Waterways | 0 | 0 |
| 17 | Equipment Costs | 0 | 0 |
| 18 | Roads, Railroads, and Bridges | 0 | 0 |
| 19 | Asset Retirement Costs | 0 | 0 |
| 20 | TOTAL cost (Total of 14 thru 19) | 0 | 0 |
| 21 | Cost per KW of Installed Capacity (line 20 / 5) | 0.0000 | 0.0000 |
| 22 | Production Expenses | | |
| 23 | Operation Supervision and Engineering | 0 | 0 |
| 24 | Water for Power | 0 | 0 |
| 25 | Hydraulic Expenses | 0 | 0 |
| 26 | Electric Expenses | 0 | 0 |
| 27 | Misc Hydraulic Power Generation Expenses | 0 | 0 |
| 28 | Rents | 0 | 0 |
| 29 | Maintenance Supervision and Engineering | 0 | 0 |
| 30 | Maintenance of Structures | 0 | 0 |
| 31 | Maintenance of Reservoirs, Dams, and Waterways | 0 | 0 |
| 32 | Maintenance of Electric Plant | 0 | 0 |
| 33 | Maintenance of Misc Hydraulic Plant | 0 | 0 |
| 34 | Total Production Expenses (total 23 thru 33) | 0 | 0 |
| 35 | Expenses per net KWh | 0.0000 | 0.0000 |

HYDROELECTRIC GENERATING PLANT STATISTICS (Large Plants) (Continued)

5. The items under Cost of Plant represent accounts or combinations of accounts prescribed by the Uniform System of Accounts. Production Expenses do not include Purchased Power, System control and Load Dispatching, and Other Expenses classified as "Other Power Supply Expenses."
 6. Report as a separate plant any plant equipped with combinations of steam, hydro, internal combustion engine, or gas turbine equipment.

| FERC Licensed Project No. 0 Plant Name: (d) | FERC Licensed Project No. 0 Plant Name: (e) | FERC Licensed Project No. 0 Plant Name: (f) | Line No. |
|--|--|--|----------|
| | | | 1 |
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| 0.00 | 0.00 | 0.00 | 5 |
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| 0 | 0 | 0 | 30 |
| 0 | 0 | 0 | 31 |
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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

PUMPED STORAGE GENERATING PLANT STATISTICS (Large Plants)

1. Large plants and pumped storage plants of 10,000 Kw or more of installed capacity (name plate ratings)
2. If any plant is leased, operating under a license from the Federal Energy Regulatory Commission, or operated as a joint facility, indicate such facts in a footnote. Give project number.
3. If net peak demand for 60 minutes is not available, give the which is available, specifying period.
4. If a group of employees attends more than one generating plant, report on line 8 the approximate average number of employees assignable to each plant.
5. The items under Cost of Plant represent accounts or combinations of accounts prescribed by the Uniform System of Accounts. Production Expenses do not include Purchased Power System Control and Load Dispatching, and Other Expenses classified as "Other Power Supply Expenses."

| Line No. | Item (a) | FERC Licensed Project No. Plant Name: (b) |
|----------|--|---|
| | | |
| | | |
| | | |
| 1 | Type of Plant Construction (Conventional or Outdoor) | |
| 2 | Year Originally Constructed | |
| 3 | Year Last Unit was Installed | |
| 4 | Total installed cap (Gen name plate Rating in MW) | |
| 5 | Net Peak Demand on Plant-Megawatts (60 minutes) | |
| 6 | Plant Hours Connect to Load While Generating | |
| 7 | Net Plant Capability (in megawatts) | |
| 8 | Average Number of Employees | |
| 9 | Generation, Exclusive of Plant Use - Kwh | |
| 10 | Energy Used for Pumping | |
| 11 | Net Output for Load (line 9 - line 10) - Kwh | |
| 12 | Cost of Plant | |
| 13 | Land and Land Rights | |
| 14 | Structures and Improvements | |
| 15 | Reservoirs, Dams, and Waterways | |
| 16 | Water Wheels, Turbines, and Generators | |
| 17 | Accessory Electric Equipment | |
| 18 | Miscellaneous Powerplant Equipment | |
| 19 | Roads, Railroads, and Bridges | |
| 20 | Asset Retirement Costs | |
| 21 | Total cost (total 13 thru 20) | |
| 22 | Cost per KW of installed cap (line 21 / 4) | |
| 23 | Production Expenses | |
| 24 | Operation Supervision and Engineering | |
| 25 | Water for Power | |
| 26 | Pumped Storage Expenses | |
| 27 | Electric Expenses | |
| 28 | Misc Pumped Storage Power generation Expenses | |
| 29 | Rents | |
| 30 | Maintenance Supervision and Engineering | |
| 31 | Maintenance of Structures | |
| 32 | Maintenance of Reservoirs, Dams, and Waterways | |
| 33 | Maintenance of Electric Plant | |
| 34 | Maintenance of Misc Pumped Storage Plant | |
| 35 | Production Exp Before Pumping Exp (24 thru 34) | |
| 36 | Pumping Expenses | |
| 37 | Total Production Exp (total 35 and 36) | |
| 38 | Expenses per KWh (line 37 / 9) | |

| | | | |
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PUMPED STORAGE GENERATING PLANT STATISTICS (Large Plants) (Continued)

6. Pumping energy (Line 10) is that energy measured as input to the plant for pumping purposes.
7. Include on Line 36 the cost of energy used in pumping into the storage reservoir. When this item cannot be accurately computed leave Lines 36, 37 and 38 blank and describe at the bottom of the schedule the company's principal sources of pumping power, the estimated amounts of energy from each station or other source that individually provides more than 10 percent of the total energy used for pumping, and production expenses per net MWH as reported herein for each source described. Group together stations and other resources which individually provide less than 10 percent of total pumping energy. If contracts are made with others to purchase power for pumping, give the supplier contract number, and date of contract.

| FERC Licensed Project No. Plant Name: (c) | FERC Licensed Project No. Plant Name: (d) | FERC Licensed Project No. Plant Name: (e) | Line No. |
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GENERATING PLANT STATISTICS (Small Plants)

1. Small generating plants are steam plants of, less than 25,000 Kw; internal combustion and gas turbine-plants, conventional hydro plants and pumped storage plants of less than 10,000 Kw installed capacity (name plate rating). 2. Designate any plant leased from others, operated under a license from the Federal Energy Regulatory Commission, or operated as a joint facility, and give a concise statement of the facts in a footnote. If licensed project, give project number in footnote.

| Line No. | Name of Plant (a) | Year Orig. Const. (b) | Installed Capacity Name Plate Rating (In MW) (c) | Net Peak Demand MW (60 min.) (d) | Net Generation Excluding Plant Use (e) | Cost of Plant (f) |
|----------|----------------------|--------------------------|---|-------------------------------------|---|----------------------|
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|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

GENERATING PLANT STATISTICS (Small Plants) (Continued)

3. List plants appropriately under subheadings for steam, hydro, nuclear, internal combustion and gas turbine plants. For nuclear, see instruction 11, Page 403. 4. If net peak demand for 60 minutes is not available, give the which is available, specifying period. 5. If any plant is equipped with combinations of steam, hydro internal combustion or gas turbine equipment, report each as a separate plant. However, if the exhaust heat from the gas turbine is utilized in a steam turbine regenerative feed water cycle, or for preheated combustion air in a boiler, report as one plant.

| Plant Cost (Incl Asset Retire. Costs) Per MW (g) | Operation Excl. Fuel (h) | Production Expenses | | Kind of Fuel (k) | Fuel Costs (in cents per Million Btu) (l) | Line No. |
|--|--------------------------|---------------------|-----------------|------------------|---|----------|
| | | Fuel (i) | Maintenance (j) | | | |
| | | | | | | 1 |
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|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

TRANSMISSION LINE STATISTICS

- Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts or greater. Report transmission lines below these voltages in group totals only for each voltage.
- Transmission lines include all lines covered by the definition of transmission system plant as given in the Uniform System of Accounts. Do not report substation costs and expenses on this page.
- Report data by individual lines for all voltages if so required by a State commission.
- Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.
- Indicate whether the type of supporting structure reported in column (e) is: (1) single pole wood or steel; (2) H-frame wood, or steel poles; (3) tower; or (4) underground construction. If a transmission line has more than one type of supporting structure, indicate the mileage of each type of construction by the use of brackets and extra lines. Minor portions of a transmission line of a different type of construction need not be distinguished from the remainder of the line.
- Report in columns (f) and (g) the total pole miles of each transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect to such structures are included in the expenses reported for the line designated.

| Line No. | DESIGNATION | | VOLTAGE (KV) (Indicate where other than 60 cycle, 3 phase) | | Type of Supporting Structure (e) | LENGTH (Pole miles) (in the case of underground lines report circuit miles) | | Number Of Circuits (h) |
|----------|-----------------------|-------------------|---|--------------|----------------------------------|--|-----------------------------------|------------------------|
| | From (a) | To (b) | Operating (c) | Designed (d) | | On Structure of Line Designated (f) | On Structures of Another Line (g) | |
| 1 | BEDINGTON | DOUBS | 500.00 | 500.00 | 3 | 26.14 | | 1 |
| 2 | BISMARCK | DOUBS | 500.00 | 500.00 | | 2.86 | | 1 |
| 3 | BLACK OAK | BEDINGTON | 500.00 | 500.00 | | 0.09 | | |
| 4 | DOUBS | BRIGHTON | 500.00 | 500.00 | 3 | 6.33 | | 1 |
| 5 | DOUBS | GOOSE CREEK | 500.00 | 500.00 | 3 | 15.29 | | 1 |
| 6 | HATFIELD | BLACK OAK | 500.00 | 500.00 | 3 | 33.96 | | 1 |
| 7 | | | | | | | | |
| 8 | SUBTOTAL MARYLAND 500 | | | | | 84.67 | | 5 |
| 9 | AQUEDUCT | DICKERSON H | 230.00 | 230.00 | 3 | 1.44 | | 1 |
| 10 | AQUEDUCT | DOUBS | 230.00 | 230.00 | 3 | 6.66 | | 1 |
| 11 | CARROLL | MOUNT AIRY | 230.00 | 230.00 | 1,2 | 12.72 | | 1 |
| 12 | DAMASCUS | MONTGOMERY | 230.00 | 230.00 | 1,2 | 4.97 | | 1 |
| 13 | DOUBS | DICKERSON H | 230.00 | 230.00 | 3 | 8.00 | | 1 |
| 14 | DOUBS | LIME KILN | 230.00 | 230.00 | | 6.69 | | 1 |
| 15 | DOUBS | LIME KILN 1 | 230.00 | 230.00 | 2,3 | 6.71 | | 1 |
| 16 | DOUBS | MONOCACY | 230.00 | 230.00 | 1,3 | 24.88 | | 1 |
| 17 | FREDERICK A | MONOCACY | 230.00 | 230.00 | 1 | 1.75 | | 1 |
| 18 | FROSTOWN JCT | BOONSBORO, DOUBS, | 230.00 | 230.00 | 2 | 31.25 | | 1 |
| 19 | LIME KILN | MCCAIN | 230.00 | 230.00 | 1,2 | 4.21 | | 1 |
| 20 | LIME KILN | MONOCACY | 230.00 | 230.00 | 1 | 6.67 | | 1 |
| 21 | LIME KILN | MONTGOMERY | 230.00 | 230.00 | 2 | 12.28 | | 1 |
| 22 | MCCAIN | FREDRICK | 230.00 | 230.00 | 2 | 5.57 | | 1 |
| 23 | MONOCACY | EAGLEHEAD | 230.00 | 230.00 | 1,2 | 6.86 | | 1 |
| 24 | MONOCACY | RINGGOLD | 230.00 | 230.00 | 1,2,3 | 23.55 | | 1 |
| 25 | MOUNT AIRY | DAMASCUS | 230.00 | 230.00 | 1,2 | 10.41 | | 1 |
| 26 | MOUNT AIRY | NEW MARKET | 230.00 | 230.00 | 1,2,3 | 5.87 | | 1 |
| 27 | NEW MARKET | EAGLEHEAD | 230.00 | 230.00 | 1,2 | 8.11 | | 1 |
| 28 | | | | | | | | |
| 29 | SUBTOTAL MARYLAND 230 | | | | | 188.60 | | 19 |
| 30 | | | | | | | | |
| 31 | ALBRIGHT | CROSS SCHOOL | 138.00 | 138.00 | 2 | 26.75 | | 1 |
| 32 | ALBRIGHT | GARRETT | 138.00 | 138.00 | 2 | 6.40 | | 1 |
| 33 | ALBRIGHT | KELSO GAP | 138.00 | 138.00 | 2 | 10.56 | | 1 |
| 34 | ALBRIGHT | WILLIAM | 138.00 | 138.00 | 2 | 4.53 | | 1 |
| 35 | ANTIETAM | EAST HAGERSTOWN | 138.00 | 138.00 | 1,2,3 | 9.94 | | 1 |
| 36 | | | | | TOTAL | 1,256.64 | 106.02 | 122 |

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

TRANSMISSION LINE STATISTICS

- Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts or greater. Report transmission lines below these voltages in group totals only for each voltage.
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- Report in columns (f) and (g) the total pole miles of each transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect to such structures are included in the expenses reported for the line designated.

| Line No. | DESIGNATION | | VOLTAGE (KV) (Indicate where other than 60 cycle, 3 phase) | | Type of Supporting Structure (e) | LENGTH (Pole miles) (In the case of underground lines report circuit miles) | | Number Of Circuits (h) |
|----------|-----------------------|--------------------|---|--------------|----------------------------------|--|-----------------------------------|------------------------|
| | From (a) | To (b) | Operating (c) | Designed (d) | | On Structure of Line Designated (f) | On Structures of Another Line (g) | |
| 1 | ANTIETAM | REID | 138.00 | 138.00 | 1,2,3 | 6.76 | | 1 |
| 2 | BEDINGTON | MARLOWE 3 | 138.00 | 138.00 | 2 | 3.25 | | 1 |
| 3 | BEDINGTON | MARLOWE 2 | 138.00 | 138.00 | 2 | 7.09 | | 1 |
| 4 | BEDINGTON | REID | 138.00 | 138.00 | 1 | 11.21 | | 1 |
| 5 | BLACK OAK | CROSS SCHOOL | 138.00 | 138.00 | | 8.59 | | 1 |
| 6 | BLACK OAK | CUMBERLAND | 138.00 | 138.00 | | 0.53 | | 1 |
| 7 | CARROLL | GERMANTOWN | 138.00 | 138.00 | 1,2 | 16.17 | | 1 |
| 8 | CARROLL | LEHIGH PORTLAND | 138.00 | 138.00 | 1 | 0.37 | | 1 |
| 9 | CATOCTIN | MONOCACY | 138.00 | 138.00 | 1,2 | 16.14 | | 1 |
| 10 | CHERRY RUN | MCCONNELLSBURG | 138.00 | 138.00 | 2,3 | 5.03 | | 1 |
| 11 | EAST HAGERSTOWN | RINGGOLD | 138.00 | 138.00 | 1,2 | 7.61 | | 1 |
| 12 | FINZEL TO FROSTBURG | RIDGELY | 138.00 | 138.00 | | 12.86 | | 1 |
| 13 | GARRETT | RIDGELEY | 138.00 | 138.00 | 1,2,3 | 31.89 | | 1 |
| 14 | HALFWAY | PARAMOUNT NO. 1 | 138.00 | 138.00 | 1 | 6.69 | | 1 |
| 15 | HALFWAY | MARLOW | 138.00 | 138.00 | | 5.33 | | 1 |
| 16 | HAZELTON | JENNINGS TO FINZEL | 138.00 | 138.00 | 1,3 | 25.22 | | 1 |
| 17 | JUNCTION | BLACK OAK | 138.00 | 138.00 | 2 | 0.48 | | 1 |
| 18 | KELSO GAP | PARR RUN | 138.00 | 138.00 | 2 | 11.18 | | 1 |
| 19 | MARLOWE | BOONSBORO | 138.00 | 138.00 | 1,2 | 11.80 | | 1 |
| 20 | MESSICK ROAD | MORGAN | 138.00 | 138.00 | 1,2 | 17.69 | | 1 |
| 21 | MESSICK ROAD | RIDGELEY | 138.00 | 138.00 | 1,2 | 3.19 | | 1 |
| 22 | MILLVILLE | DOUBS | 138.00 | 138.00 | 2 | 0.65 | | 1 |
| 23 | PARAMOUNT NO. 1 | REID | 138.00 | 138.00 | 1,3 | 1.80 | | 1 |
| 24 | REID | GUILFORD | 138.00 | 138.00 | 2 | 0.43 | | 1 |
| 25 | REID | RINGGOLD 1 | 138.00 | 138.00 | 2 | 7.43 | | 1 |
| 26 | RIDGELEY | CUMBERLAND | 138.00 | 138.00 | 3 | 0.13 | | 1 |
| 27 | RINGGOLD | CATOCTIN | 138.00 | 138.00 | 2 | 9.74 | | 1 |
| 28 | RINGGOLD | WEST WAYNESBORO | 138.00 | 138.00 | 2 | 3.99 | | 1 |
| 29 | | | | | | | | |
| 30 | SUBTOTAL MARYLAND 138 | | | | | 291.43 | | 33 |
| 31 | | | | | | | | |
| 32 | SDC1 DEEP CREEK | GARRETT-PENN MAR | 115.00 | 115.00 | 2 | 1.93 | | 1 |
| 33 | | | | | | | | |
| 34 | SUBTOTAL MARYLAND 115 | | | | | 1.93 | | 1 |
| 35 | | | | | | | | |
| 36 | | | | | TOTAL | 1,256.64 | 106.02 | 122 |

