

AMERICAN TRANSMISSION SYSTEMS, INCORPORATED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021

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, | |
|--|--|--------|--------------------------------------|--------|
| | 2022 | 2021 | 2022 | 2021 |
| REVENUES | \$ 220 | \$ 201 | \$ 437 | \$ 409 |
| OPERATING EXPENSES: | | | | |
| Other operating expenses | 41 | 29 | 77 | 55 |
| Provision for depreciation | 39 | 37 | 78 | 74 |
| Amortization of regulatory assets, net | 1 | 5 | 2 | 9 |
| General taxes | 55 | 55 | 115 | 111 |
| Total operating expenses | 136 | 126 | 272 | 249 |
| OPERATING INCOME | 84 | 75 | 165 | 160 |
| OTHER INCOME (EXPENSE): | | | | |
| Miscellaneous income (expense), net | (1) | 1 | (2) | 3 |
| Interest expense | (15) | (18) | (30) | (36) |
| Capitalized financing costs | 3 | 2 | 7 | 4 |
| Total other expense | (13) | (15) | (25) | (29) |
| INCOME BEFORE INCOME TAXES | 71 | 60 | 140 | 131 |
| INCOME TAXES | 12 | 12 | 26 | 27 |
| NET INCOME | \$ 59 | \$ 48 | \$ 114 | \$ 104 |

AMERICAN TRANSMISSION SYSTEMS, INCORPORATED
BALANCE SHEETS
(UNAUDITED)

| <i>(In millions)</i> | June 30, 2022 | December 31, 2021 |
|---|-----------------|-------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 75 | \$ — |
| Receivables- | | |
| Affiliated companies | 1 | 8 |
| Other | 39 | 40 |
| Notes receivable from affiliated companies | 134 | — |
| Prepaid taxes and other | 3 | 3 |
| | <u>252</u> | <u>51</u> |
| UTILITY PLANT: | | |
| In service | 5,738 | 5,659 |
| Less — Accumulated provision for depreciation | 1,371 | 1,308 |
| | <u>4,367</u> | <u>4,351</u> |
| Construction work in progress | 252 | 213 |
| | <u>4,619</u> | <u>4,564</u> |
| DEFERRED CHARGES AND OTHER ASSETS: | | |
| Property taxes | 116 | 236 |
| Operating lease right-of-use asset | 412 | 413 |
| Other | 6 | 6 |
| | <u>534</u> | <u>655</u> |
| | <u>\$ 5,405</u> | <u>\$ 5,270</u> |
| LIABILITIES AND CAPITALIZATION | | |
| CURRENT LIABILITIES: | | |
| Accounts payable - affiliated companies | \$ 5 | \$ 2 |
| Short-term borrowings - affiliated companies | — | 81 |
| Accrued taxes | 242 | 244 |
| Accrued interest | 21 | 13 |
| Other current liabilities | 6 | 6 |
| | <u>274</u> | <u>346</u> |
| CAPITALIZATION: | | |
| Common stockholder's equity- | | |
| Common stock, no par value, 850 shares authorized - 1 share outstanding | 1,544 | 1,343 |
| Retained earnings | 716 | 602 |
| Total common stockholder's equity | 2,260 | 1,945 |
| Long-term debt and other long-term obligations | 1,485 | 1,485 |
| | <u>3,745</u> | <u>3,430</u> |
| NONCURRENT LIABILITIES: | | |
| Accumulated deferred income taxes | 571 | 556 |
| Property taxes | 116 | 236 |
| Regulatory liabilities | 288 | 289 |
| Noncurrent operating lease obligation | 407 | 407 |
| Other | 4 | 6 |
| | <u>1,386</u> | <u>1,494</u> |
| | <u>\$ 5,405</u> | <u>\$ 5,270</u> |

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

| <i>(In millions)</i> | For the Six Months Ended June 30, | |
|--|--------------------------------------|--------|
| | 2022 | 2021 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 114 | \$ 104 |
| Adjustments to reconcile net income to net cash from operating activities- | | |
| Depreciation and amortization | 80 | 72 |
| Deferred income taxes and investment tax credits, net | 8 | 17 |
| Transmission revenue collections, net | 13 | 44 |
| Allowance for funds used during construction - equity | (5) | (1) |
| Changes in current assets and liabilities- | | |
| Receivables | 8 | 7 |
| Prepaid taxes and other current assets | — | 1 |
| Accounts payable | — | 2 |
| Accrued taxes | (2) | (35) |
| Accrued interest | 8 | — |
| Other | 3 | (3) |
| Net cash provided from operating activities | 227 | 208 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Redemptions and repayments- | | |
| Short-term borrowings - affiliated companies, net | (81) | (72) |
| Equity contribution from parent | 200 | 75 |
| Net cash provided from financing activities | 119 | 3 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Property additions | (131) | (193) |
| Loans to affiliated companies, net | (134) | — |
| Asset removal costs | (7) | (20) |
| Other | 1 | 2 |
| Net cash used for investing activities | (271) | (211) |
| Net change in cash and cash equivalents | 75 | — |
| Cash and cash equivalents at beginning of period | — | 150 |
| Cash and cash equivalents at end of period | \$ 75 | \$ 150 |