

**AMERICAN TRANSMISSION SYSTEMS, INCORPORATED**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020**

**AMERICAN TRANSMISSION SYSTEMS, INCORPORATED**  
**STATEMENTS OF INCOME**  
**(UNAUDITED)**

<i>(In millions)</i>	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
<b>REVENUES</b>	\$ 206	\$ 205	\$ 615	\$ 602
<b>OPERATING EXPENSES:</b>				
Other operating expenses	83	36	138	86
Provision for depreciation	38	36	112	106
Amortization of regulatory assets, net	1	2	10	6
General taxes	56	53	167	159
Total operating expenses	178	127	427	357
<b>OPERATING INCOME</b>	28	78	188	245
<b>OTHER INCOME (EXPENSE):</b>				
Miscellaneous income, net	—	—	3	2
Pension and OPEB mark-to-market adjustment	—	—	—	(12)
Interest expense	(17)	(16)	(53)	(48)
Capitalized financing costs	1	4	5	11
Total other expense	(16)	(12)	(45)	(47)
<b>INCOME BEFORE INCOME TAXES</b>	12	66	143	198
<b>INCOME TAXES</b>	3	14	30	41
<b>NET INCOME</b>	\$ 9	\$ 52	\$ 113	\$ 157

**AMERICAN TRANSMISSION SYSTEMS, INCORPORATED**  
**BALANCE SHEETS**  
**(UNAUDITED)**

<i>(In millions)</i>	September 30, 2021	December 31, 2020
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ —	\$ 150
Receivables-		
Affiliated companies	11	22
Other, net of allowance for uncollectible accounts of \$3 in 2020	42	33
Prepaid taxes and other	2	3
	55	208
<b>UTILITY PLANT:</b>		
In service	5,536	5,382
Less — Accumulated provision for depreciation	1,284	1,226
	4,252	4,156
Construction work in progress	272	222
	4,524	4,378
<b>DEFERRED CHARGES AND OTHER ASSETS:</b>		
Property taxes	56	225
Operating lease right-of-use asset	413	413
Other	6	8
	475	646
	\$ 5,054	\$ 5,232
<b>LIABILITIES AND CAPITALIZATION</b>		
<b>CURRENT LIABILITIES:</b>		
Currently payable long-term debt	\$ 400	\$ —
Accounts payable - affiliated companies	8	6
Short-term borrowings -		
Affiliated companies	300	287
Other	—	150
Accrued taxes	223	209
Accrued interest	14	22
Other current liabilities	6	6
	951	680
<b>CAPITALIZATION:</b>		
Common shareholder's equity-		
Common stock, no par value, 850 shares authorized - 1 share outstanding	1,343	1,267
Retained earnings	625	612
Total common shareholder's equity	1,968	1,879
Long-term debt and other long-term obligations	892	1,291
	2,860	3,170
<b>NONCURRENT LIABILITIES:</b>		
Accumulated deferred income taxes	575	548
Property taxes	—	225
Regulatory liabilities	256	167
Noncurrent operating lease obligation	407	407
Other	5	35
	1,243	1,382
	\$ 5,054	\$ 5,232

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

<i>(In millions)</i>	<b>For the Nine Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 113	\$ 157
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	106	116
Pension and OPEB mark-to-market adjustment	—	12
Regulatory charges	48	—
Deferred income taxes and investment tax credits, net	25	29
Transmission revenue collections, net	70	(24)
Allowance for equity funds used during construction	(2)	(8)
Changes in current assets and liabilities-		
Receivables	4	(8)
Prepaid taxes and other current assets	1	(2)
Accounts payable	(33)	(50)
Accrued taxes	(41)	(24)
Accrued interest	(8)	(8)
Other	(5)	(5)
Net cash provided from operating activities	<u>278</u>	<u>185</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
New financing-		
Short-term borrowings - affiliated companies, net	13	324
Redemptions and repayments-		
Short-term borrowings - other, net	(150)	—
Equity contribution from parent	75	—
Common stock dividend payments	(100)	(305)
Net cash provided from (used for) financing activities	<u>(162)</u>	<u>19</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property additions	(241)	(271)
Loans to affiliated companies, net	—	93
Asset removal costs	(28)	(26)
Other	3	—
Net cash used for investing activities	<u>(266)</u>	<u>(204)</u>
Net change in cash, cash equivalents, and restricted cash	(150)	—
Cash, cash equivalents, and restricted cash at beginning of period	150	—
Cash, cash equivalents, and restricted cash at end of period	<u>\$ —</u>	<u>\$ —</u>