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

TRANSMISSION LINE STATISTICS

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| Line No. | DESIGNATION | | VOLTAGE (KV) (Indicate where other than 60 cycle, 3 phase) | | Type of Supporting Structure (e) | LENGTH (Pole miles) (In the case of underground lines report circuit miles) | | Number Of Circuits (h) |
|----------|-----------------------|---------------------|---|--------------|----------------------------------|--|-----------------------------------|------------------------|
| | From (a) | To (b) | Operating (c) | Designed (d) | | On Structure of Line Designated (f) | On Structures of Another Line (g) | |
| 1 | BLACK OAK | BEDINGTON | 500.00 | 500.00 | 3 | 0.71 | | 1 |
| 2 | MEADOWBROOK | FRONT ROYAL | 500.00 | 500.00 | 3 | 5.28 | | 1 |
| 3 | GREENLAND GAP | MEADOWBROOK | 500.00 | 500.00 | 3 | 12.40 | | 1 |
| 4 | MT STORM | VALLEY | 500.00 | 500.00 | 3 | 30.75 | | 1 |
| 5 | | | | | | | | |
| 6 | SUBTOTAL VIRGINIA 500 | | | | | 49.14 | | 4 |
| 7 | | | | | | | | |
| 8 | BARTONVILLE | MEADOWBROOK | 138.00 | 138.00 | | 6.04 | | 1 |
| 9 | BARTONVILLE | STEPHENSON | 138.00 | 138.00 | | 12.49 | | 1 |
| 10 | CATOCTIN | CARROLL CUB | 138.00 | 138.00 | | 12.68 | | 1 |
| 11 | DOUBLE TOLL GATE | GREENWOOD | 138.00 | 138.00 | | 7.84 | | 1 |
| 12 | DOUBLE TOLL GATE | MILLVILLE | 138.00 | 138.00 | 1,2 | 14.70 | | 1 |
| 13 | GORE | HAMPSHIRE | 138.00 | 138.00 | 2 | 1.98 | | 1 |
| 14 | GORE | STONEWALL | 138.00 | 138.00 | | 15.20 | | 1 |
| 15 | GREENWOOD | REDBUD | 138.00 | 138.00 | 1,2 | 5.57 | | 1 |
| 16 | HAMPSHIRE | MEADOWBROOK | 138.00 | 138.00 | | 14.43 | | 1 |
| 17 | INWOOD | STONEWALL | 138.00 | 138.00 | 2 | 1.43 | | 1 |
| 18 | MEADOWBROOK | DOUBLE TOLL GATE #1 | 138.00 | 138.00 | | 7.45 | | 1 |
| 19 | MEADOWBROOK | DOUBLE TOLL GATE #2 | 138.00 | 138.00 | | 7.45 | | 1 |
| 20 | MEADOW BROOK | REDBUD | 138.00 | 138.00 | 1,2 | 16.43 | | 1 |
| 21 | MEADOWBOOK | RIVERTON | 138.00 | 138.00 | 1,2,3 | 8.33 | | 1 |
| 22 | MEADOW BROOK | STRASBURG | 138.00 | 138.00 | 2,3 | 9.36 | | 1 |
| 23 | PAGE | NORTH SHENANDOAH | 138.00 | 138.00 | 1,2 | 23.01 | | 1 |
| 24 | PAGE | SPERRYVILLE | 138.00 | 138.00 | | 13.77 | | 1 |
| 25 | RIVERTON | DOUBLE TOLL GATE | 138.00 | 138.00 | 2,3 | 7.07 | | 1 |
| 26 | RIVERTON | PAGE | 138.00 | 138.00 | 2,3 | 26.74 | | 1 |
| 27 | RIVERTON | VISCOSE | 138.00 | 138.00 | | 7.13 | | 1 |
| 28 | STEPHENSON | STONEWALL | 138.00 | 138.00 | 1,2 | 2.11 | | 1 |
| 29 | STONEWALL | MILLVILLE | 138.00 | 138.00 | 2 | 3.11 | | 1 |
| 30 | | | | | | | | |
| 31 | SUBTOTAL VIRGINIA 138 | | | | | 224.32 | | 22 |
| 32 | | | | | | | | |
| 33 | MERCK5 ENDLESS | NORTH SHENANDOAH | 115.00 | 115.00 | 3 | 0.31 | | 1 |
| 34 | GORDONSVILLE | PRATTS | 115.00 | 115.00 | 2 | 17.97 | | 1 |
| 35 | SUBTOTAL VIRGINIA 115 | | | | | 18.28 | | 2 |
| 36 | | | | | TOTAL | 1,256.64 | 106.02 | 122 |

| | | | |
|--|---|---------------------------------------|---|
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| Line No | DESIGNATION | | VOLTAGE (KV) (Indicate where other than 60 cycle, 3 phase) | | Type of Supporting Structure (e) | LENGTH (Pole miles) (In the case of underground lines report circuit miles) | | Number Of Circuits (h) |
|---------|------------------------|--------------------|---|--------------|----------------------------------|--|-----------------------------------|------------------------|
| | From (a) | To (b) | Operating (c) | Designed (d) | | On Structure of Line Designated (f) | On Structures of Another Line (g) | |
| 1 | | | | | | | | |
| 2 | | | | | | | | |
| 3 | BEDINGTON | DOUBS | 500.00 | 500.00 | 3 | 6.04 | | 1 |
| 4 | BLACK OAK | BEDINGTON | 500.00 | 500.00 | 3 | 59.22 | | 1 |
| 5 | | | | | | | | |
| 6 | SUBTOTAL WEST VIRGINIA | | | | | 65.26 | | 2 |
| 7 | | | | | | | | |
| 8 | BAKER | HARDY | 138.00 | 138.00 | | 14.38 | | 1 |
| 9 | BEDINGTON | MARLOWE 3 | 138.00 | 138.00 | 2,3 | 6.11 | 3.11 | 1 |
| 10 | BEDINGTON | MARLOWE 2 | 138.00 | 138.00 | 2,3 | 8.76 | 6.77 | 1 |
| 11 | BEDINGTON | OPEQUON 2 | 138.00 | 138.00 | 2,3 | 8.44 | | 1 |
| 12 | BEDINGTON | REID | 138.00 | 138.00 | 1 | 9.20 | 11.59 | 1 |
| 13 | BEDINGTON | SHEPHERDSTOWN 1 | 138.00 | 138.00 | 1,2,3 | 8.66 | | 1 |
| 14 | BEDINGTON | EAGLE | 138.00 | 138.00 | | 4.02 | | 1 |
| 15 | BLACK OAK | CUMBERLAND | 138.00 | 138.00 | | 16.56 | | 1 |
| 16 | CHEERY RUN | MCCONNELLSBURG | 138.00 | 138.00 | 2,3 | 3.33 | 32.62 | 1 |
| 17 | CHEERY RUN | MORGAN | 138.00 | 138.00 | | 8.03 | | 1 |
| 18 | DOUBLE TOLL GATE | MILLVILLE | 138.00 | 138.00 | 2 | 9.48 | 14.58 | 1 |
| 19 | FINZEL | FROSTBURG-RIDGELEY | 138.00 | 138.00 | | 0.80 | | 1 |
| 20 | FRENCH'S MILL | HAMPSHIRE | 138.00 | 138.00 | 2 | 8.95 | | 1 |
| 21 | GORE | HAMPSHIRE | 138.00 | 138.00 | 2 | 4.45 | 1.98 | 1 |
| 22 | HAMPSHIRE | RIDGELEY | 138.00 | 138.00 | 2,3 | 29.76 | | 1 |
| 23 | HAMPSHIRE | MEADOWBROOK | 138.00 | 138.00 | | 5.05 | | 1 |
| 24 | HARDY | PETERSBURG | 138.00 | 138.00 | 2 | 8.29 | | 1 |
| 25 | HARMONY JCT | BEDINGTON | 138.00 | 138.00 | 1 | 19.92 | | 1 |
| 26 | INWOOD | KEARNEYSVILLE | 138.00 | 138.00 | 1,2 | 11.58 | | 1 |
| 27 | INWOOD | STONEWALL | 138.00 | 138.00 | 1,2 | 6.41 | 1.42 | 1 |
| 28 | JUNCTION | BLACK OAK | 138.00 | 138.00 | 2 | 18.19 | 0.48 | 1 |
| 29 | JUNCTION | FRENCH'S MILL | 138.00 | 138.00 | 2 | 11.29 | | 1 |
| 30 | JUNCTION | HARDY | 138.00 | 138.00 | 2 | 21.48 | | 1 |
| 31 | KEARNEYSVILLE | OPEQUON | 138.00 | 138.00 | 1,2 | 5.25 | | 1 |
| 32 | MARLOWE | BOONSBORO | 138.00 | 138.00 | 1 | 0.40 | 11.80 | 1 |
| 33 | MESSICK ROAD | MORGAN | 138.00 | 138.00 | 2 | 10.87 | 17.70 | 1 |
| 34 | MESSICK ROAD | RIDGELEY | 138.00 | 138.00 | 1,2 | 1.82 | 3.19 | 1 |
| 35 | MILLVILLE | DOUBS | 138.00 | 138.00 | 2 | 14.68 | 0.65 | 1 |
| 36 | | | | | TOTAL | 1,256.64 | 106.02 | 122 |

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

TRANSMISSION LINE STATISTICS

- Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts or greater. Report transmission lines below these voltages in group totals only for each voltage.
- Transmission lines include all lines covered by the definition of transmission system plant as given in the Uniform System of Accounts. Do not report substation costs and expenses on this page.
- Report data by individual lines for all voltages if so required by a State commission.
- Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.
- Indicate whether the type of supporting structure reported in column (e) is: (1) single pole wood or steel; (2) H-frame wood, or steel poles; (3) tower; or (4) underground construction. If a transmission line has more than one type of supporting structure, indicate the mileage of each type of construction by the use of brackets and extra lines. Minor portions of a transmission line of a different type of construction need not be distinguished from the remainder of the line.
- Report in columns (f) and (g) the total pole miles of each transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect to such structures are included in the expenses reported for the line designated.

| Line No. | DESIGNATION | | VOLTAGE (KV) (Indicate where other than 60 cycle, 3 phase) | | Type of Supporting Structure (e) | LENGTH (Pole miles) (In the case of underground lines report circuit miles) | | Number Of Circuits (h) |
|----------|---------------------------|------------------|---|--------------|----------------------------------|--|-----------------------------------|------------------------|
| | From (a) | To (b) | Operating (c) | Designed (d) | | On Structure of Line Designated (f) | On Structures of Another Line (g) | |
| 1 | PARR RUN | JUNCTION | 138.00 | 138.00 | 2,3 | 16.48 | | 1 |
| 2 | RIDGELEY | CUMBERLAND | 138.00 | 138.00 | 3 | 0.85 | 0.13 | 1 |
| 3 | SENECA CAVERNS | NORTH PETERSBURG | 138.00 | 138.00 | 1,2 | 14.28 | | 1 |
| 4 | SHEPHERDSTOWN | SLEEPY HOLLOW | 138.00 | 138.00 | 1,2 | 7.48 | | 1 |
| 5 | SLEEPY HOLLOW | MILLVILLE | 138.00 | 138.00 | 2 | 4.25 | | 1 |
| 6 | SMITH | MARLOWE | 138.00 | 138.00 | | 0.41 | | |
| 7 | STONEWALL | MILLVILLE | 138.00 | 138.00 | | 13.10 | | 1 |
| 8 | | | | | | | | |
| 9 | SUBTOTAL WEST VIRGINIA | | | | | 333.01 | 106.02 | 34 |
| 10 | | | | | | | | |
| 11 | Operation and Maintenance | | | | | | | |
| 12 | Expenses (All States) | | | | | | | |
| 13 | | | | | | | | |
| 14 | | | | | | | | |
| 15 | | | | | | | | |
| 16 | | | | | | | | |
| 17 | | | | | | | | |
| 18 | | | | | | | | |
| 19 | | | | | | | | |
| 20 | | | | | | | | |
| 21 | | | | | | | | |
| 22 | | | | | | | | |
| 23 | | | | | | | | |
| 24 | | | | | | | | |
| 25 | | | | | | | | |
| 26 | | | | | | | | |
| 27 | | | | | | | | |
| 28 | | | | | | | | |
| 29 | | | | | | | | |
| 30 | | | | | | | | |
| 31 | | | | | | | | |
| 32 | | | | | | | | |
| 33 | | | | | | | | |
| 34 | | | | | | | | |
| 35 | | | | | | | | |
| 36 | | | | | TOTAL | 1,256.64 | 106.02 | 122 |

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report Lower voltage Lines and higher voltage lines as one line. Designate in a footnote if you do not include Lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and the pole miles of the other line(s) in column (g)
8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of Lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the Line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.
9. Designate any transmission line leased to another company and give name of Lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.
10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

| Size of Conductor and Material (i) | COST OF LINE (Include in Column (j) Land, Land rights, and clearing right-of-way) | | | EXPENSES, EXCEPT DEPRECIATION AND TAXES | | | | Line No. |
|---------------------------------------|---|----------------------------------|----------------|---|--------------------------|-----------|--------------------|----------|
| | Land (j) | Construction and Other Costs (k) | Total Cost (l) | Operation Expenses (m) | Maintenance Expenses (n) | Rents (o) | Total Expenses (p) | |
| 1 | | | | | | | | 1 |
| | | | | | | | | 2 |
| | | | | | | | | 3 |
| | | | | | | | | 4 |
| 1,2 | | | | | | | | 5 |
| 1,2 | | | | | | | | 6 |
| 1 | | | | | | | | 7 |
| | 1,955,512 | 27,795,999 | 29,751,511 | | | | | 8 |
| | 1,955,512 | 27,795,999 | 29,751,511 | | | | | 9 |
| | | | | | | | | 10 |
| | | | | | | | | 11 |
| 4 | | | | | | | | 12 |
| 4 | | | | | | | | 13 |
| 0 | | | | | | | | 14 |
| | | | | | | | | 15 |
| 4 | | | | | | | | 16 |
| 4 | | | | | | | | 17 |
| | | | | | | | | 18 |
| 4 | | | | | | | | 19 |
| 4 | | | | | | | | 20 |
| | | | | | | | | 21 |
| | | | | | | | | 22 |
| 4 | | | | | | | | 23 |
| 4 | | | | | | | | 24 |
| 4 | | | | | | | | 25 |
| 4 | | | | | | | | 26 |
| 4 | | | | | | | | 27 |
| | | | | | | | | 28 |
| | 17,650,227 | 32,172,055 | 49,822,282 | | | | | 29 |
| | 17,650,227 | 32,172,055 | 49,822,282 | | | | | 30 |
| | | | | | | | | 31 |
| 5,6 | | | | | | | | 32 |
| 5 | | | | | | | | 33 |
| 5 | | | | | | | | 34 |
| 5 | | | | | | | | 35 |
| 6 | | | | | | | | 36 |
| | 46,098,642 | 212,496,334 | 258,594,976 | 49,867 | 6,095,102 | 271,631 | 6,416,600 | 36 |

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report Lower voltage Lines and higher voltage lines as one line. Designate in a footnote if you do not include Lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and the pole miles of the other line(s) in column (g)
8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of Lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the Line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.
9. Designate any transmission line leased to another company and give name of Lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.
10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

| Size of Conductor and Material (i) | COST OF LINE (Include in Column (j) Land, Land rights, and clearing right-of-way) | | | EXPENSES, EXCEPT DEPRECIATION AND TAXES | | | | Line No. |
|------------------------------------|---|----------------------------------|----------------|---|--------------------------|-----------|--------------------|----------|
| | Land (j) | Construction and Other Costs (k) | Total Cost (l) | Operation Expenses (m) | Maintenance Expenses (n) | Rents (o) | Total Expenses (p) | |
| 6 | | | | | | | | 1 |
| 6 | | | | | | | | 2 |
| 6 | | | | | | | | 3 |
| 6 | | | | | | | | 4 |
| | | | | | | | | 5 |
| | | | | | | | | 6 |
| 5,6 | | | | | | | | 7 |
| 5 | | | | | | | | 8 |
| 6,7 | | | | | | | | 9 |
| 6 | | | | | | | | 10 |
| 6 | | | | | | | | 11 |
| | | | | | | | | 12 |
| 5 | | | | | | | | 13 |
| 6 | | | | | | | | 14 |
| | | | | | | | | 15 |
| 6 | | | | | | | | 16 |
| 5,6 | | | | | | | | 17 |
| | | | | | | | | 18 |
| 5,8 | | | | | | | | 19 |
| 5,6 | | | | | | | | 20 |
| 5,6 | | | | | | | | 21 |
| 6 | | | | | | | | 22 |
| 6 | | | | | | | | 23 |
| 6 | | | | | | | | 24 |
| 6 | | | | | | | | 25 |
| 6,7 | | | | | | | | 26 |
| 6,7 | | | | | | | | 27 |
| 5 | | | | | | | | 28 |
| | 6,956,829 | 45,169,352 | 52,126,181 | | | | | 29 |
| | 6,956,829 | 45,169,352 | 52,126,181 | | | | | 30 |
| | | | | | | | | 31 |
| | | | | | | | | 32 |
| | | | | | | | | 33 |
| | | | | | | | | 34 |
| | | | | | | | | 35 |
| | 46,098,642 | 212,496,334 | 258,594,976 | 49,867 | 6,095,102 | 271,631 | 6,416,600 | 36 |

