

**TRANS-ALLEGHENY INTERSTATE LINE COMPANY**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017**

**TRANS-ALLEGHENY INTERSTATE LINE COMPANY**  
**STATEMENTS OF INCOME**  
(Unaudited)

<i>(In millions)</i>	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
<b>REVENUES</b>	\$ 64	\$ 73	\$ 127	\$ 144
<b>OPERATING EXPENSES:</b>				
Operation and maintenance expenses	5	4	9	6
Provision for depreciation	12	11	24	23
Deferral of regulatory assets, net	(1)	—	—	—
General taxes	3	3	6	6
Total operating expenses	19	18	39	35
<b>OPERATING INCOME</b>	45	55	88	109
<b>OTHER INCOME (EXPENSE):</b>				
Interest expense	(6)	(6)	(13)	(13)
Capitalized financing costs	1	1	1	2
Total other expense	(5)	(5)	(12)	(11)
<b>INCOME BEFORE INCOME TAXES</b>	40	50	76	98
<b>INCOME TAXES</b>	13	20	22	38
<b>NET INCOME</b>	\$ 27	\$ 30	\$ 54	\$ 60

**TRANS-ALLEGHENY INTERSTATE LINE COMPANY**  
**BALANCE SHEETS**  
(Unaudited)

<i>(In millions)</i>	June 30, 2018	December 31, 2017
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Receivables-		
Affiliated companies	\$ 4	\$ 30
Other	19	23
Notes receivable from affiliated companies	24	—
Prepaid taxes and other	11	11
	<u>58</u>	<u>64</u>
<b>UTILITY PLANT:</b>		
In service	2,137	2,124
Less — Accumulated provision for depreciation	195	177
	<u>1,942</u>	<u>1,947</u>
Construction work in progress	19	18
	<u>1,961</u>	<u>1,965</u>
<b>OTHER PROPERTY AND INVESTMENTS</b>	6	6
<b>DEFERRED CHARGES AND OTHER ASSETS:</b>		
Property taxes	—	5
Other	1	3
	<u>1</u>	<u>8</u>
	<u>\$ 2,026</u>	<u>\$ 2,043</u>
<b>LIABILITIES AND CAPITALIZATION</b>		
<b>CURRENT LIABILITIES:</b>		
Short-term borrowings - affiliated companies	\$ —	\$ 106
Accounts payable - affiliated companies	1	1
Accrued taxes	17	17
Accrued interest	2	2
	<u>20</u>	<u>126</u>
<b>CAPITALIZATION:</b>		
Common stockholder's equity-		
Other paid-in capital	921	900
Retained earnings	79	25
Total common stockholder's equity	<u>1,000</u>	<u>925</u>
Long-term debt and other long-term obligations	621	621
	<u>1,621</u>	<u>1,546</u>
<b>NONCURRENT LIABILITIES:</b>		
Accumulated deferred income taxes	253	248
Property taxes	—	5
Regulatory liabilities	126	110
Other	6	8
	<u>385</u>	<u>371</u>
	<u>\$ 2,026</u>	<u>\$ 2,043</u>

**TRANS-ALLEGHENY INTERSTATE LINE COMPANY**  
**STATEMENTS OF CASH FLOWS**  
(Unaudited)

<i>(In millions)</i>	For the Six Months Ended June 30,	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 54	\$ 60
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and deferral of regulatory assets, net	22	23
Deferred income taxes and investment tax credits, net	6	9
Transmission revenue collections, net	12	(9)
Allowance for funds used during construction - equity	(1)	(2)
Changes in current assets and liabilities-		
Receivables	30	(2)
Accrued taxes	—	8
Other	2	2
Net cash provided from operating activities	125	89
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Short-term borrowings, net	(106)	(170)
Equity contributions from parent	20	150
Net cash used for financing activities	(86)	(20)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property additions	(15)	(30)
Loans to affiliated companies, net	(24)	(38)
Other	—	(1)
Net cash used for investing activities	(39)	(69)
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	\$ —	\$ —