

AMERICAN TRANSMISSION SYSTEMS, INCORPORATED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

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,	
	2020	2019	2020	2019
REVENUES	\$ 205	\$ 185	\$ 602	\$ 545
OPERATING EXPENSES:				
Other operating expenses	36	31	86	85
Provision for depreciation	36	32	106	95
Amortization of regulatory liabilities, net	2	1	6	5
General taxes	53	48	159	140
Total operating expenses	127	112	357	325
OPERATING INCOME	78	73	245	220
OTHER INCOME (EXPENSE):				
Miscellaneous income (expenses), net	—	(1)	2	—
Pension and OPEB mark-to-market adjustment	—	—	(12)	—
Interest expense	(16)	(16)	(48)	(47)
Capitalized financing costs	4	5	11	11
Total other expense	(12)	(12)	(47)	(36)
INCOME BEFORE INCOME TAXES	66	61	198	184
INCOME TAXES	14	12	41	37
NET INCOME	\$ 52	\$ 49	\$ 157	\$ 147

AMERICAN TRANSMISSION SYSTEMS, INCORPORATED
BALANCE SHEETS
(UNAUDITED)

<i>(In millions)</i>	September 30, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS:		
Receivables-		
Affiliated companies	\$ 3	\$ 3
Other, net of allowance for uncollectible accounts of \$1 in 2020 and \$4 in 2019	33	24
Notes receivable from affiliated companies	—	93
Prepaid taxes and other	5	3
	<u>41</u>	<u>123</u>
UTILITY PLANT:		
In service	5,286	5,075
Less — Accumulated provision for depreciation	1,185	1,113
	<u>4,101</u>	<u>3,962</u>
Construction work in progress	237	185
	<u>4,338</u>	<u>4,147</u>
DEFERRED CHARGES AND OTHER ASSETS:		
Property taxes	52	221
Operating lease right-of-use asset	413	414
Other	7	6
	<u>472</u>	<u>641</u>
	<u>\$ 4,851</u>	<u>\$ 4,911</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Accounts payable - affiliated companies	\$ 10	\$ 41
Short-term borrowings - affiliated companies	324	—
Accrued taxes	216	188
Accrued interest	14	22
Other current liabilities	6	7
	<u>570</u>	<u>258</u>
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, no par value, 850 shares authorized - 1 share outstanding	1,267	1,267
Retained earnings	558	706
Total common stockholder's equity	<u>1,825</u>	<u>1,973</u>
Long-term debt and other long-term obligations	1,291	1,290
	<u>3,116</u>	<u>3,263</u>
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	535	500
Property taxes	—	221
Regulatory liabilities	189	228
Noncurrent operating lease obligation	407	408
Other	34	33
	<u>1,165</u>	<u>1,390</u>
	<u>\$ 4,851</u>	<u>\$ 4,911</u>

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

<i>(In millions)</i>	For the Nine Months Ended September 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 157	\$ 147
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	116	105
Pension and OPEB mark-to-market adjustment	12	—
Deferred income taxes and investment tax credits, net	29	30
Transmission revenue collections, net	(24)	9
Allowance for funds used during construction - equity	(8)	(8)
Changes in current assets and liabilities-		
Receivables	(8)	22
Prepaid taxes and other current assets	(2)	—
Accounts payable	(50)	2
Accrued taxes	(24)	(31)
Accrued interest	(8)	(7)
Other	(5)	(6)
Net cash provided from operating activities	185	263
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Long-term debt	—	100
Short-term borrowings - affiliated companies, net	324	—
Common stock dividend payments	(305)	—
Net cash provided from financing activities	19	100
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(271)	(332)
Loans to affiliated companies, net	93	(8)
Asset removal costs	(26)	(23)
Net cash used for investing activities	(204)	(363)
Net change in cash, cash equivalents, and restricted cash	—	—
Cash, cash equivalents, and restricted cash at beginning of period	—	—
Cash, cash equivalents, and restricted cash at end of period	\$ —	\$ —