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report Lower voltage Lines and higher voltage lines as one line. Designate in a footnote if you do not include Lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and the pole miles of the other line(s) in column (g)
8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of Lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the Line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.
9. Designate any transmission line leased to another company and give name of Lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.
10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

| Size of Conductor and Material (i) | COST OF LINE (Include in Column (j) Land, Land rights, and clearing right-of-way) | | | EXPENSES, EXCEPT DEPRECIATION AND TAXES | | | | Line No. |
|---------------------------------------|---|----------------------------------|----------------|---|--------------------------|-----------|--------------------|----------|
| | Land (j) | Construction and Other Costs (k) | Total Cost (l) | Operation Expenses (m) | Maintenance Expenses (n) | Rents (o) | Total Expenses (p) | |
| 1 | | | | | | | | 1 |
| | | | | | | | | 2 |
| 1 | | | | | | | | 3 |
| 3 | | | | | | | | 4 |
| | 485,700 | 5,128,449 | 5,614,149 | | | | | 5 |
| | 485,700 | 5,128,449 | 5,614,149 | | | | | 6 |
| | | | | | | | | 7 |
| | | | | | | | | 8 |
| | | | | | | | | 9 |
| | | | | | | | | 10 |
| | | | | | | | | 11 |
| 5 | | | | | | | | 12 |
| 5 | | | | | | | | 13 |
| | | | | | | | | 14 |
| 5,6 | | | | | | | | 15 |
| | | | | | | | | 16 |
| 5 | | | | | | | | 17 |
| | | | | | | | | 18 |
| | | | | | | | | 19 |
| 6,9 | | | | | | | | 20 |
| 6 | | | | | | | | 21 |
| | | | | | | | | 22 |
| 5 | | | | | | | | 23 |
| | | | | | | | | 24 |
| | | | | | | | | 25 |
| | | | | | | | | 26 |
| | | | | | | | | 27 |
| | | | | | | | | 28 |
| | | | | | | | | 29 |
| | 9,170,869 | 43,606,283 | 52,777,152 | | | | | 30 |
| | 9,170,869 | 43,606,283 | 52,777,152 | | | | | 31 |
| | | | | | | | | 32 |
| | | | | | | | | 33 |
| | | | | | | | | 34 |
| | | | | | | | | 35 |
| | 46,098,642 | 212,496,334 | 258,594,976 | 49,867 | 6,095,102 | 271,631 | 6,416,600 | 36 |

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report Lower voltage Lines and higher voltage lines as one line. Designate in a footnote if you do not include Lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and the pole miles of the other line(s) in column (g)
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9. Designate any transmission line leased to another company and give name of Lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.
10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

| Size of Conductor and Material (i) | COST OF LINE (Include in Column (j) Land, Land rights, and clearing right-of-way) | | | EXPENSES, EXCEPT DEPRECIATION AND TAXES | | | | Line No. |
|------------------------------------|---|----------------------------------|----------------|---|--------------------------|-----------|--------------------|----------|
| | Land (j) | Construction and Other Costs (k) | Total Cost (l) | Operation Expenses (m) | Maintenance Expenses (n) | Rents (o) | Total Expenses (p) | |
| | | | | | | | | 1 |
| | | | | | | | | 2 |
| 1 | | | | | | | | 3 |
| 1 | | | | | | | | 4 |
| | 1,088,323 | 10,052,465 | 11,140,788 | | | | | 5 |
| | 1,088,323 | 10,052,465 | 11,140,788 | | | | | 6 |
| | | | | | | | | 7 |
| | | | | | | | | 8 |
| 6 | | | | | | | | 9 |
| 6 | | | | | | | | 10 |
| 6 | | | | | | | | 11 |
| 6 | | | | | | | | 12 |
| 5,6 | | | | | | | | 13 |
| | | | | | | | | 14 |
| | | | | | | | | 15 |
| 6 | | | | | | | | 16 |
| | | | | | | | | 17 |
| 5 | | | | | | | | 18 |
| | | | | | | | | 19 |
| 5 | | | | | | | | 20 |
| 5 | | | | | | | | 21 |
| 7 | | | | | | | | 22 |
| | | | | | | | | 23 |
| 6 | | | | | | | | 24 |
| 6 | | | | | | | | 25 |
| 5,6 | | | | | | | | 26 |
| 5,6 | | | | | | | | 27 |
| 5,6 | | | | | | | | 28 |
| 5 | | | | | | | | 29 |
| 5 | | | | | | | | 30 |
| 5,6 | | | | | | | | 31 |
| 5 | | | | | | | | 32 |
| 5 | | | | | | | | 33 |
| 5,6 | | | | | | | | 34 |
| 6 | | | | | | | | 35 |
| | 46,098,642 | 212,496,334 | 258,594,976 | 49,867 | 6,095,102 | 271,631 | 8,416,600 | 36 |

TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report Lower voltage Lines and higher voltage lines as one line. Designate in a footnote if you do not include Lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and the pole miles of the other line(s) in column (g)
8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of Lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the Line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.
9. Designate any transmission line leased to another company and give name of Lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.
10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

| Size of Conductor and Material (i) | COST OF LINE (Include in Column (j) Land, Land rights, and clearing right-of-way) | | | EXPENSES, EXCEPT DEPRECIATION AND TAXES | | | | Line No. |
|------------------------------------|---|----------------------------------|----------------|---|--------------------------|-----------|--------------------|----------|
| | Land (j) | Construction and Other Costs (k) | Total Cost (l) | Operation Expenses (m) | Maintenance Expenses (n) | Rents (o) | Total Expenses (p) | |
| 5,6 | | | | | | | | 1 |
| 6,7 | | | | | | | | 2 |
| 6 | | | | | | | | 3 |
| | | | | | | | | 4 |
| 5 | | | | | | | | 5 |
| | | | | | | | | 6 |
| | | | | | | | | 7 |
| | 8,791,182 | 48,571,731 | 57,362,913 | | | | | 8 |
| | 8,791,182 | 48,571,731 | 57,362,913 | | | | | 9 |
| | | | | | | | | 10 |
| | | | | 49,867 | 6,095,102 | 271,631 | 6,416,600 | 11 |
| | | | | | | | | 12 |
| | | | | | | | | 13 |
| | | | | | | | | 14 |
| | | | | | | | | 15 |
| | | | | | | | | 16 |
| | | | | | | | | 17 |
| | | | | | | | | 18 |
| | | | | | | | | 19 |
| | | | | | | | | 20 |
| | | | | | | | | 21 |
| | | | | | | | | 22 |
| | | | | | | | | 23 |
| | | | | | | | | 24 |
| | | | | | | | | 25 |
| | | | | | | | | 26 |
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| | | | | | | | | 28 |
| | | | | | | | | 29 |
| | | | | | | | | 30 |
| | | | | | | | | 31 |
| | | | | | | | | 32 |
| | | | | | | | | 33 |
| | | | | | | | | 34 |
| | | | | | | | | 35 |
| | 46,098,642 | 212,496,334 | 258,594,976 | 49,867 | 6,095,102 | 271,631 | 6,416,600 | 36 |

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

TRANSMISSION LINES ADDED DURING YEAR

- Report below the information called for concerning Transmission lines added or altered during the year. It is not necessary to report minor revisions of lines.
- Provide separate subheadings for overhead and under-ground construction and show each transmission line separately. If actual costs of completed construction are not readily available for reporting columns (f) to (g), it is permissible to report in these columns the

| Line No. | LINE DESIGNATION | | Line Length in Miles (c) | SUPPORTING STRUCTURE | | CIRCUITS PER STRUCTURE | |
|----------|-----------------------------|--------|--------------------------|----------------------|------------------------------|------------------------|--------------|
| | From (a) | To (b) | | Type (d) | Average Number per Miles (e) | Present (f) | Ultimate (g) |
| 1 | No new lines added for 2016 | | | | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |
| 8 | | | | | | | |
| 9 | | | | | | | |
| 10 | | | | | | | |
| 11 | | | | | | | |
| 12 | | | | | | | |
| 13 | | | | | | | |
| 14 | | | | | | | |
| 15 | | | | | | | |
| 16 | | | | | | | |
| 17 | | | | | | | |
| 18 | | | | | | | |
| 19 | | | | | | | |
| 20 | | | | | | | |
| 21 | | | | | | | |
| 22 | | | | | | | |
| 23 | | | | | | | |
| 24 | | | | | | | |
| 25 | | | | | | | |
| 26 | | | | | | | |
| 27 | | | | | | | |
| 28 | | | | | | | |
| 29 | | | | | | | |
| 30 | | | | | | | |
| 31 | | | | | | | |
| 32 | | | | | | | |
| 33 | | | | | | | |
| 34 | | | | | | | |
| 35 | | | | | | | |
| 36 | | | | | | | |
| 37 | | | | | | | |
| 38 | | | | | | | |
| 39 | | | | | | | |
| 40 | | | | | | | |
| 41 | | | | | | | |
| 42 | | | | | | | |
| 43 | | | | | | | |
| 44 | TOTAL | | | | | | |

| | | | |
|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

TRANSMISSION LINES ADDED DURING YEAR (Continued)

costs. Designate, however, if estimated amounts are reported. Include costs of Clearing Land and Rights-of-Way, and Roads and Trails, in column (i) with appropriate footnote, and costs of Underground Conduit in column (m).
 3. If design voltage differs from operating voltage, indicate such fact by footnote; also where line is other than 60 cycle, 3 phase, indicate such other characteristic.

| CONDUCTORS | | | Voltage KV (Operating) (k) | LINE COST | | | | | Line No. |
|-------------|----------------------|-------------------------------------|-------------------------------------|--------------------------------|--------------------------------------|----------------------------------|-------------------------------|--------------|-------------|
| Size (h) | Specification (i) | Configuration and Spacing (j) | | Land and Land Rights (l) | Poles, Towers and Fixtures (m) | Conductors and Devices (n) | Asset Retire. Costs (o) | Total (p) | |
| | | | | | | | | | 1 |
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SUBSTATIONS

1. Report below the information called for concerning substations of the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
3. Substations with capacities of Less than 10 MVA except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

| Line No. | Name and Location of Substation (a) | Character of Substation (b) | VOLTAGE (In MVA) | | |
|----------|--|--------------------------------|------------------|------------------|-----------------|
| | | | Primary (c) | Secondary (d) | Tertiary (e) |
| 1 | MARYLAND | | | | |
| 2 | Adamstown | Distribution - U | 34.50 | 12.50 | |
| 3 | Antietam | Distribution - U | 138.00 | 12.50 | |
| 4 | Antietam | Distribution - U | 138.00 | 34.50 | |
| 5 | Aqueduct | Distribution - U | 230.00 | 34.50 | |
| 6 | Ballenger Creek | Distribution - U | | | |
| 7 | Beallsville | Distribution - U | 34.50 | 12.50 | |
| 8 | Bedford Road | Distribution - U | 34.50 | 12.50 | |
| 9 | Black Oak | Transmission - U | 500.00 | 138.00 | |
| 10 | Black Oak | Transmission - U | | | |
| 11 | Black Oak | Transmission - U | | | |
| 12 | Boonsboro | Distribution - U | 138.00 | 34.50 | |
| 13 | Boonsboro | Distribution - U | 230.00 | 138.00 | |
| 14 | Boonsboro | Distribution - U | 34.50 | 12.50 | |
| 15 | Braddock Heights | Distribution - U | 34.50 | 12.50 | |
| 16 | Brunswick | Distribution - U | 34.50 | 12.50 | |
| 17 | Carlos Junction | Distribution - U | 138.00 | 34.50 | |
| 18 | Carroll | Network | 138.00 | 34.50 | |
| 19 | Carroll | Network | 230.00 | 138.00 | |
| 20 | Carroll | Network | 34.50 | 12.50 | |
| 21 | Catoctin | Network | 138.00 | 34.50 | |
| 22 | Catoctin | Network | 34.50 | 12.50 | |
| 23 | Clear Spring | Distribution - U | 34.50 | 12.50 | |
| 24 | Corriganville | Distribution - U | 34.50 | 12.50 | |
| 25 | Coverwood | Distribution - U | 34.50 | 12.50 | |
| 26 | Cresaptown | Distribution - U | 34.50 | 12.50 | |
| 27 | Cumberland | Distribution - U | 138.00 | 34.50 | |
| 28 | Cumberland | Distribution - U | 34.50 | 12.50 | |
| 29 | Damascus | Distribution - U | 230.00 | 12.50 | |
| 30 | Damascus | D-U | 230.00 | 34.50 | |
| 31 | Davis Mill | Distribution - U | 34.50 | 12.50 | |
| 32 | Davis Mill | Distribution - U | | | |
| 33 | Doubs | Transmission - U | 138.00 | 138.00 | |
| 34 | Doubs | Transmission - U | 230.00 | 138.00 | |
| 35 | Doubs | Transmission - U | 500.00 | 230.00 | |
| 36 | Eaglehead | Distribution - U | 230.00 | 12.50 | |
| 37 | East Hagerstown | Distribution - U | 138.00 | 12.50 | |
| 38 | Emmitsburg | Distribution - U | 34.50 | 12.50 | |
| 39 | Fairhill | Distribution - U | 34.50 | 12.50 | |
| 40 | Flintstone | Distribution - U | 34.50 | 12.50 | |

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|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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SUBSTATIONS

1. Report below the information called for concerning substations of the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
3. Substations with capacities of Less than 10 MVa except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

| Line No. | Name and Location of Substation (a) | Character of Substation (b) | VOLTAGE (In MVa) | | |
|----------|--|--------------------------------|------------------|------------------|-----------------|
| | | | Primary (c) | Secondary (d) | Tertiary (e) |
| 1 | Frederick A | Distribution - U | 230.00 | 34.50 | |
| 2 | Frederick A | Distribution - U | 230.00 | 12.50 | |
| 3 | Frederick B | Distribution - U | 34.50 | 4.00 | |
| 4 | Frostburg No. 1 | Distribution - U | 138.00 | 12.50 | |
| 5 | Garrett | Transmission - U | 138.00 | 34.50 | |
| 6 | Garrett | Transmission - U | 138.00 | 12.50 | |
| 7 | General Office | Distribution - U | 34.50 | 12.50 | |
| 8 | Gorman | Distribution - U | 69.00 | 12.50 | |
| 9 | Green Valley | Distribution - U | 34.50 | 12.50 | |
| 10 | Halfway | Distribution - U | 138.00 | 34.50 | |
| 11 | Halfway | Distribution - U | 138.00 | 12.50 | |
| 12 | Hancock | Distribution - U | 34.50 | 12.50 | |
| 13 | Highfield | Distribution - U | 34.50 | 12.50 | |
| 14 | Hoyes | Distribution - U | 34.50 | 12.50 | |
| 15 | Huyetts | Distribution - U | 34.50 | 12.50 | |
| 16 | Jefferson | Distribution - U | 34.50 | 12.50 | |
| 17 | Jennings | Distribution - U | 34.50 | 12.50 | |
| 18 | Jennings | Distribution - U | 138.00 | 34.50 | |
| 19 | Key Mall | Distribution - U | 34.50 | 12.50 | |
| 20 | Lappans | Distribution - U | 34.50 | 12.50 | |
| 21 | Lavale | Distribution - U | 34.50 | 12.50 | |
| 22 | Legore | Distribution - U | 34.50 | 12.50 | |
| 23 | Lime Kiln | Distribution - U | 230.00 | 12.50 | |
| 24 | Lime Kiln | Distribution - U | 230.00 | 34.50 | |
| 25 | Lonaconing | Distribution - U | 34.50 | 12.50 | |
| 26 | Maple Avenue | Distribution - U | 34.50 | 12.50 | |
| 27 | McCain | Distribution - U | 230.00 | 12.50 | |
| 28 | McCain | Distribution - U | 230.00 | 34.50 | |
| 29 | Messick Road | Distribution - U | 138.00 | 12.50 | |
| 30 | Middletown - MD | Distribution - U | 34.50 | 12.50 | |
| 31 | Monocacy | Network | 138.00 | 34.50 | |
| 32 | Monocacy | Network | 230.00 | 12.50 | |
| 33 | Monocacy | Network | 230.00 | 138.00 | |
| 34 | Montgomery | Distribution - U | 230.00 | 12.50 | |
| 35 | Montgomery | Distribution - U | | | |
| 36 | Montgomery | Distribution - U | 230.00 | 34.50 | |
| 37 | Mount Airy | Network | 230.00 | 12.50 | |
| 38 | Mount Airy | Network | 230.00 | 34.50 | |
| 39 | Mt. Lena | Distribution - U | 34.50 | 12.50 | |
| 40 | Mt. Zion | Distribution - U | 138.00 | 34.50 | |

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| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
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SUBSTATIONS

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2. Substations which serve only one industrial or street railway customer should not be listed below.
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4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

| Line No. | Name and Location of Substation (a) | Character of Substation (b) | VOLTAGE (In MVA) | | |
|----------|--|--------------------------------|------------------|------------------|-----------------|
| | | | Primary (c) | Secondary (d) | Tertiary (e) |
| 1 | Myersville | Distribution - U | 34.50 | 12.50 | |
| 2 | New Market | Distribution - U | 230.00 | 12.50 | |
| 3 | Oak Park | Distribution - U | 138.00 | 12.50 | |
| 4 | Old Farm | Distribution - U | 230.00 | 12.50 | |
| 5 | Paramount | Distribution - U | 34.50 | 12.50 | |
| 6 | Paramount #1 | Distribution - U | 138.00 | 12.50 | |
| 7 | Petersville | Distribution - U | 34.50 | 12.50 | |
| 8 | Pittsburgh Plate Glass-Md. | Distribution - U | 34.50 | 12.50 | |
| 9 | Plaza | Distribution - U | 34.50 | 12.50 | |
| 10 | Reid | Network | 138.00 | 34.50 | |
| 11 | Ridgeville | Distribution - U | 34.50 | 12.50 | |
| 12 | Ringgold | Network | 138.00 | 12.50 | |
| 13 | Ringgold | Network | 230.00 | 138.00 | |
| 14 | Sharpsburg | Distribution - U | 34.50 | 12.50 | |
| 15 | Showalter | Distribution - U | 34.50 | 12.50 | |
| 16 | South Frederick | Distribution - U | 34.50 | 12.50 | |
| 17 | Taneytown No. , 1 | Transmission | 138.00 | 12.50 | |
| 18 | Taneytown No. 2 | Distribution - U | 34.50 | 12.50 | |
| 19 | Thayerville | Distribution - U | 34.50 | 12.50 | |
| 20 | Thomas Street | Distribution - U | 34.50 | 12.50 | |
| 21 | Unionville | Distribution - U | 34.50 | 12.50 | |
| 22 | Urbana | Distribution - U | 34.50 | 12.50 | |
| 23 | Walkersville | Distribution - U | 138.00 | 12.50 | |
| 24 | West Frederick | Distribution - U | 34.50 | 12.50 | |
| 25 | Westernport | Distribution - U | 34.50 | 12.50 | |
| 26 | Williamsport | Distribution - U | 34.50 | 12.50 | |
| 27 | Williamsport | Distribution - U | 34.50 | 4.00 | |
| 28 | Yellow Springs | Distribution - U | 34.50 | 12.50 | |
| 29 | Wilson - MD | Distribution - U | 34.50 | 12.50 | |
| 30 | Subtotal | | 11304.00 | 2784.50 | |
| 31 | | | | | |
| 32 | | | | | |
| 33 | | | | | |
| 34 | | | | | |
| 35 | | | | | |
| 36 | VIRGINIA | | | | |
| 37 | Double Toll Gate | Transmission - U | | | |
| 38 | Meadowbrook | Transmission - U | 500.00 | 138.00 | |
| 39 | Meadowbrook | Transmission - U | | | |
| 40 | Riverton | Transmission - U | | | |

