

AMERICAN TRANSMISSION SYSTEMS, INCORPORATED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020

AMERICAN TRANSMISSION SYSTEMS, INCORPORATED
STATEMENTS OF INCOME
(UNAUDITED)

<i>(In millions)</i>	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
REVENUES	\$ 201	\$ 193	\$ 409	\$ 397
OPERATING EXPENSES:				
Other operating expenses	29	27	55	50
Provision for depreciation	37	35	74	70
Amortization of regulatory assets, net	5	2	9	4
General taxes	55	50	111	106
Total operating expenses	126	114	249	230
OPERATING INCOME	75	79	160	167
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	1	1	3	2
Pension and OPEB mark-to-market adjustment	—	—	—	(12)
Interest expense	(18)	(16)	(36)	(32)
Capitalized financing costs	2	3	4	7
Total other expense	(15)	(12)	(29)	(35)
INCOME BEFORE INCOME TAXES	60	67	131	132
INCOME TAXES	12	14	27	27
NET INCOME	\$ 48	\$ 53	\$ 104	\$ 105

AMERICAN TRANSMISSION SYSTEMS, INCORPORATED
BALANCE SHEETS
(UNAUDITED)

<i>(In millions)</i>	June 30, 2021	December 31, 2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 150	\$ 150
Receivables-		
Affiliated companies	12	22
Other, net of allowance for uncollectible accounts of \$3 in 2021 and 2020	36	33
Prepaid taxes and other	2	3
	<u>200</u>	<u>208</u>
UTILITY PLANT:		
In service	5,503	5,382
Less — Accumulated provision for depreciation	1,267	1,226
	<u>4,236</u>	<u>4,156</u>
Construction work in progress	286	222
	<u>4,522</u>	<u>4,378</u>
DEFERRED CHARGES AND OTHER ASSETS:		
Property taxes	111	225
Operating lease right-of-use asset	413	413
Other	6	8
	<u>530</u>	<u>646</u>
	<u>\$ 5,252</u>	<u>\$ 5,232</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 400	\$ —
Accounts payable - affiliated companies	41	6
Short-term borrowings -		
Affiliated companies	215	287
Other	150	150
Accrued taxes	174	209
Accrued interest	22	22
Other current liabilities	6	6
	<u>1,008</u>	<u>680</u>
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, no par value, 850 shares authorized - 1 share outstanding	1,342	1,267
Retained earnings	716	612
Total common stockholder's equity	<u>2,058</u>	<u>1,879</u>
Long-term debt and other long-term obligations	891	1,291
	<u>2,949</u>	<u>3,170</u>
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	564	548
Property taxes	111	225
Regulatory liabilities	207	167
Noncurrent operating lease obligation	407	407
Other	6	35
	<u>1,295</u>	<u>1,382</u>
	<u>\$ 5,252</u>	<u>\$ 5,232</u>

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

<i>(In millions)</i>	For the Six Months Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 104	\$ 105
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	72	76
Pension and OPEB mark-to-market adjustment	—	12
Deferred income taxes and investment tax credits, net	17	17
Transmission revenue collections, net	44	(12)
Allowance for equity funds used during construction	(1)	(6)
Changes in current assets and liabilities-		
Receivables	7	(7)
Prepaid taxes and other current assets	1	(1)
Accounts payable	2	(50)
Accrued taxes	(35)	9
Accrued interest	—	(1)
Other	(3)	(7)
Net cash provided from operating activities	208	135
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Short-term borrowings - affiliated companies, net	—	90
Redemptions and repayments-		
Short-term borrowings - affiliated companies, net	(72)	—
Equity contribution from parent	75	—
Common stock dividend payments	—	(120)
Net cash provided from (used for) financing activities	3	(30)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(193)	(185)
Loans to affiliated companies, net	—	93
Asset removal costs	(20)	(13)
Other	2	—
Net cash used for investing activities	(211)	(105)
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	\$ —