

AMERICAN TRANSMISSION SYSTEMS, INCORPORATED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

AMERICAN TRANSMISSION SYSTEMS, INCORPORATED
STATEMENTS OF INCOME
(UNAUDITED)

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2021	2020
REVENUES	\$ 208	\$ 204
OPERATING EXPENSES:		
Other operating expenses	26	23
Provision for depreciation	37	35
Amortization of regulatory assets, net	4	2
General taxes	56	56
Total operating expenses	123	116
OPERATING INCOME	85	88
OTHER INCOME (EXPENSE):		
Miscellaneous income, net	2	1
Pension and OPEB mark-to-market adjustment	—	(12)
Interest expense	(18)	(16)
Capitalized financing costs	2	4
Total other expense	(14)	(23)
INCOME BEFORE INCOME TAXES	71	65
INCOME TAXES	15	13
NET INCOME	\$ 56	\$ 52

AMERICAN TRANSMISSION SYSTEMS, INCORPORATED
BALANCE SHEETS
(UNAUDITED)

<i>(In millions)</i>	March 31, 2021	December 31, 2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 150	\$ 150
Receivables-		
Affiliated companies	9	22
Other, net of allowance for uncollectible accounts of \$3 in 2021 and 2020	36	33
Prepaid taxes and other	3	3
	<u>198</u>	<u>208</u>
UTILITY PLANT:		
In service	5,433	5,382
Less — Accumulated provision for depreciation	1,251	1,226
	<u>4,182</u>	<u>4,156</u>
Construction work in progress	275	222
	<u>4,457</u>	<u>4,378</u>
DEFERRED CHARGES AND OTHER ASSETS:		
Property taxes	167	225
Operating lease right-of-use asset	413	413
Other	8	8
	<u>588</u>	<u>646</u>
	<u>\$ 5,243</u>	<u>\$ 5,232</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 400	\$ —
Accounts payable - affiliated companies	5	6
Short-term borrowings -		
Affiliated companies	331	287
Other	150	150
Accrued taxes	221	209
Accrued interest	14	22
Other current liabilities	6	6
	<u>1,127</u>	<u>680</u>
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, no par value, 850 shares authorized - 1 share outstanding	1,267	1,267
Retained earnings	668	612
Total common stockholder's equity	<u>1,935</u>	<u>1,879</u>
Long-term debt and other long-term obligations	891	1,291
	<u>2,826</u>	<u>3,170</u>
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	556	548
Property taxes	111	225
Regulatory liabilities	181	167
Noncurrent operating lease obligation	407	407
Other	35	35
	<u>1,290</u>	<u>1,382</u>
	<u>\$ 5,243</u>	<u>\$ 5,232</u>

AMERICAN TRANSMISSION SYSTEMS, INCORPORATED
STATEMENTS OF CASH FLOWS
(UNAUDITED)

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 56	\$ 52
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	36	38
Pension and OPEB mark-to-market adjustment	—	12
Deferred income taxes and investment tax credits, net	10	10
Transmission revenue collections, net	14	(12)
Allowance for funds used during construction - equity	(1)	(3)
Changes in current assets and liabilities-		
Receivables	10	(7)
Accounts payable	(3)	(46)
Accrued taxes	(44)	(32)
Accrued interest	(8)	(8)
Other	(1)	(5)
Net cash provided from (used for) operating activities	69	(1)
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Short-term borrowings - affiliated companies, net	44	32
Common stock dividend payments	—	(30)
Net cash provided from financing activities	44	2
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(107)	(89)
Loans to affiliated companies, net	—	93
Asset removal costs	(7)	(5)
Other	1	—
Net cash used for investing activities	(113)	(1)
Net change in cash, cash equivalents, and restricted cash		
	—	—
Cash, cash equivalents, and restricted cash at beginning of period	150	—
Cash, cash equivalents, and restricted cash at end of period	\$ 150	\$ —