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SUBSTATIONS

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| Line No. | Name and Location of Substation (a) | Character of Substation (b) | VOLTAGE (In MVa) | | |
|----------|--|--------------------------------|------------------|------------------|-----------------|
| | | | Primary (c) | Secondary (d) | Tertiary (e) |
| 1 | Strasburg | Transmission - U | | | |
| 2 | Subtotal | | 500.00 | 138.00 | |
| 3 | | | | | |
| 4 | Virginia 1 Stations | | | | |
| 5 | | | | | |
| 6 | Subtotal | | | | |
| 7 | | | | | |
| 8 | WEST VIRGINIA | | | | |
| 9 | Baker | Distribution - U | 34.50 | 12.50 | |
| 10 | Baker | Distribution - U | 138.00 | 34.50 | |
| 11 | Bardane | Distribution - U | 34.50 | 12.50 | |
| 12 | Bedington | Transmission - U | 500.00 | 138.00 | |
| 13 | Bedington | Transmission - U | | | |
| 14 | Bedington | Transmission - U | | | |
| 15 | Berkeley Springs | Distribution - U | 34.50 | 12.50 | |
| 16 | Bolivar | Distribution - U | 34.50 | 12.50 | |
| 17 | Capon Bridge | Distribution - U | 34.50 | 12.50 | |
| 18 | Charles Town | Distribution - U | 34.50 | 12.50 | |
| 19 | Cherry Run - Martinsburg | Network | 34.50 | 12.50 | |
| 20 | Cherry Run - Martinsburg | Network | 138.00 | 34.50 | |
| 21 | Eagle | Distribution - U | 138.00 | 12.50 | |
| 22 | Eagle | Distribution - U | 138.00 | 34.50 | |
| 23 | East Charles Town | Distribution - U | 34.50 | 12.50 | |
| 24 | Feagans Mills | Distribution - U | 138.00 | 12.50 | |
| 25 | Frenchs Mill | Distribution - U | 138.00 | 34.50 | |
| 26 | General Motors | Distribution - U | 34.50 | 12.50 | |
| 27 | Hardy | Distribution - U | 138.00 | 12.50 | |
| 28 | Hardy | Distribution - U | 138.00 | 34.50 | |
| 29 | Inwood | Distribution - U | 138.00 | 12.50 | |
| 30 | Inwood | Distribution - U | 138.00 | 34.50 | |
| 31 | Junction | Network | 34.50 | 12.50 | |
| 32 | Junction | Network | 138.00 | 34.50 | |
| 33 | Kearneysville | Distribution - U | 138.00 | 12.50 | |
| 34 | Kearneysville | Distribution - U | 138.00 | 34.50 | |
| 35 | Keyser | Distribution - U | 34.50 | 12.50 | |
| 36 | Maidstone | Distribution - U | 34.50 | 12.50 | |
| 37 | Marlowe | Transmission - U | 138.00 | 34.50 | |
| 38 | Martinsburg | Distribution - U | 34.50 | 12.50 | |
| 39 | Martnsburg | Distribution -U | 34.50 | 4.00 | |
| 40 | Middleway | Distribution - U | 34.50 | 12.50 | |

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|--|---|---------------------------------------|---|

SUBSTATIONS

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| Line No. | Name and Location of Substation (a) | Character of Substation (b) | VOLTAGE (In MVa) | | |
|----------|--|--------------------------------|------------------|------------------|-----------------|
| | | | Primary (c) | Secondary (d) | Tertiary (e) |
| 1 | Millville | Transmission - U | 34.50 | 12.50 | |
| 2 | Millville | Transmission - U | 138.00 | 34.50 | |
| 3 | Moorefield | Distribution - U | 34.50 | 25.00 | |
| 4 | Morgan | Distribution - U | 138.00 | 34.50 | |
| 5 | Nipetown | Distribution - U | 138.00 | 12.50 | |
| 6 | Nipetown | Distribution - U | 138.00 | 34.50 | |
| 7 | North Martinsburg | Distribution - U | 34.50 | 12.50 | |
| 8 | North Petersburg | Distribution - U | 138.00 | 34.50 | |
| 9 | Opequon | Distribution - U | 138.00 | 12.50 | |
| 10 | Opequon | Distribution - U | 138.00 | 34.50 | |
| 11 | Parr Run | Distribution - U | 138.00 | 12.50 | |
| 12 | Parr Run | Distribution - U | 138.00 | 34.50 | |
| 13 | Petersburg | Distribution - U | 34.50 | 12.50 | |
| 14 | Ridgeley | Transmission - U | 138.00 | 34.50 | |
| 15 | Ridgeley | Transmission - U | 34.50 | 12.50 | |
| 16 | Ridgeley | Transmission - U | | | |
| 17 | Romney | Distribution - U | 34.50 | 12.50 | |
| 18 | Shephardstown | Distribution - U | 138.00 | 12.50 | |
| 19 | Short Gap No 1 | Distribution - U | 138.00 | 12.50 | |
| 20 | Short Gap No. 1 | Distribution - U | 138.00 | 34.50 | |
| 21 | Sleepy Hollow | Distribution - U | 138.00 | 12.50 | |
| 22 | Sleepy Hollow | Distribution - U | 138.00 | 12.50 | |
| 23 | South Martinsburg | Distribution - U | 34.50 | 12.50 | |
| 24 | Spring Mills-SW | Distribution - U | 34.50 | 12.50 | |
| 25 | Standard Lime/Cement Martin | Distribution - U | | | |
| 26 | Tabler | Distribution - U | 34.50 | 12.50 | |
| 27 | Wardensville | Distribution - U | 34.50 | 12.50 | |
| 28 | West Martinsburg | Distribution - U | 34.50 | 12.50 | |
| 29 | Subtotal | | 5399.00 | 1203.50 | |
| 30 | | | | | |
| 31 | West Virginia 7 Stations | Distribution - U | | | |
| 32 | Subtotal | | | | |
| 33 | | | | | |
| 34 | | | | | |
| 35 | TOTAL | | 17203.00 | 4126.00 | |
| 36 | | | | | |
| 37 | | | | | |
| 38 | | | | | |
| 39 | | | | | |
| 40 | | | | | |

SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

| Capacity of Substation (In Service) (In MVa) (f) | Number of Transformers In Service (g) | Number of Spare Transformers (h) | CONVERSION APPARATUS AND SPECIAL EQUIPMENT | | | Line No. |
|--|---|--|--|------------------------|-----------------------------------|-------------|
| | | | Type of Equipment (i) | Number of Units (j) | Total Capacity (In MVa) (k) | |
| | | | | | | 1 |
| 11 | 1 | | | | | 2 |
| 56 | 2 | | Capacitor-34.5KV | 1 | 12,000 | 3 |
| 179 | 2 | | | | | 4 |
| 39 | 1 | | Capacitor-34.5KV | 1 | 12,000 | 5 |
| | | | Capacitor-34.5kv | 1 | 12,000 | 6 |
| 21 | 2 | | | | | 7 |
| 11 | 1 | | Capacitor-34.5KV | 1 | 6,000 | 8 |
| 392 | 1 | | Capacitor-138KV | 1 | 48,000 | 9 |
| | | | Capacitor-500KV | 1 | 216,000 | 10 |
| | | | Capacitor-500KV | 1 | 216,000 | 11 |
| 134 | 2 | | Capacitor-34.5KV | 1 | 12,000 | 12 |
| 224 | 1 | | | | | 13 |
| 21 | 2 | 1 | | | | 14 |
| 21 | 2 | | | | | 15 |
| 21 | 2 | | | | | 16 |
| 25 | 1 | | | | | 17 |
| 90 | 2 | | Capacitor-34.5KV | 1 | 12,000 | 18 |
| 200 | 1 | | Capacitor-138KV | 1 | 48,000 | 19 |
| 21 | 2 | | | | | 20 |
| 134 | 2 | | Capacitor-34.5KV | 1 | 12,000 | 21 |
| 11 | 1 | | | | | 22 |
| 11 | 1 | | | | | 23 |
| 11 | 1 | | | | | 24 |
| 11 | 1 | | | | | 25 |
| 21 | 2 | | | | | 26 |
| 90 | 1 | | Capacitor-138KV | 1 | 23,400 | 27 |
| 21 | 2 | | | | | 28 |
| 134 | 3 | | | | | 29 |
| 90 | 1 | | | | | 30 |
| 11 | 1 | | Capacitor-34.5KV | 1 | 12,000 | 31 |
| | | | Capacitor-34.5KV | 1 | 12,000 | 32 |
| 200 | 1 | | Capacitor-230KV | 1 | 107,000 | 33 |
| 200 | 1 | 3 | Capacitor-230KV | 1 | 107,000 | 34 |
| 2240 | 4 | 1 | Capacitor-500KV | 1 | 326,400 | 35 |
| 67 | 2 | | | | | 36 |
| 56 | 2 | | | | | 37 |
| 21 | 2 | | | | | 38 |
| 113 | 4 | | | | | 39 |
| 11 | 1 | | | | | 40 |

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|--|---|---------------------------------------|---|

SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

| Capacity of Substation (In Service) (In MVA) (f) | Number of Transformers In Service (g) | Number of Spare Transformers (h) | CONVERSION APPARATUS AND SPECIAL EQUIPMENT | | | Line No. |
|--|---|--|--|------------------------|-----------------------------------|-------------|
| | | | Type of Equipment (i) | Number of Units (j) | Total Capacity (In MVA) (k) | |
| 90 | 1 | | | | | 1 |
| 90 | 2 | | Capacitor - 34.5kv | 1 | 12,000 | 2 |
| 21 | 2 | | | | | 3 |
| 67 | 2 | | | | | 4 |
| 39 | 1 | | | | | 5 |
| 34 | 1 | | Capacitor - 34.5kv | 1 | 6,000 | 6 |
| 45 | 2 | | | | | 7 |
| 11 | 1 | | | | | 8 |
| 21 | 2 | | Capacitor-34.5KV | 1 | 4,800 | 9 |
| 67 | 1 | | | | | 10 |
| 101 | 3 | | | | | 11 |
| 21 | 2 | | Capacitor-34.5KV | 1 | 6,000 | 12 |
| 35 | 1 | | | | | 13 |
| 15 | 2 | | | | | 14 |
| 11 | 1 | | | | | 15 |
| 11 | 1 | | | | | 16 |
| 11 | 1 | | | | | 17 |
| 28 | 1 | | | | | 18 |
| 32 | 3 | | | | | 19 |
| 21 | 2 | | | | | 20 |
| 21 | 2 | | | | | 21 |
| 21 | 2 | | | | | 22 |
| 90 | 2 | 1 | Capacitor-34.5KV | 1 | 12,000 | 23 |
| 90 | 1 | | | | | 24 |
| 11 | 1 | | | | | 25 |
| 21 | 2 | | Capacitor-34.5KV | 1 | 15,000 | 26 |
| 135 | 3 | | Capacitor-34.5KV | 1 | 12,000 | 27 |
| 90 | 1 | | | | | 28 |
| 45 | 2 | | | | | 29 |
| 21 | 2 | | | | | 30 |
| 67 | 1 | | Capacitor-34.5KV | 1 | 12,000 | 31 |
| 101 | 3 | | Capacitor-138KV | 1 | 33,600 | 32 |
| 224 | 1 | | | | | 33 |
| 90 | 2 | | Capacitor-34.5 KV | 1 | 12,000 | 34 |
| | | | Capacitor-230KV | 1 | 84,000 | 35 |
| 179 | 2 | | Capacitor-34.5KV | 1 | 12,000 | 36 |
| 101 | 3 | | Capacitor-34.5KV | 1 | 12,000 | 37 |
| 39 | 1 | | Capacitor-34.5KV | 1 | 12,000 | 38 |
| 11 | 1 | | | | | 39 |
| 11 | 1 | | | | | 40 |

SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

| Capacity of Substation (In Service) (In MVA) (f) | Number of Transformers In Service (g) | Number of Spare Transformers (h) | CONVERSION APPARATUS AND SPECIAL EQUIPMENT | | | Line No. |
|--|---|--|--|------------------------|-----------------------------------|-------------|
| | | | Type of Equipment (i) | Number of Units (j) | Total Capacity (In MVA) (k) | |
| 21 | 2 | | | | | 1 |
| 67 | 2 | | | | | 2 |
| 56 | 2 | | | | | 3 |
| 34 | 1 | | | | | 4 |
| 11 | 1 | | | | | 5 |
| 35 | 1 | | | | | 6 |
| 21 | 2 | | | | | 7 |
| 21 | 2 | | | | | 8 |
| 11 | 1 | | | | | 9 |
| 134 | 2 | | Capacitor-34.5KV | 1 | 12,000 | 10 |
| 21 | 2 | | | | | 11 |
| 45 | 2 | | Capacitor-138KV | 1 | 72,000 | 12 |
| 424 | 2 | | | | | 13 |
| 21 | 2 | | | | | 14 |
| 21 | 2 | | | | | 15 |
| 21 | 2 | | | | | 16 |
| 34 | 1 | | | | | 17 |
| 10 | 1 | | Capacitor-34.5KV | 1 | 7,800 | 18 |
| 21 | 2 | | | | | 19 |
| 28 | 3 | | | | | 20 |
| 21 | 2 | | | | | 21 |
| 33 | 2 | | Capacitor-34.5KV | 1 | 7,800 | 22 |
| 45 | 2 | | | | | 23 |
| 32 | 3 | | | | | 24 |
| 12 | 2 | | Capacitor-34.5KV | 1 | 6,000 | 25 |
| 11 | 1 | | | | | 26 |
| 6 | 1 | | | | | 27 |
| 21 | 2 | | | | | 28 |
| 11 | 1 | | | | | 29 |
| 8307 | 174 | 6 | | 36 | 1,544,800 | 30 |
| | | | | | | 31 |
| | | | | | | 32 |
| | | | | | | 33 |
| | | | | | | 34 |
| | | | | | | 35 |
| | | | | | | 36 |
| | | | Capacitor - 138kv | 1 | 23,400 | 37 |
| 1176 | 3 | 1 | Capacitor-138kv | 1 | 48,000 | 38 |
| | | | Capacitor-500kv | 1 | 266,000 | 39 |
| | | | Capacitor - 138kv | 1 | 31,200 | 40 |

SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

| Capacity of Substation (In Service) (In MVA) (f) | Number of Transformers In Service (g) | Number of Spare Transformers (h) | CONVERSION APPARATUS AND SPECIAL EQUIPMENT | | | Line No. |
|--|--|---|--|------------------------|-----------------------------------|-------------|
| | | | Type of Equipment (i) | Number of Units (j) | Total Capacity (In MVA) (k) | |
| | | | Capacitor - 138kv | 1 | 27,000 | 1 |
| 1176 | 3 | 1 | | 5 | 395,600 | 2 |
| | | | | | | 3 |
| 5 | | | | | | 4 |
| | | | | | | 5 |
| 5 | | | | | | 6 |
| | | | | | | 7 |
| | | | | | | 8 |
| 21 | 2 | | | | | 9 |
| 39 | 1 | | Capacitor - 34.5 KV | 1 | 9,000 | 10 |
| 21 | 2 | | | | | 11 |
| 1050 | 3 | | Capacitor-138KV | 1 | 48,000 | 12 |
| | | | Capacitor-500KV | 1 | 216,000 | 13 |
| | | | Capacitor-500KV | 1 | 216,000 | 14 |
| 21 | 2 | | Capacitor-34.5KV | 1 | 6,000 | 15 |
| 11 | 1 | | | | | 16 |
| 12 | 2 | | | | | 17 |
| 21 | 2 | | Capacitor-34.5KV | 1 | 9,000 | 18 |
| 5 | 1 | | | | | 19 |
| 39 | 1 | | | | | 20 |
| 57 | 2 | | | | | 21 |
| 67 | 1 | | | | | 22 |
| 11 | 1 | | | | | 23 |
| 56 | 2 | | | | | 24 |
| 64 | 2 | | Capacitor-34.5KV | 1 | 9,600 | 25 |
| 12 | 2 | | | | | 26 |
| 35 | 1 | | Capacitor- 34.5 KV | 1 | 6,000 | 27 |
| 64 | 2 | | Capacitor-138kv | 1 | 20,800 | 28 |
| 67 | 2 | | | | | 29 |
| 39 | 1 | | | | | 30 |
| 5 | 1 | | | | | 31 |
| 25 | 1 | | Capacitor-34.5KV | 1 | 6,000 | 32 |
| 34 | 1 | | | 0 | | 33 |
| 67 | 1 | | Capacitor- 34.5kv | 1 | 12,000 | 34 |
| 14 | 2 | | | | | 35 |
| 21 | 2 | | Capacitor-34.5KV | 1 | 6,000 | 36 |
| 150 | 2 | | Capacitor-138KV | 1 | 48,000 | 37 |
| 11 | 1 | | | | | 38 |
| 7 | 1 | | | | | 39 |
| 21 | 2 | | Capacitor-34.5KV | 1 | 6,000 | 40 |

SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

| Capacity of Substation (In Service) (In MVa) (f) | Number of Transformers In Service (g) | Number of Spare Transformers (h) | CONVERSION APPARATUS AND SPECIAL EQUIPMENT | | | Line No. |
|--|--|---|--|------------------------|-----------------------------------|-------------|
| | | | Type of Equipment (i) | Number of Units (j) | Total Capacity (In MVa) (k) | |
| 21 | 2 | | Capacitor-34.5kv | 1 | 12,000 | 1 |
| 157 | 2 | | Capacitor-138kv | 1 | 48,000 | 2 |
| 10 | 1 | | | | | 3 |
| 64 | 2 | | | | | 4 |
| 69 | 2 | | | | | 5 |
| 67 | 1 | | | | | 6 |
| 21 | 2 | | | | | 7 |
| 78 | 2 | | Capacitor-34.5KV | 1 | 6,000 | 8 |
| 67 | 2 | | Capacitor-34.5KV | 1 | 12,000 | 9 |
| 134 | 2 | | Capacitor-34.5KV | 1 | 12,000 | 10 |
| 34 | 1 | | Capacitor-34.5kv | 1 | 12,000 | 11 |
| 39 | 1 | | | | | 12 |
| 21 | 2 | | | | | 13 |
| 134 | 2 | | Capacitor-34.5KV | 1 | 12,000 | 14 |
| 5 | 1 | | Capacitor- 34.5KV | 1 | 12,000 | 15 |
| | | | Capacitor - 138KV | 1 | 20,400 | 16 |
| 15 | 2 | | Capacitor - 34.5kv | 1 | 4,200 | 17 |
| 67 | 2 | | | | | 18 |
| 22 | 1 | | | | | 19 |
| 39 | 1 | | | | | 20 |
| 57 | 2 | | | | | 21 |
| 67 | 1 | | | | | 22 |
| 21 | 2 | | | | | 23 |
| 14 | 2 | | | | | 24 |
| | | | Capacitor-34.5KV | 1 | 9,000 | 25 |
| 21 | 2 | | Capacitor - 34.5 | 1 | 12,000 | 26 |
| 11 | 1 | | | | | 27 |
| 21 | 2 | | Capacitors-34.5KV | 1 | 6,000 | 28 |
| 3343 | 90 | | | 27 | 796,000 | 29 |
| | | | | | | 30 |
| 55 | | | | | | 31 |
| 55 | | | | | | 32 |
| | | | | | | 33 |
| | | | | | | 34 |
| 12886 | 267 | 7 | | 68 | 2,736,400 | 35 |
| | | | | | | 36 |
| | | | | | | 37 |
| | | | | | | 38 |
| | | | | | | 39 |
| | | | | | | 40 |

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|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

TRANSACTIONS WITH ASSOCIATED (AFFILIATED) COMPANIES

- Report below the information called for concerning all non-power goods or services received from or provided to associated (affiliated) companies.
- The reporting threshold for reporting purposes is \$250,000. The threshold applies to the annual amount billed to the respondent or billed to an associated/affiliated company for non-power goods and services. The good or service must be specific in nature. Respondents should not attempt to include or aggregate amounts in a nonspecific category such as "general".
- Where amounts billed to or received from the associated (affiliated) company are based on an allocation process, explain in a footnote.

| Line No. | Description of the Non-Power Good or Service (a) | Name of Associated/Affiliated Company (b) | Account Charged or Credited (c) | Amount Charged or Credited (d) |
|----------|---|---|---------------------------------|--------------------------------|
| 1 | Non-power Goods or Services Provided by Affiliated | | | |
| 2 | Provide Chairman of the Board Support | FirstEnergy Service Co. | Various | 66 |
| 3 | Provide Chief Executive Officer Support | FirstEnergy Service Co. | Various | 92,549 |
| 4 | Provide President of FirstEnergy Utilities Support | FirstEnergy Service Co. | Various | 149,653 |
| 5 | Provide Transmission & Distribution Support | FirstEnergy Service Co. | Various | 12,711,755 |
| 6 | Provide Utility Operations Support | FirstEnergy Service Co. | Various | 57,723 |
| 7 | Provide Compliance & Regulated Services Support | FirstEnergy Service Co. | Various | 841,927 |
| 8 | Provide Customer Service Support | FirstEnergy Service Co. | Various | 4,695,306 |
| 9 | Provide Energy Efficiency Support | FirstEnergy Service Co. | Various | 1,526,698 |
| 10 | Provide Environmental Support | FirstEnergy Service Co. | Various | 177,092 |
| 11 | Provide Chief Financial Officer & Strategic | | | |
| 12 | Planning & Operations Support | FirstEnergy Service Co. | Various | 38,905 |
| 13 | Provide Corporate Services & | | | |
| 14 | Chief Information Officer Support | FirstEnergy Service Co. | Various | 5,583,507 |
| 15 | Provide Supply Chain Support | FirstEnergy Service Co. | Various | 207,111 |
| 16 | Provide Accounting Support | FirstEnergy Service Co. | Various | 2,779,824 |
| 17 | Provide Treasury Support | FirstEnergy Service Co. | Various | 146,508 |
| 18 | Provide Business Development Support | FirstEnergy Service Co. | Various | 77,025 |
| 19 | Provide Integrated System Planning Support | FirstEnergy Service Co. | Various | 66,133 |
| 20 | Non-power Goods or Services Provided for Affiliate | | | |
| 21 | | | | |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
| 28 | | | | |
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|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

TRANSACTIONS WITH ASSOCIATED (AFFILIATED) COMPANIES

1. Report below the information called for concerning all non-power goods or services received from or provided to associated (affiliated) companies.
2. The reporting threshold for reporting purposes is \$250,000. The threshold applies to the annual amount billed to the respondent or billed to an associated/affiliated company for non-power goods and services. The good or service must be specific in nature. Respondents should not attempt to include or aggregate amounts in a nonspecific category such as "general".
3. Where amounts billed to or received from the associated (affiliated) company are based on an allocation process, explain in a footnote.

| Line No. | Description of the Non-Power Good or Service (a) | Name of Associated/Affiliated Company (b) | Account Charged or Credited (c) | Amount Charged or Credited (d) |
|----------|---|---|---------------------------------|--------------------------------|
| 1 | Non-power Goods or Services Provided by Affiliated | | | |
| 2 | Provide Corporate Risk Support | FirstEnergy Service Co. | Various | 268,513 |
| 3 | Provide Internal Audit Support | FirstEnergy Service Co. | Various | 137,951 |
| 4 | Provide Legal Department Support | FirstEnergy Service Co. | Various | 1,532,083 |
| 5 | Provide Rates & Regulatory Affairs Support | FirstEnergy Service Co. | Various | 981,628 |
| 6 | Provide Corp/Real Estate,Record Management Support | FirstEnergy Service Co. | Various | 837,253 |
| 7 | Provide Corporate Affairs Support | FirstEnergy Service Co. | Various | 464,987 |
| 8 | Provide External Affairs & Communication Support | FirstEnergy Service Co. | Various | 1,341,331 |
| 9 | Provide Federal Affairs & Energy Policy Support | FirstEnergy Service Co. | Various | 147,003 |
| 10 | Provide Local Affairs & | | | |
| 11 | Economic Development Support | FirstEnergy Service Co. | Various | 67,588 |
| 12 | Provide State Affairs Support | FirstEnergy Service Co. | Various | 119,742 |
| 13 | Provide Human Resources Support | FirstEnergy Service Co. | Various | 5,348,011 |
| 14 | Provide Marketing & Branding Support | FirstEnergy Service Co. | Various | 114,317 |
| 15 | Interest Income - Carrying Charges on | | | |
| 16 | Service Company Assets | FirstEnergy Service Co. | 419 | -1,639,679 |
| 17 | Interest Expense - Regulated Money Pool | FirstEnergy Corp. | 430 | 335,287 |
| 18 | | | | |
| 19 | | | | |
| 20 | Non-power Goods or Services Provided for Affiliate | | | |
| 21 | | | | |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
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|--|---|---------------------------------------|---|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|---------------------------------------|---|

TRANSACTIONS WITH ASSOCIATED (AFFILIATED) COMPANIES

- Report below the information called for concerning all non-power goods or services received from or provided to associated (affiliated) companies.
- The reporting threshold for reporting purposes is \$250,000. The threshold applies to the annual amount billed to the respondent or billed to an associated/affiliated company for non-power goods and services. The good or service must be specific in nature. Respondents should not attempt to include or aggregate amounts in a nonspecific category such as "general".
- Where amounts billed to or received from the associated (affiliated) company are based on an allocation process, explain in a footnote.

| Line No. | Description of the Non-Power Good or Service (a) | Name of Associated/Affiliated Company (b) | Account Charged or Credited (c) | Amount Charged or Credited (d) |
|----------|---|---|---------------------------------|--------------------------------|
| 1 | Non-power Goods or Services Provided by Affiliated | | | |
| 2 | Rent - Monongahela Power Headquarter Facility | TrAIL | 588 | 1,285,920 |
| 3 | Rent - Greensburg Corporate Center | West Penn Power | 588 | 949,506 |
| 4 | | | | |
| 5 | Allocation Factors | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
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| 12 | | | | |
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| 14 | | | | |
| 15 | | | | |
| 16 | | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | Non-power Goods or Services Provided for Affiliate | | | |
| 21 | | | | |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
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| 42 | | | | |

| | | | |
|--|---|---------------------------------------|----------------------------------|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2016/Q4 |
| FOOTNOTE DATA | | | |

Schedule Page: 429 Line No.: 2 Column: c

| | Account | | Amount |
|--|---------|----|--------|
| Provide Chairman of the Board Support Cost Allocation Factors Used - MA | 923 | \$ | 66 |

Schedule Page: 429 Line No.: 3 Column: c

| | Account | | Amount |
|--|---------|----|--------|
| Provide Chief Executive Officer Support Cost Allocation Factors Used - MA | 923 | \$ | 92,549 |

Schedule Page: 429 Line No.: 4 Column: c

| | Account | | Amount |
|---|---------|----|---------|
| Provide President of FirstEnergy Utilities Support Cost Allocation Factors Used - MU | 923 | \$ | 149,653 |

Schedule Page: 429 Line No.: 5 Column: c

| | Account | | Amount |
|--|---------|----|------------|
| Provide Transmission & Distribution Support Cost Allocation Factors Used - Direct, MU, ST, TX | 560 | \$ | 42,161 |
| | 561 | | 648,426 |
| | 561.5 | | 52,511 |
| | 566 | | 7,903 |
| | 568 | | 172,294 |
| | 571 | | 125,973 |
| | 581 | | 2,367,569 |
| | 586 | | 237,905 |
| | 588 | | 3,063,714 |
| | 590 | | 948,541 |
| | 905 | | 424,392 |
| | 923 | | 98,891 |
| | 107 | | 3,954,478 |
| | 108 | | 519,648 |
| | 185 | | 4,638 |
| | 186 | | 42,570 |
| | 188 | | 141 |
| | | \$ | 12,711,755 |

Schedule Page: 429 Line No.: 6 Column: c

| | Account | | Amount |
|---|---------|----|--------|
| Provide Utility Operations Support Cost Allocation Factors Used - Direct, MU | 588 | \$ | 46,166 |
| | 905 | | 11,516 |
| | 107 | | 29 |
| | 108 | | 12 |
| | | \$ | 57,723 |

Schedule Page: 429 Line No.: 7 Column: c

| | Account | | Amount |
|--|---------|----|---------|
| Provide Compliance & Regulated Services Support Cost Allocation Factors Used - Direct, MT, MU, TX | 568 | \$ | 575,886 |
| | 923 | | 234,108 |
| | 107 | | 31,899 |
| | 108 | | 34 |
| | | \$ | 841,927 |

| | | | |
|--|---|---------------------------------------|----------------------------------|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2016/Q4 |
| FOOTNOTE DATA | | | |

Schedule Page: 429 Line No.: 8 Column: c

| | Account | | Amount |
|---|---------|----|-----------|
| Provide Customer Service Support | 902 | \$ | 54,596 |
| Cost Allocation Factors Used - Direct, CR, MU | 903 | | 1,385,573 |
| | 910 | | 2,479,047 |
| | 923 | | 650,182 |
| | 107 | | 125,908 |
| | | \$ | 4,695,306 |

Schedule Page: 429 Line No.: 9 Column: c

| | Account | | Amount |
|---------------------------------------|---------|----|-----------|
| Provide Energy Efficiency Support | 903 | \$ | 187,210 |
| Cost Allocation Factors Used - CR, MU | 923 | | 1,335,048 |
| | 107 | | 2,253 |
| | 108 | | 2,187 |
| | | \$ | 1,526,698 |

Schedule Page: 429 Line No.: 10 Column: c

| | Account | | Amount |
|--|---------|----|---------|
| Provide Environmental Support | 570 | \$ | 319 |
| Cost Allocation Factors Used - Direct, ENV, MT, MU | 571 | | 923 |
| | 592 | | 560 |
| | 593 | | 3,726 |
| | 923 | | 137,371 |
| | 107 | | 31,843 |
| | 108 | | 2,350 |
| | | \$ | 177,092 |

Schedule Page: 429 Line No.: 12 Column: c

| | Account | | Amount |
|---|---------|----|--------|
| Provide Chief Financial Officer & Strategic Planning & Oper Support | 923 | \$ | 38,905 |
| Cost Allocation Factors Used - MA | | | |

Schedule Page: 429 Line No.: 14 Column: c

| | Account | | Amount |
|--|---------|----|-----------|
| Provide Corporate Services & Chief Information Officer Support | 566 | \$ | 2 |
| Cost Allocation Factors Used - Direct, CR, DW, GUS, | 569.1 | | 1,534 |
| MA, MT, MU, NIS, NS | 569.2 | | 9,481 |
| PV, SSC, TX, WS | 569.3 | | 12 |
| | 588 | | 10 |
| | 598 | | 68,662 |
| | 903 | | 639,731 |
| | 923 | | 4,059,774 |
| | 107 | | 785,931 |
| | 108 | | 18,209 |
| | 188 | | 161 |
| | | \$ | 5,583,507 |

Schedule Page: 429 Line No.: 15 Column: c

| | Account | | Amount |
|---|---------|----|---------|
| Provide Supply Chain Support | 923 | \$ | 172,656 |
| Cost Allocation Factors Used - MA, MT, MU | 107 | | 31,744 |
| | 108 | | 2,711 |
| | | \$ | 207,111 |

| | | | |
|--|---|---------------------------------------|----------------------------------|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2016/Q4 |
| FOOTNOTE DATA | | | |

Schedule Page: 429 Line No.: 16 Column: c

| | Account | | Amount |
|---|---------|----|------------------|
| Provide Accounting Support | 416 | \$ | 1,677 |
| Cost Allocation Factors Used - Direct, HC, MA, MT, MU, PE | 426.5 | | 6,964 |
| | 560 | | 1,261 |
| | 561 | | 33,503 |
| | 561.5 | | 2,514 |
| | 566 | | 347 |
| | 568 | | 23,881 |
| | 571 | | 6,667 |
| | 581 | | 120,963 |
| | 586 | | 12,351 |
| | 588 | | 114,519 |
| | 590 | | 44,059 |
| | 902 | | 1,825 |
| | 903 | | 82,773 |
| | 905 | | 9,455 |
| | 910 | | 95,135 |
| | 911 | | 1,597 |
| | 923 | | 2,204,428 |
| | 107 | | 15,724 |
| | 108 | | 181 |
| | | \$ | <u>2,779,824</u> |

Schedule Page: 429 Line No.: 17 Column: c

| | Account | | Amount |
|---|---------|----|--------------|
| Provide Treasury Support | 923 | \$ | 145,490 |
| Cost Allocation Factors Used - MA, MU, PE | 107 | | <u>1,018</u> |
| | | \$ | 146,508 |

Schedule Page: 429 Line No.: 18 Column: c

| | Account | | Amount |
|--------------------------------------|---------|----|--------|
| Provide Business Development Support | 923 | \$ | 77,025 |
| Cost Allocation Factors Used -MA, MU | | | |

Schedule Page: 429 Line No.: 19 Column: c

| | Account | | Amount |
|--|---------|----|--------------|
| Provide Integrated System Planning Support | 923 | \$ | 60,820 |
| Cost Allocation Factors Used -MA | 107 | | <u>5,313</u> |
| | | \$ | 66,133 |

Schedule Page: 429.1 Line No.: 2 Column: c

| | Account | | Amount |
|---|---------|----|---------|
| Provide Corporate Risk Support | 923 | \$ | 268,513 |
| Cost Allocation Factors Used - MA, MT, MU | | | |

Schedule Page: 429.1 Line No.: 3 Column: c

| | Account | | Amount |
|---|---------|----|------------|
| Provide Internal Audit Support | 923 | \$ | 137,082 |
| Cost Allocation Factors Used - Direct, MA, MU, TX | 107 | | <u>869</u> |
| | | \$ | 137,951 |

| | | | |
|--|---|---------------------------------------|----------------------------------|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2016/Q4 |
| FOOTNOTE DATA | | | |

Schedule Page: 429.1 Line No.: 4 Column: c

| | Account | Amount |
|---|---------|------------------|
| Provide Legal Department Support | 921 | \$ 1,000,298 |
| Cost Allocation Factors Used - Direct, MA, MT, MU | 923 | 505,425 |
| | 926 | 3,495 |
| | 107 | 17,149 |
| | 108 | 5,716 |
| | | <u>1,532,083</u> |
| | | \$ 1,532,083 |

Schedule Page: 429.1 Line No.: 5 Column: c

| | Account | Amount |
|---|---------|----------------|
| Provide Rates & Regulatory Affairs Support | 923 | \$ 981,262 |
| Cost Allocation Factors Used - Direct, CR, MU | 107 | 566 |
| | | <u>981,828</u> |
| | | \$ 981,828 |

Schedule Page: 429.1 Line No.: 6 Column: c

| | Account | Amount |
|---|---------|----------------|
| Provide Corp/Real Estate, Record Management Support | 923 | \$ 766,246 |
| Cost Allocation Factors Used - Direct, MA, MT, MU, SF | 107 | 67,939 |
| | 108 | 3,068 |
| | | <u>837,253</u> |
| | | \$ 837,253 |

Schedule Page: 429.1 Line No.: 7 Column: c

| | Account | Amount |
|---|---------|------------|
| Provide Corporate Affairs Support | 923 | \$ 464,987 |
| Cost Allocation Factors Used - MA, MT, MU | | |

Schedule Page: 429.1 Line No.: 8 Column: c

| | Account | Amount |
|---|---------|------------------|
| Provide External Affairs & Communication Support | 923 | \$ 1,340,942 |
| Cost Allocation Factors Used - Direct, MA, MT, MU | 107 | 278 |
| | 108 | 111 |
| | | <u>1,341,331</u> |
| | | \$ 1,341,331 |

Schedule Page: 429.1 Line No.: 9 Column: c

| | Account | Amount |
|---|---------|----------------|
| Provide Federal Affairs & Energy Policy Support | 568 | \$ 10,498 |
| Cost Allocation Factors Used - MA, MU, TX | 923 | 136,505 |
| | | <u>147,003</u> |
| | | \$ 147,003 |

Schedule Page: 429.1 Line No.: 11 Column: c

| | Account | Amount |
|--|---------|-----------|
| Provide Local Affairs & Economic Development Support | 923 | \$ 67,588 |
| Cost Allocation Factors Used - Direct, MT, MU, SH | | |

Schedule Page: 429.1 Line No.: 12 Column: c

| | Account | Amount |
|---|---------|----------------|
| Provide State Affairs Support | 426.5 | \$ 39 |
| Cost Allocation Factors Used - Direct, MT, MU | 923 | 51,809 |
| | 107 | 67,894 |
| | | <u>119,742</u> |
| | | \$ 119,742 |

| | | | |
|--|---|---------------------------------------|----------------------------------|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2016/Q4 |
| FOOTNOTE DATA | | | |

Schedule Page: 429.1 Line No.: 13 Column: c

| | Account | | Amount |
|---|---------|----|-----------|
| Provide Human Resources Support | 416 | \$ | 4,598 |
| Cost Allocation Factors Used - Direct, HC, MA, MU | 426.2 | | (119,813) |
| | 431 | | 169,739 |
| | 560 | | 3,456 |
| | 561 | | 84,525 |
| | 561.5 | | 6,857 |
| | 566 | | 802 |
| | 568 | | 64,585 |
| | 571 | | 17,947 |
| | 581 | | 297,593 |
| | 586 | | 27,658 |
| | 588 | | 238,238 |
| | 590 | | 114,299 |
| | 902 | | 4,799 |
| | 903 | | 226,144 |
| | 905 | | 25,415 |
| | 910 | | 243,972 |
| | 911 | | 4,321 |
| | 923 | | 2,739,521 |
| | 926 | | 1,193,355 |
| | | \$ | 5,348,011 |

Schedule Page: 429.1 Line No.: 14 Column: c

| | Account | | Amount |
|---|---------|----|---------|
| Provide Marketing & Branding Support | 416 | \$ | 36,172 |
| Cost Allocation Factors Used - CR, MA, MT | 911 | | 78,145 |
| | | \$ | 114,317 |

Schedule Page: 429.1 Line No.: 16 Column: c

| | Account | | Amount |
|---------------------------------------|---------|----|-------------|
| Inventory Carrying Charges | 419 | \$ | (1,639,679) |
| Cost Allocation Factors Used - Direct | | | |

| | | | |
|--|---|---------------------------------------|----------------------------------|
| Name of Respondent THE POTOMAC EDISON COMPANY | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2016/Q4 |
| FOOTNOTE DATA | | | |

Schedule Page: 429.2 Line No.: 5 Column: a

Factor Abbreviations

| | |
|-----|--|
| MA | Multiple Factor – All |
| MN | Multiple Factor Non-Utility |
| MT | Multiple Factor Utility & Non-Utility |
| MU | Multiple Factor Utility |
| TX | Multiple Factor Utility - Transmission |
| CR | Customer Ratio |
| DW | Development Work |
| ENV | Environmental Factor |
| GS | Gigabytes SAP |
| GUS | Gigabytes Unix |
| HC | Head Count |
| IS | Inserting Service |
| NIS | Number of Intel Services |
| NS | Network Services |
| PE | Participating Employees |
| PV | Print Volume |
| SF | Square Footage |
| SH | Shopping Customers |
| SSC | Server Support Composite |
| ST | Stores Factor |
| WS | Workstation Support |

'Direct' indicates that 100% of the costs assess to one legal entity

MA – Each Subsidiary benefiting from receiving the product or service will be charged a proportion of the Indirect Costs. The FirstEnergy Holding Co bears 5% of the product or service costs being allocated. The remaining 95% of the costs will be allocated between the Utility and Non-Utility Subsidiaries based on FirstEnergy's equity investment in the respective groups. A subsequent step then allocates among the Utility Subsidiaries based upon the "Multiple Factor - Utility" (MU) method and among the Non-Utility Subsidiaries based upon the "Multiple Factor - Non-Utility" (MN) method, both explained below.

MN – Each Non-Utility Subsidiary benefiting from receiving the product or service will be charged a proportion of the Indirect Costs based upon the total assets of each Non-Utility Subsidiary, including the generating assets under operating leases to the Utility Subsidiaries.

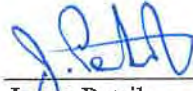
MT – The product or service costs being charged are allocated 100% between Utility and Non-Utility Subsidiaries in the same manner as MA above. Unlike MA, FirstEnergy Holding Co does not bear any of the allocation.

MU – Each Utility Subsidiary benefiting from receiving the product or service will be charged a proportion of the Indirect Costs based upon the sum of the weighted averages of (1) Gross transmission and/or distribution plant; (2) Operating and maintenance expense excluding purchase power and fuel costs; and (3) Transmission and/or distribution revenues, excluding transactions with affiliates. Each of the 3 components is weighted equally.

TX – Each Utility Subsidiary benefiting from receiving the product or service will be charged a proportion of the Indirect Costs based upon the sum of the weighted averages of (1) Gross transmission plant; (2) Operating and maintenance expense excluding purchase power and fuel costs; and (3) Transmission revenues, excluding transactions with affiliates. Each of the 3 components is weighted equally.

OATH

I, the undersigned, on my oath do say that this report was prepared from the original books, papers and records of The Potomac Edison Company and are a complete and correct statement of the business and affairs of the company to the best of my knowledge, information and belief.



Jason Petrik
Assistant Controller

I, Cathy L. Ray a notary public in and for the State of Ohio hereby certify that Jason Petrik signed the foregoing oath as Assistant Controller of The Potomac Edison Company and has acknowledged the same before me in my presence on the 28th day of April 2017.



Cathy L. Ray
Notary Public, State of Ohio
My Commission Expires 06-29-2019

THIS FILING IS

Item 1: An Initial (Original) Submission OR Resubmission No. _____

Form 1 Approved
OMB No. 1902-0021
(Expires 12/31/2019)
Form 1-F Approved
OMB No. 1902-0029
(Expires 12/31/2019)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 12/31/2019)



214988

FILED

MAY 03 2017

PUBLIC SERVICE COMM
OF MARYLAND

**FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of
Major Electric Utilities, Licensees
and Others and Supplemental
Form 3-Q: Quarterly Financial Report**

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

RECEIVED
Public Service Commission

MAY - 4 2017

ACCOUNTING INVESTIGATIONS
DIVISION

Exact Legal Name of Respondent (Company)

Potomac Edison MD

Year/Period of Report

End of 2016/Q4

| | | | |
|---|--|---------------------------------------|---|
| Name of Respondent Potomac Edison MD | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|---|--|---------------------------------------|---|

**SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION, AMORTIZATION AND DEPLETION**

Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (h) common function.

| Line No. | Classification (a) | Total Company for the Current Year/Quarter Ended (b) | Electric (c) |
|----------|---|--|-----------------|
| 1 | Utility Plant | | |
| 2 | In Service | | |
| 3 | Plant in Service (Classified) | 1,276,999,810 | 1,276,999,810 |
| 4 | Property Under Capital Leases | 3,911,647 | 3,911,647 |
| 5 | Plant Purchased or Sold | | |
| 6 | Completed Construction not Classified | 49,742,981 | 49,742,981 |
| 7 | Experimental Plant Unclassified | | |
| 8 | Total (3 thru 7) | 1,330,654,438 | 1,330,654,438 |
| 9 | Leased to Others | | |
| 10 | Held for Future Use | | |
| 11 | Construction Work in Progress | 26,061,400 | 26,061,400 |
| 12 | Acquisition Adjustments | | |
| 13 | Total Utility Plant (8 thru 12) | 1,356,715,838 | 1,356,715,838 |
| 14 | Accum Prov for Depr, Amort, & Depl | 581,954,061 | 581,954,061 |
| 15 | Net Utility Plant (13 less 14) | 774,761,777 | 774,761,777 |
| 16 | Detail of Accum Prov for Depr, Amort & Depl | | |
| 17 | In Service: | | |
| 18 | Depreciation | 577,285,008 | 577,285,008 |
| 19 | Amort & Depl of Producing Nat Gas Land/Land Right | | |
| 20 | Amort of Underground Storage Land/Land Rights | | |
| 21 | Amort of Other Utility Plant | 4,669,053 | 4,669,053 |
| 22 | Total In Service (18 thru 21) | 581,954,061 | 581,954,061 |
| 23 | Leased to Others | | |
| 24 | Depreciation | | |
| 25 | Amortization and Depletion | | |
| 26 | Total Leased to Others (24 & 25) | | |
| 27 | Held for Future Use | | |
| 28 | Depreciation | | |
| 29 | Amortization | | |
| 30 | Total Held for Future Use (28 & 29) | | |
| 31 | Abandonment of Leases (Natural Gas) | | |
| 32 | Amort of Plant Acquisition Adj | | |
| 33 | Total Accum Prov (equals 14) (22,26,30,31,32) | 581,954,061 | 581,954,061 |

| | | | |
|---|--|---------------------------------------|--|
| Name of Respondent Potomac Edison MD | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of <u>2016/Q4</u> |
|---|--|---------------------------------------|--|

**SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION, AMORTIZATION AND DEPLETION**

| Gas (d) | Other (Specify) (e) | Other (Specify) (f) | Other (Specify) (g) | Common (h) | Line No. |
|------------|------------------------|------------------------|------------------------|---------------|-------------|
| | | | | | 1 |
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| | | | |
|---|--|---------------------------------------|--|
| Name of Respondent Potomac Edison MD | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of <u>2016/Q4</u> |
|---|--|---------------------------------------|--|

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)

1. Report below the original cost of electric plant in service according to the prescribed accounts.
2. In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.
3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments.
5. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
6. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d)

| Line No. | Account (a) | Balance Beginning of Year (b) | Additions (c) |
|----------|--|-------------------------------|---------------|
| 1 | 1. INTANGIBLE PLANT | | |
| 2 | (301) Organization | 124,449 | |
| 3 | (302) Franchises and Consents | | |
| 4 | (303) Miscellaneous Intangible Plant | 10,367,970 | 1,625,960 |
| 5 | TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4) | 10,492,419 | 1,625,960 |
| 6 | 2. PRODUCTION PLANT | | |
| 7 | A. Steam Production Plant | | |
| 8 | (310) Land and Land Rights | | |
| 9 | (311) Structures and Improvements | | |
| 10 | (312) Boiler Plant Equipment | | |
| 11 | (313) Engines and Engine-Driven Generators | | |
| 12 | (314) Turbogenerator Units | | |
| 13 | (315) Accessory Electric Equipment | | |
| 14 | (316) Misc. Power Plant Equipment | | |
| 15 | (317) Asset Retirement Costs for Steam Production | | |
| 16 | TOTAL Steam Production Plant (Enter Total of lines 8 thru 15) | | |
| 17 | B. Nuclear Production Plant | | |
| 18 | (320) Land and Land Rights | | |
| 19 | (321) Structures and Improvements | | |
| 20 | (322) Reactor Plant Equipment | | |
| 21 | (323) Turbogenerator Units | | |
| 22 | (324) Accessory Electric Equipment | | |
| 23 | (325) Misc. Power Plant Equipment | | |
| 24 | (326) Asset Retirement Costs for Nuclear Production | | |
| 25 | TOTAL Nuclear Production Plant (Enter Total of lines 18 thru 24) | | |
| 26 | C. Hydraulic Production Plant | | |
| 27 | (330) Land and Land Rights | | |
| 28 | (331) Structures and Improvements | | |
| 29 | (332) Reservoirs, Dams, and Waterways | | |
| 30 | (333) Water Wheels, Turbines, and Generators | | |
| 31 | (334) Accessory Electric Equipment | | |
| 32 | (335) Misc. Power PLant Equipment | | |
| 33 | (336) Roads, Railroads, and Bridges | | |
| 34 | (337) Asset Retirement Costs for Hydraulic Production | | |
| 35 | TOTAL Hydraulic Production Plant (Enter Total of lines 27 thru 34) | | |
| 36 | D. Other Production Plant | | |
| 37 | (340) Land and Land Rights | | |
| 38 | (341) Structures and Improvements | | |
| 39 | (342) Fuel Holders, Products, and Accessories | | |
| 40 | (343) Prime Movers | | |
| 41 | (344) Generators | | |
| 42 | (345) Accessory Electric Equipment | | |
| 43 | (346) Misc. Power Plant Equipment | | |
| 44 | (347) Asset Retirement Costs for Other Production | | |
| 45 | TOTAL Other Prod. Plant (Enter Total of lines 37 thru 44) | | |
| 46 | TOTAL Prod. Plant (Enter Total of lines 16, 25, 35, and 45) | | |

| Name of Respondent Potomac Edison MD | | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|--|---|--|---------------------------------------|---|
| ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued) | | | | |
| Line No. | Account (a) | Balance Beginning of Year (b) | Additions (c) | |
| 47 | 3. TRANSMISSION PLANT | | | |
| 48 | (350) Land and Land Rights | 27,014,507 | | 10 |
| 49 | (352) Structures and Improvements | 9,820,195 | | 14,008 |
| 50 | (353) Station Equipment | 100,861,213 | | 6,937,142 |
| 51 | (354) Towers and Fixtures | 22,038,395 | | 21,527 |
| 52 | (355) Poles and Fixtures | 28,510,607 | | 930,189 |
| 53 | (356) Overhead Conductors and Devices | 49,110,860 | | 1,241,955 |
| 54 | (357) Underground Conduit | 191 | | 1,797,678 |
| 55 | (358) Underground Conductors and Devices | 76,498 | | 2,554,608 |
| 56 | (359) Roads and Trails | | | |
| 57 | (359.1) Asset Retirement Costs for Transmission Plant | 1,999 | | |
| 58 | TOTAL Transmission Plant (Enter Total of lines 48 thru 57) | 237,434,465 | | 13,497,117 |
| 59 | 4. DISTRIBUTION PLANT | | | |
| 60 | (360) Land and Land Rights | 20,756,191 | | 32 |
| 61 | (361) Structures and Improvements | 9,568,006 | | 34,277 |
| 62 | (362) Station Equipment | 134,185,898 | | 3,312,174 |
| 63 | (363) Storage Battery Equipment | | | |
| 64 | (364) Poles, Towers, and Fixtures | 100,905,678 | | 4,948,113 |
| 65 | (365) Overhead Conductors and Devices | 150,516,343 | | 14,648,040 |
| 66 | (366) Underground Conduit | 56,219,244 | | 1,217,060 |
| 67 | (367) Underground Conductors and Devices | 202,940,536 | | 12,805,796 |
| 68 | (368) Line Transformers | 167,650,367 | | 5,192,334 |
| 69 | (369) Services | 56,109,527 | | 1,751,809 |
| 70 | (370) Meters | 42,197,113 | | 2,415,859 |
| 71 | (371) Installations on Customer Premises | 1,848,873 | | 29,618 |
| 72 | (372) Leased Property on Customer Premises | | | |
| 73 | (373) Street Lighting and Signal Systems | 25,933,252 | | 614,002 |
| 74 | (374) Asset Retirement Costs for Distribution Plant | | | |
| 75 | TOTAL Distribution Plant (Enter Total of lines 60 thru 74) | 968,831,028 | | 46,969,114 |
| 76 | 5. REGIONAL TRANSMISSION AND MARKET OPERATION PLANT | | | |
| 77 | (380) Land and Land Rights | | | |
| 78 | (381) Structures and Improvements | | | |
| 79 | (382) Computer Hardware | | | |
| 80 | (383) Computer Software | | | |
| 81 | (384) Communication Equipment | | | |
| 82 | (385) Miscellaneous Regional Transmission and Market Operation Plant | | | |
| 83 | (386) Asset Retirement Costs for Regional Transmission and Market Oper | | | |
| 84 | TOTAL Transmission and Market Operation Plant (Total lines 77 thru 83) | | | |
| 85 | 6. GENERAL PLANT | | | |
| 86 | (389) Land and Land Rights | 1,386,758 | | |
| 87 | (390) Structures and Improvements | 21,803,931 | | 2,965,324 |
| 88 | (391) Office Furniture and Equipment | 6,835,928 | | 315,412 |
| 89 | (392) Transportation Equipment | 8,201,644 | | 748,812 |
| 90 | (393) Stores Equipment | 175,807 | | |
| 91 | (394) Tools, Shop and Garage Equipment | 5,814,857 | | |
| 92 | (395) Laboratory Equipment | 866,789 | | 11 |
| 93 | (396) Power Operated Equipment | 829,479 | | 11 |
| 94 | (397) Communication Equipment | 10,279,120 | | 235,439 |
| 95 | (398) Miscellaneous Equipment | 201,101 | | 11 |
| 96 | SUBTOTAL (Enter Total of lines 86 thru 95) | 56,395,414 | | 4,265,020 |
| 97 | (399) Other Tangible Property | | | |
| 98 | (399.1) Asset Retirement Costs for General Plant | 16,338 | | |
| 99 | TOTAL General Plant (Enter Total of lines 96, 97 and 98) | 56,411,752 | | 4,265,020 |
| 100 | TOTAL (Accounts 101 and 106) | 1,273,169,664 | | 66,357,211 |
| 101 | (102) Electric Plant Purchased (See Instr. 8) | | | |
| 102 | (Less) (102) Electric Plant Sold (See Instr. 8) | | | |
| 103 | (103) Experimental Plant Unclassified | | | |
| 104 | TOTAL Electric Plant in Service (Enter Total of lines 100 thru 103) | 1,273,169,664 | | 66,357,211 |

| | | | |
|---|--|---------------------------------------|---|
| Name of Respondent Potomac Edison MD | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|---|--|---------------------------------------|---|

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

7. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

8. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirement of these pages.

9. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchase, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date

| Retirements (d) | Adjustments (e) | Transfers (f) | Balance at End of Year (g) | Line No. |
|--------------------|--------------------|------------------|----------------------------------|-------------|
| | | | | 1 |
| | | | 124,449 | 2 |
| | | | | 3 |
| | -38,348 | | 11,955,582 | 4 |
| | -38,348 | | 12,080,031 | 5 |
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ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

| Retirements (d) | Adjustments (e) | Transfers (f) | Balance at End of Year (g) | Line No. |
|--------------------|--------------------|------------------|----------------------------------|-------------|
| | | | | 47 |
| | | | 27,014,517 | 48 |
| | | | 9,834,203 | 49 |
| 133,238 | -94,296 | 87,979 | 107,658,800 | 50 |
| | -44,156 | | 22,015,766 | 51 |
| 793,237 | 305,941 | -208,253 | 28,745,247 | 52 |
| 242,663 | 399,528 | -512,732 | 49,996,948 | 53 |
| | | | 1,797,869 | 54 |
| 49,530 | | | 2,581,576 | 55 |
| | | | | 56 |
| | | | 1,999 | 57 |
| 1,218,668 | 567,017 | -633,006 | 249,646,925 | 58 |
| | | | | 59 |
| | | | 20,756,223 | 60 |
| | -45,081 | | 9,557,202 | 61 |
| 111,002 | 69,292 | 76,028 | 137,532,390 | 62 |
| | | | | 63 |
| 155,865 | -1,454,982 | -1,752 | 104,241,192 | 64 |
| 746,232 | 2,016,383 | | 166,434,534 | 65 |
| 73,247 | -353,830 | | 57,009,227 | 66 |
| 1,813,125 | 330,284 | | 214,263,491 | 67 |
| 1,624,413 | 476,158 | | 171,894,446 | 68 |
| 36,457 | 3,449 | | 57,828,328 | 69 |
| 580,856 | -248,003 | | 43,784,113 | 70 |
| 7,678 | 5,964 | | 1,876,777 | 71 |
| | | | | 72 |
| 156,605 | 20,506 | | 26,411,155 | 73 |
| | | | | 74 |
| 5,305,480 | 820,140 | 74,276 | 1,011,389,078 | 75 |
| | | | | 76 |
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| | | | | 83 |
| | | | | 84 |
| | | | | 85 |
| | | | 1,386,758 | 86 |
| 11,922 | 40,268 | | 24,797,601 | 87 |
| 453,203 | -212,673 | | 6,485,464 | 88 |
| | -1,968,781 | | 6,981,675 | 89 |
| 8,793 | | | 167,014 | 90 |
| 117,642 | -1,668 | | 5,695,547 | 91 |
| 15,047 | | | 851,753 | 92 |
| | | | 829,490 | 93 |
| 383,556 | | | 10,131,003 | 94 |
| 3,249 | | | 197,863 | 95 |
| 993,412 | -2,142,854 | | 57,524,168 | 96 |
| | | | | 97 |
| 2,102 | | | 14,236 | 98 |
| 995,514 | -2,142,854 | | 57,538,404 | 99 |
| 7,519,662 | -794,045 | -558,730 | 1,330,654,438 | 100 |
| | | | | 101 |
| | | | | 102 |
| | | | | 103 |
| 7,519,662 | -794,045 | -558,730 | 1,330,654,438 | 104 |

| | | | |
|---|--|---------------------------------------|---|
| Name of Respondent Potomac Edison MD | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|---|--|---------------------------------------|---|

ELECTRIC PLANT LEASED TO OTHERS (Account 104)

| Line No. | Name of Lessee (Designate associated companies with a double asterisk) (a) | Description of Property Leased (b) | Commission Authorization (c) | Expiration Date of Lease (d) | Balance at End of Year (e) |
|----------|---|--|------------------------------------|---------------------------------------|----------------------------------|
| 1 | | | | | |
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| 41 | | | | | |
| 42 | | | | | |
| 43 | | | | | |
| 44 | | | | | |
| 45 | | | | | |
| 46 | | | | | |
| 47 | TOTAL | | | | |

| | | | |
|---|--|---------------------------------------|---|
| Name of Respondent Potomac Edison MD | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|---|--|---------------------------------------|---|

CONSTRUCTION WORK IN PROGRESS -- ELECTRIC (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107)
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstrating (see Account 107 of the Uniform System of Accounts)
3. Minor projects (5% of the Balance End of the Year for Account 107 or \$1,000,000, whichever is less) may be grouped.

| Line No. | Description of Project (a) | Construction work in progress - Electric (Account 107) (b) |
|----------|--|--|
| 1 | New Business Residential Underground | 2,274,211 |
| 2 | Small Tools and Equipment Blanket | 1,939,281 |
| 3 | Miscellaneous Projects Under \$1,000,000 | 21,847,908 |
| 4 | | |
| 5 | | |
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| 35 | | |
| 36 | | |
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| 39 | | |
| 40 | | |
| 41 | | |
| 42 | | |
| 43 | TOTAL | 26,061,400 |

| | | | |
|---|--|---------------------------------------|---|
| Name of Respondent Potomac Edison MD | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|---|--|---------------------------------------|---|

ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, Line 11, column (c), and that reported for electric plant in service, pages 204-207, column 9d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year

| Line No. | Item (a) | Total (c+d+e) (b) | Electric Plant in Service (c) | Electric Plant Held for Future Use (d) | Electric Plant Leased to Others (e) |
|----------|---|-------------------|-------------------------------|--|-------------------------------------|
| 1 | Balance Beginning of Year | 553,998,685 | 553,998,685 | | |
| 2 | Depreciation Provisions for Year, Charged to | | | | |
| 3 | (403) Depreciation Expense | 36,576,586 | 36,576,586 | | |
| 4 | (403.1) Depreciation Expense for Asset Retirement Costs | | | | |
| 5 | (413) Exp. of Elec. Plt. Leas. to Others | | | | |
| 6 | Transportation Expenses-Clearing | | | | |
| 7 | Other Clearing Accounts | | | | |
| 8 | Other Accounts (Specify, details in footnote): | | | | |
| 9 | | | | | |
| 10 | TOTAL Deprec. Prov for Year (Enter Total of lines 3 thru 9) | 36,576,586 | 36,576,586 | | |
| 11 | Net Charges for Plant Retired: | | | | |
| 12 | Book Cost of Plant Retired | 7,508,558 | 7,508,558 | | |
| 13 | Cost of Removal | 5,685,641 | 5,685,641 | | |
| 14 | Salvage (Credit) | | | | |
| 15 | TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14) | 13,194,199 | 13,194,199 | | |
| 16 | Other Debit or Cr. Items (Describe, details in footnote): | -9,537 | -9,537 | | |
| 17 | | -86,527 | -86,527 | | |
| 18 | Book Cost or Asset Retirement Costs Retired | | | | |
| 19 | Balance End of Year (Enter Totals of lines 1, 10, 15, 16, and 18) | 577,285,008 | 577,285,008 | | |

Section B. Balances at End of Year According to Functional Classification

| | | | | | |
|----|--|-------------|-------------|--|--|
| 20 | Steam Production | | | | |
| 21 | Nuclear Production | | | | |
| 22 | Hydraulic Production-Conventional | | | | |
| 23 | Hydraulic Production-Pumped Storage | | | | |
| 24 | Other Production | | | | |
| 25 | Transmission | 113,967,029 | 113,967,029 | | |
| 26 | Distribution | 439,687,222 | 439,687,222 | | |
| 27 | Regional Transmission and Market Operation | 23,630,757 | 23,630,757 | | |
| 28 | General | | | | |
| 29 | TOTAL (Enter Total of lines 20 thru 28) | 577,285,008 | 577,285,008 | | |

| | | | |
|---|--|---------------------------------------|----------------------------------|
| Name of Respondent Potomac Edison MD | This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2016/Q4 |
| FOOTNOTE DATA | | | |

Schedule Page: 219 Line No.: 16 Column: c
 Accretion of asset retirement costs.

| | | | |
|---|--|---------------------------------------|---|
| Name of Respondent Potomac Edison MD | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|---|--|---------------------------------------|---|

MATERIALS AND SUPPLIES

1. For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments which use the class of material.
2. Give an explanation of important inventory adjustments during the year (in a footnote) showing general classes of material and supplies and the various accounts (operating expenses, clearing accounts, plant, etc.) affected debited or credited. Show separately debit or credits to stores expense clearing, if applicable.

| Line No. | Account (a) | Balance Beginning of Year (b) | Balance End of Year (c) | Department or Departments which Use Material (d) |
|----------|--|----------------------------------|----------------------------|---|
| 1 | Fuel Stock (Account 151) | | | |
| 2 | Fuel Stock Expenses Undistributed (Account 152) | | | |
| 3 | Residuals and Extracted Products (Account 153) | | | |
| 4 | Plant Materials and Operating Supplies (Account 154) | | | |
| 5 | Assigned to - Construction (Estimated) | | | |
| 6 | Assigned to - Operations and Maintenance | | | |
| 7 | Production Plant (Estimated) | | | |
| 8 | Transmission Plant (Estimated) | | | |
| 9 | Distribution Plant (Estimated) | | | |
| 10 | Regional Transmission and Market Operation Plant (Estimated) | | | |
| 11 | Assigned to - Other (provide details in footnote) | | | |
| 12 | TOTAL Account 154 (Enter Total of lines 5 thru 11) | | | |
| 13 | Merchandise (Account 155) | | | |
| 14 | Other Materials and Supplies (Account 156) | | | |
| 15 | Nuclear Materials Held for Sale (Account 157) (Not applic to Gas Util) | | | |
| 16 | Stores Expense Undistributed (Account 163) | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | TOTAL Materials and Supplies (Per Balance Sheet) | | | |

| | | | |
|---|--|---------------------------------------|--|
| Name of Respondent Potomac Edison MD | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of <u>2016/Q4</u> |
|---|--|---------------------------------------|--|

EXTRAORDINARY PROPERTY LOSSES (Account 182.1)

| Line No. | Description of Extraordinary Loss [Include in the description the date of Commission Authorization to use Acc 182.1 and period of amortization (mo, yr to mo, yr).] (a) | Total Amount of Loss (b) | Losses Recognised During Year (c) | WRITTEN OFF DURING YEAR | | Balance at End of Year (f) |
|----------|---|-----------------------------|--------------------------------------|-------------------------|---------------|-------------------------------|
| | | | | Account Charged (d) | Amount (e) | |
| 1 | | | | | | |
| 2 | | | | | | |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
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| 15 | | | | | | |
| 16 | | | | | | |
| 17 | | | | | | |
| 18 | | | | | | |
| 19 | | | | | | |
| 20 | TOTAL | | | | | |

| | | | |
|---|--|---------------------------------------|--|
| Name of Respondent Potomac Edison MD | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of <u>2016/Q4</u> |
|---|--|---------------------------------------|--|

UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)

| Line No. | Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission Authorization to use Acc 182.2 and period of amortization (mo, yr to mo, yr)] (a) | Total Amount of Charges (b) | Costs Recognised During Year (c) | WRITTEN OFF DURING YEAR | | Balance at End of Year (f) |
|----------|---|--------------------------------|-------------------------------------|-------------------------|---------------|-------------------------------|
| | | | | Account Charged (d) | Amount (e) | |
| 21 | | | | | | |
| 22 | | | | | | |
| 23 | | | | | | |
| 24 | | | | | | |
| 25 | | | | | | |
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| 44 | | | | | | |
| 45 | | | | | | |
| 46 | | | | | | |
| 47 | | | | | | |
| 48 | | | | | | |
| 49 | TOTAL | | | | | |

| | | | |
|---|--|---------------------------------------|---|
| Name of Respondent Potomac Edison MD | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|---|--|---------------------------------------|---|

ELECTRIC OPERATING REVENUES (Account 400)

- The following instructions generally apply to the annual version of these pages. Do not report quarterly data in columns (c), (e), (f), and (g). Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages.
- Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
- Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The -average number of customers means the average of twelve figures at the close of each month.
- If increases or decreases from previous period (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.
- Disclose amounts of \$250,000 or greater in a footnote for accounts 451, 456, and 457.2.

| Line No. | Title of Account (a) | Operating Revenues Year to Date Quarterly/Annual (b) | Operating Revenues Previous year (no Quarterly) (c) |
|----------|---|---|--|
| 1 | Sales of Electricity | | |
| 2 | (440) Residential Sales | 329,565,142 | 313,275,805 |
| 3 | (442) Commercial and Industrial Sales | | |
| 4 | Small (or Comm.) (See Instr. 4) | 101,282,337 | 99,022,676 |
| 5 | Large (or Ind.) (See Instr. 4) | 35,520,039 | 33,042,715 |
| 6 | (444) Public Street and Highway Lighting | 4,142,391 | 4,102,520 |
| 7 | (445) Other Sales to Public Authorities | | |
| 8 | (446) Sales to Railroads and Railways | | |
| 9 | (448) Interdepartmental Sales | | |
| 10 | TOTAL Sales to Ultimate Consumers | 470,509,909 | 449,443,716 |
| 11 | (447) Sales for Resale | 38,156,699 | 52,079,252 |
| 12 | TOTAL Sales of Electricity | 508,666,608 | 501,522,968 |
| 13 | (Less) (449.1) Provision for Rate Refunds | | |
| 14 | TOTAL Revenues Net of Prov. for Refunds | 508,666,608 | 501,522,968 |
| 15 | Other Operating Revenues | | |
| 16 | (450) Forfeited Discounts | 1,329,284 | 1,517,385 |
| 17 | (451) Miscellaneous Service Revenues | 631,160 | 694,170 |
| 18 | (453) Sales of Water and Water Power | | |
| 19 | (454) Rent from Electric Property | 3,597,169 | 3,050,864 |
| 20 | (455) Interdepartmental Rents | | |
| 21 | (456) Other Electric Revenues | 687,324 | 73,529 |
| 22 | (456.1) Revenues from Transmission of Electricity of Others | 12,549,778 | 11,967,603 |
| 23 | (457.1) Regional Control Service Revenues | | |
| 24 | (457.2) Miscellaneous Revenues | | |
| 25 | | | |
| 26 | TOTAL Other Operating Revenues | 18,794,715 | 17,303,551 |
| 27 | TOTAL Electric Operating Revenues | 527,461,323 | 518,826,519 |

| | | | |
|---|--|---------------------------------------|---|
| Name of Respondent Potomac Edison MD | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|---|--|---------------------------------------|---|

ELECTRIC OPERATING REVENUES (Account 400)

6. Commercial and industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 Kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)
7. See pages 108-109, Important Changes During Period, for important new territory added and important rate increase or decreases.
8. For Lines 2,4,5,and 6, see Page 304 for amounts relating to unbilled revenue by accounts.
9. Include unmetered sales. Provide details of such Sales in a footnote.

| MEGAWATT HOURS SOLD | | AVG.NO. CUSTOMERS PER MONTH | | Line No. |
|--------------------------------------|--|------------------------------------|-------------------------------------|----------|
| Year to Date Quarterly/Annual (d) | Amount Previous year (no Quarterly) (e) | Current Year (no Quarterly) (f) | Previous Year (no Quarterly) (g) | |
| | | | | 1 |
| 3,253,945 | 3,304,411 | 230,325 | 228,188 | 2 |
| | | | | 3 |
| 2,101,604 | 2,100,027 | 29,088 | 28,757 | 4 |
| 1,803,199 | 1,642,256 | 2,723 | 2,759 | 5 |
| 15,860 | 15,986 | 303 | 305 | 6 |
| | | | | 7 |
| | | | | 8 |
| | | | | 9 |
| 6,974,608 | 7,062,680 | 262,439 | 260,009 | 10 |
| 1,022,621 | 1,204,093 | 2 | 2 | 11 |
| 7,997,229 | 8,266,773 | 262,441 | 260,011 | 12 |
| | | | | 13 |
| 7,997,229 | 8,266,773 | 262,441 | 260,011 | 14 |

Line 12, column (b) includes \$ 5,764,423 of unbilled revenues.
Line 12, column (d) includes 21,899 MWH relating to unbilled revenues

| | | | |
|---|--|--|----------------------------------|
| Name of Respondent Potomac Edison MD | This Report is: (1) <u> </u> An Original (2) <u> </u> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2016/Q4 |
| FOOTNOTE DATA | | | |

Schedule Page: 300 Line No.: 6 Column: b

All street lighting sales in accounts 440, 442 and 444 are unmetered.

Schedule Page: 300 Line No.: 6 Column: c

All street lighting sales in accounts 440, 442 and 444 are unmetered.

Schedule Page: 300 Line No.: 17 Column: b

| | |
|------------------------|-----------------|
| Reserve Capacity | \$ 356,654 |
| Facility Charges | 184,373 |
| Connect/Disconnect Fee | 166,453 |
| Other | <u>(76,320)</u> |
| Total | \$ 631,160 |

Schedule Page: 300 Line No.: 17 Column: c

| | |
|------------------------|---------------|
| Reserve Capacity | \$ 335,808 |
| Facility Charges | 160,823 |
| Connect/Disconnect Fee | 160,892 |
| Other | <u>36,647</u> |
| Total | \$ 694,170 |

Schedule Page: 300 Line No.: 21 Column: b

| | |
|---------------------------------|---------------|
| Affiliated Transmission Revenue | \$ 588,762 |
| Other | <u>98,562</u> |
| Total | \$ 687,324 |

| | | | |
|---|--|---------------------------------------|---|
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|---|--|---------------------------------------|---|

SALES OF ELECTRICITY BY RATE SCHEDULES

- Report below for each rate schedule in effect during the year the MWh of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
- Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
- Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
- The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
- For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
- Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

| Line No. | Number and Title of Rate schedule (a) | MWh Sold (b) | Revenue (c) | Average Number of Customers (d) | KWh of Sales Per Customer (e) | Revenue Per KWh Sold (f) |
|----------|---------------------------------------|--------------|-------------|---------------------------------|-------------------------------|--------------------------|
| 1 | Residential (440.1): | | | | | |
| 2 | R - Residential | 3,211,957 | 324,543,496 | 230,175 | 13,954 | 0.1010 |
| 3 | C - General | | 5 | 1 | | |
| 4 | G - General Service | 10 | 1,218 | 4 | 2,500 | 0.1218 |
| 5 | OL - Outdoor Lighting | 1,390 | 257,352 | 105 | 13,238 | 0.1851 |
| 6 | AL - Area Lighting | 1 | 278 | | | 0.2780 |
| 7 | EMU - Outdoor Lighting | 393 | 91,730 | 38 | 10,342 | 0.2334 |
| 8 | MSL - Mercury Vapor | 8 | 1,788 | 2 | 4,000 | 0.2235 |
| 9 | MU - Outdoor Lighting | 1 | 152 | | | 0.1520 |
| 10 | Misc. Adj. not maintained by Rate | | 173,030 | | | |
| 11 | Subtotal | 3,213,760 | 325,069,049 | 230,325 | 13,953 | 0.1011 |
| 12 | Unbilled Amount | 40,185 | 4,486,093 | | | 0.1119 |
| 13 | Total Residential Revenues | 3,253,945 | 329,565,142 | 230,325 | 14,128 | 0.1013 |
| 14 | | | | | | |
| 15 | Commercial (442.1): | | | | | |
| 16 | R - Residential | | | 34 | | |
| 17 | G - General Service | 710,339 | 51,185,991 | 21,932 | 32,388 | 0.0721 |
| 18 | C - General | 90,832 | 7,521,413 | 5,029 | 18,062 | 0.0828 |
| 19 | OL - Outdoor Lighting | 1,176 | 224,035 | 190 | 6,189 | 0.1905 |
| 20 | AL - Area Lighting | 575 | 78,714 | 63 | 9,127 | 0.1369 |
| 21 | EMU - Outdoor Lighting | 2,871 | 802,466 | 119 | 24,126 | 0.2795 |
| 22 | MU - Outdoor Lighting | 836 | 85,838 | 11 | 76,000 | 0.1027 |
| 23 | EM - Outdoor Lighting | | 8,184 | | | |
| 24 | MSL - Mercury Vapor | 238 | 67,634 | 5 | 47,600 | 0.2842 |
| 25 | C-A - All Elec - Com | 23,333 | 1,371,989 | 366 | 63,751 | 0.0588 |
| 26 | PH - Light & Power | 1,229,392 | 38,472,006 | 1,297 | 947,874 | 0.0313 |
| 27 | PL - LED Outdoor Lighting | 12 | 5,659 | 1 | 12,000 | 0.4716 |
| 28 | SPECIAL - Contract Street Lgt | 1,264 | 81,759 | 40 | 31,600 | 0.0647 |
| 29 | PP - Power Service | 46,274 | 474,430 | 1 | 46,274,000 | 0.0103 |
| 30 | Misc. Adj. not maintained by Rate | -2,409 | -11,998 | | | 0.0050 |
| 31 | Subtotal | 2,104,733 | 100,368,120 | 29,088 | 72,357 | 0.0477 |
| 32 | Unbilled Amount | -3,129 | 914,217 | | | -0.2922 |
| 33 | Total Commercial Revenues | 2,101,604 | 101,282,337 | 29,088 | 72,250 | 0.0482 |
| 34 | | | | | | |
| 35 | | | | | | |
| 36 | | | | | | |
| 37 | | | | | | |
| 38 | | | | | | |
| 39 | | | | | | |
| 40 | | | | | | |
| 41 | TOTAL Billed | 6,952,709 | 464,745,486 | 262,439 | 26,493 | 0.0668 |
| 42 | Total Unbilled Rev.(See Instr. 6) | 21,899 | 5,764,423 | 0 | 0 | 0.2632 |
| 43 | TOTAL | 6,974,608 | 470,509,909 | 262,439 | 26,576 | 0.0675 |

| | | | |
|---|--|---------------------------------------|---|
| Name of Respondent Potomac Edison MD | This Report Is. (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|---|--|---------------------------------------|---|

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWh of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

| Line No. | Number and Title of Rate schedule (a) | MWh Sold (b) | Revenue (c) | Average Number of Customers (d) | KWh of Sales Per Customer (e) | Revenue Per KWh Sold (f) |
|----------|---------------------------------------|--------------|-------------|---------------------------------|-------------------------------|--------------------------|
| 1 | | | | | | |
| 2 | Industrial (442.3): | | | | | |
| 3 | G - General Service | 90,658 | 5,904,859 | 1,880 | 48,222 | 0.0651 |
| 4 | OL - Outdoor Lighting | 200 | 40,549 | 8 | 25,000 | 0.2027 |
| 5 | C - General - Ind | 19,851 | 1,280,039 | 491 | 40,430 | 0.0645 |
| 6 | AL - Area Lighting | 94 | 19,470 | 4 | 23,500 | 0.2071 |
| 7 | C-A - All Elec - Ind | 5,850 | 234,935 | 35 | 167,143 | 0.0402 |
| 8 | EMU - Outdoor Lighting | 148 | 32,943 | 2 | 74,000 | 0.2226 |
| 9 | MU - Outdoor Lighting | 10 | 1,094 | | | 0.1094 |
| 10 | PP - Power Service | 651,302 | 7,738,325 | 7 | 93,043,143 | 0.0119 |
| 11 | PH - Light & Power | 634,363 | 17,975,364 | 294 | 2,157,697 | 0.0283 |
| 12 | AGS - Firm Standby | 42 | 21,685 | 1 | 42,000 | 0.5163 |
| 13 | SPECIAL Contracts | 215,828 | 1,867,547 | 1 | 215,828,000 | 0.0087 |
| 14 | Misc. Adj. not maintained by Rate | | 41,559 | | | |
| 15 | Subtotal | 1,618,346 | 35,158,369 | 2,723 | 594,325 | 0.0217 |
| 16 | Unbilled Amount | -15,147 | 361,670 | | | -0.0239 |
| 17 | Total Industrial Revenues | 1,603,199 | 35,520,039 | 2,723 | 588,762 | 0.0222 |
| 18 | | | | | | |
| 19 | Public Street & Highway (444.1): | | | | | |
| 20 | AL - Area Lighting | 20 | 4,161 | 1 | 20,000 | 0.2081 |
| 21 | OL - Outdoor Lighting Com | 1 | 275 | 1 | 1,000 | 0.2750 |
| 22 | EM - Outdoor Lighting | | 634 | | | |
| 23 | EMU - Outdoor Lighting | 6,041 | 1,771,926 | 97 | 62,278 | 0.2933 |
| 24 | MSL - Mercury Vapor | 8,934 | 2,291,230 | 200 | 44,670 | 0.2565 |
| 25 | MU - Outdoor Lighting | 834 | 81,807 | 4 | 208,500 | 0.0981 |
| 26 | PL - LED Outdoor Lighting | 40 | 3,394 | | | 0.0849 |
| 27 | Misc. Adj. not maintained by Rate | | -3,479 | | | |
| 28 | Subtotal | 15,870 | 4,149,948 | 303 | 52,376 | 0.2615 |
| 29 | Unbilled Amount | -10 | -7,557 | | | 0.7557 |
| 30 | Total Street Lighting Revenues | 15,860 | 4,142,391 | 303 | 52,343 | 0.2612 |
| 31 | | | | | | |
| 32 | | | | | | |
| 33 | | | | | | |
| 34 | | | | | | |
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| 36 | | | | | | |
| 37 | | | | | | |
| 38 | | | | | | |
| 39 | | | | | | |
| 40 | | | | | | |
| 41 | TOTAL Billed | 6,952,709 | 464,745,486 | 262,439 | 26,493 | 0.0668 |
| 42 | Total Unbilled Rev.(See Instr. 6) | 21,899 | 5,764,423 | 0 | 0 | 0.2632 |
| 43 | TOTAL | 6,974,608 | 470,509,909 | 262,439 | 26,576 | 0.0675 |

| | | | |
|---|--|---------------------------------------|---|
| Name of Respondent Potomac Edison MD | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|---|--|---------------------------------------|---|

SALES FOR RESALE (Account 447)

- Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on the Purchased Power schedule (Page 326-327).
- Enter the name of the purchaser in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the purchaser.
- In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:
 RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.
 LF - for long-term service. "Long-term" means five years or Longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for Long-term firm service which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or setter can unilaterally get out of the contract.
 IF - for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but Less than five years.
 SF - for short-term firm service. Use this category for all firm services where the duration of each period of commitment for service is one year or less.
 LU - for Long-term service from a designated generating unit. "Long-term" means five years or Longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of designated unit.
 IU - for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means Longer than one year but Less than five years.

| Line No. | Name of Company or Public Authority (Footnote Affiliations) (a) | Statistical Classification (b) | FERC Rate Schedule or Tariff Number (c) | Average Monthly Billing Demand (MW) (d) | Actual Demand (MW) | |
|----------|---|-----------------------------------|--|--|-----------------------------------|----------------------------------|
| | | | | | Average Monthly NCP Demand (e) | Average Monthly CP Demand (f) |
| 1 | RQ: | | | | | |
| 2 | Monongahela Power Company | RQ | 4th Rev Vol 2 | | | |
| 3 | West Penn Power Company | RQ | 4th Rev Vol 2 | | | |
| 4 | | | | | | |
| 5 | NON-RQ | | | | | |
| 6 | PJM Interconnection, LLC | OS | No 26 | | | |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | | | | | | |
| | Subtotal RQ | | | 0 | 0 | 0 |
| | Subtotal non-RQ | | | 0 | 0 | 0 |
| | Total | | | 0 | 0 | 0 |

| | | | |
|---|--|---------------------------------------|---|
| Name of Respondent Potomac Edison MD | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|---|--|---------------------------------------|---|

SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.

AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)

5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.

6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.

7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.

8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.

9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401, line 24.

10. Footnote entries as required and provide explanations following all required data.

| MegaWatt Hours Sold (g) | REVENUE | | | Total (\$) (h+i+j) (k) | Line No. |
|----------------------------|----------------------------|----------------------------|---------------------------|------------------------------|----------|
| | Demand Charges (\$) (h) | Energy Charges (\$) (i) | Other Charges (\$) (j) | | |
| | | | | | 1 |
| 1,711 | | 85,450 | | 85,450 | 2 |
| 30,278 | | 1,378,646 | | 1,378,646 | 3 |
| | | | | | 4 |
| | | | | | 5 |
| 990,632 | | 36,692,603 | | 36,692,603 | 6 |
| | | | | | 7 |
| | | | | | 8 |
| | | | | | 9 |
| | | | | | 10 |
| | | | | | 11 |
| | | | | | 12 |
| | | | | | 13 |
| | | | | | 14 |
| 31,989 | 0 | 1,464,096 | 0 | 1,464,096 | |
| 990,632 | 0 | 36,692,603 | 0 | 36,692,603 | |
| 1,022,621 | 0 | 38,156,699 | 0 | 38,156,699 | |

| | | | |
|---|--|---------------------------------------|----------------------------------|
| Name of Respondent Potomac Edison MD | This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2016/Q4 |
| FOOTNOTE DATA | | | |

Schedule Page: 310 Line No.: 2 Column: a

Associated company.

Schedule Page: 310 Line No.: 3 Column: a

Associated company.

Schedule Page: 310 Line No.: 6 Column: b

Represents power sold through the PJM Interconnection.

| | | | |
|---|--|---------------------------------------|---|
| Name of Respondent Potomac Edison MD | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|---|--|---------------------------------------|---|

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Account 403, 404, 405)
(Except amortization of acquisition adjustments)

- Report in section A for the year the amounts for : (b) Depreciation Expense (Account 403); (c) Depreciation Expense for Asset Retirement Costs (Account 403.1); (d) Amortization of Limited-Term Electric Plant (Account 404); and (e) Amortization of Other Electric Plant (Account 405).
 - Report in Section 8 the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute charges and whether any changes have been made in the basis or rates used from the preceding report year.
 - Report all available information called for in Section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.
- Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each plant subaccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of Section C the type of plant included in any sub-account used.
- In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional Classifications and showing composite total. Indicate at the bottom of section C the manner in which column balances are obtained. If average balances, state the method of averaging used.
- For columns (c), (d), and (e) report available information for each plant subaccount, account or functional classification Listed in column (a). If plant mortality studies are prepared to assist in estimating average service Lives, show in column (f) the type mortality curve selected as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant. If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.
- If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of section C the amounts and nature of the provisions and the plant items to which related.

A. Summary of Depreciation and Amortization Charges

| Line No. | Functional Classification (a) | Depreciation Expense (Account 403) (b) | Depreciation Expense for Asset Retirement Costs (Account 403.1) (c) | Amortization of Limited Term Electric Plant (Account 404) (d) | Amortization of Other Electric Plant (Acc 405) (e) | Total (f) |
|----------|--|---|--|--|---|-------------------|
| 1 | Intangible Plant | | | 1,470,196 | | 1,470,196 |
| 2 | Steam Production Plant | | | | | |
| 3 | Nuclear Production Plant | | | | | |
| 4 | Hydraulic Production Plant-Conventional | | | | | |
| 5 | Hydraulic Production Plant-Pumped Storage | | | | | |
| 6 | Other Production Plant | | | | | |
| 7 | Transmission Plant | 6,481,225 | | | | 6,481,225 |
| 8 | Distribution Plant | 27,774,742 | | | | 27,774,742 |
| 9 | Regional Transmission and Market Operation | | | | | |
| 10 | General Plant | 2,320,619 | | | | 2,320,619 |
| 11 | Common Plant-Electric | | | | | |
| 12 | TOTAL | 36,576,586 | | 1,470,196 | | 38,046,782 |

B. Basis for Amortization Charges

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | | | |
|--|--|--|--|--|--|--|

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| Name of Respondent Potomac Edison MD | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of 2016/Q4 |
|---|--|---------------------------------------|---|

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)

C. Factors Used in Estimating Depreciation Charges

| Line No. | Account No. (a) | Depreciable Plant Base (In Thousands) (b) | Estimated Avg. Service Life (c) | Net Salvage (Percent) (d) | Applied Depr rates (Percent) (e) | Mortality Curve Type (f) | Average Remaining Life (g) |
|----------|--------------------|---|------------------------------------|------------------------------|-------------------------------------|-----------------------------|-------------------------------|
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THE POTOMAC EDISON COMPANY
Energy Taxes and Property Taxes Paid
Maryland Annual Report to PSC

| Property Tax Paid in 2016 Locality | Tax Year 2016 | Tax Year 2015 |
|---|----------------------|----------------------|
| | Amt Paid | Amt Paid |
| Allegany County | \$1,311,885 | |
| Montgomery County | \$1,147,445 | |
| City of Cumberland | \$381,617 | |
| City of Frostburg | \$64,842 | |
| Barton | \$2,143 | |
| Brunswick | \$51,201 | |
| Luke | \$4,239 | |
| Carroll County | \$449,793 | |
| New Windsor | \$2,000 | |
| Union Bridge | \$17,656 | |
| Frederick County | \$4,689,713 | |
| City of Frederick | \$639,931 | |
| Emmitsburg | \$7,387 | |
| Myersville | \$18,706 | \$10,878 |
| Thurmont | \$3,467 | |
| Walkersville | \$10,657 | |
| Corp of Woodsboro | \$452 | |
| Garrett County | \$737,803 | |
| Accident | \$0 | \$1,107 |
| Friendsville | \$3,683 | |
| Grantsville | \$2,631 | |
| Kitzmilller | \$0 | \$2,081 |
| Loch Lynn Heights | \$1,938 | |
| Oakland | \$19,395 | |
| Howard County | \$58,015 | |
| Washington County | \$1,971,342 | |
| Boonsboro | \$15,869 | |
| Clear Spring | \$6,862 | |
| Hagerstown | \$69,324 | |
| Hancock | \$14,410 | |
| Keedysville | \$3,917 | |
| Sharpsburg | \$6,239 | |
| Smithsburg | \$10,427 | |
| Deer Park | \$4,385 | |
| Mountain Lake Park | \$6,301 | |
| Middletown | \$7,906 | |
| Taneytown | \$30,610 | |
| New Market | \$4,101 | |
| Williamsport | \$4,030 | |
| Mount Airy | \$0 | |
| Funkstown | \$19,758 | |
| Total Property Tax Paid | \$11,802,080 | \$14,066 |
| Non-Op Local Property Tax Paid | Tax Year 2016 | Tax Year 2015 |
| Washington County | \$7,570 | |
| Alleghany County | | |
| Frederick County | \$17,356 | |
| Montgomery County | \$63 | |
| Keedysville | \$648 | |
| Total Non-Op Property Tax Paid | \$25,637 | \$0 |
| Montgomery Co. Energy Tax Paid in 2016 | Tax Year 2016 | Tax Year 2015 |
| 2015 Paid monthly in 2016 | | \$714,935 |
| 2016 Paid monthly in 2016 | \$8,732,209 | |
| Total Energy Tax Paid | \$8,732,209 | \$714,935 |