

**MID-ATLANTIC INTERSTATE TRANSMISSION, LLC**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017**

**MID-ATLANTIC INTERSTATE TRANSMISSION, LLC**  
**STATEMENTS OF INCOME**  
(Unaudited)

<i>(In thousands)</i>	For the Three Months Ended March 31,	
	2018	2017
<b>REVENUES</b>	\$ 31,523	\$ 24,167
<b>OPERATING EXPENSES:</b>		
Other operating expenses	10,317	9,884
Provision for depreciation	6,115	3,521
Amortization of regulatory assets, net	1,416	—
Total operating expenses	17,848	13,405
<b>OPERATING INCOME</b>	13,675	10,762
<b>OTHER INCOME (EXPENSE):</b>		
Miscellaneous income	(365)	320
Interest expense	(1,194)	(21)
Capitalized financing costs	4,106	598
Total other income	2,547	897
<b>INCOME BEFORE INCOME TAXES</b>	16,222	11,659
<b>INCOME TAXES</b>	3,741	4,750
<b>NET INCOME</b>	\$ 12,481	\$ 6,909

MAIT issued membership interest on January 31, 2017, in exchange for cash and asset contributions from FET, PN and ME. In accordance with GAAP, the accompanying financial statements have been retrospectively updated to reflect the formation of MAIT as of the earliest period presented.

**MID-ATLANTIC INTERSTATE TRANSMISSION, LLC**  
**BALANCE SHEETS**  
(Unaudited)

<i>(In thousands)</i>	March 31, 2018	December 31, 2017
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Receivables-		
Affiliated companies	\$ 965	\$ 1,656
Other	7,802	7,299
Prepaid taxes and other	229	432
	<u>8,996</u>	<u>9,387</u>
<b>UTILITY PLANT:</b>		
In service	1,158,313	1,142,966
Less — Accumulated provision for depreciation	359,155	365,216
	<u>799,158</u>	<u>777,750</u>
Construction work in progress	232,154	155,440
	<u>1,031,312</u>	<u>933,190</u>
<b>DEFERRED CHARGES AND OTHER ASSETS:</b>		
Goodwill	223,592	223,592
Other	883	922
	<u>224,475</u>	<u>224,514</u>
	<u>\$ 1,264,783</u>	<u>\$ 1,167,091</u>
<b>LIABILITIES AND CAPITALIZATION</b>		
<b>CURRENT LIABILITIES:</b>		
Short-term borrowings - affiliated companies	\$ 208,148	\$ 137,227
Accounts payable-affiliated companies	2,277	2,539
Accrued taxes	8,114	7,573
Other	201	205
	<u>218,740</u>	<u>147,544</u>
<b>CAPITALIZATION:</b>		
Members' equity-		
Membership Interest A	39,146	39,146
Membership Interest B	743,776	743,776
Retained earnings	19,474	6,993
Total members' equity	<u>802,396</u>	<u>789,915</u>
<b>NONCURRENT LIABILITIES:</b>		
Accumulated deferred income taxes	135,528	130,802
Regulatory liabilities	105,616	96,304
Other	2,503	2,526
	<u>243,647</u>	<u>229,632</u>
	<u>\$ 1,264,783</u>	<u>\$ 1,167,091</u>

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**MID-ATLANTIC INTERSTATE TRANSMISSION, LLC**  
**STATEMENTS OF CASH FLOWS**  
(Unaudited)

<i>(In thousands)</i>	For the Three Months Ended March 31,	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 12,481	\$ 6,909
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization of regulatory assets, net	7,531	3,521
Deferred income taxes and investment tax credits, net	3,200	9,419
Transmission revenue collections, net	9,585	—
Allowance for funds used during construction - equity	(4,109)	(505)
Changes in current assets and liabilities-		
Receivables	1,377	(4,766)
Accounts payable	(1,451)	—
Other	(1,386)	(6,841)
Net cash provided from operating activities	27,228	7,737
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Short-term borrowings - affiliated companies	70,921	—
Common stock dividend payment	—	(3,127)
Net cash provided from (used for) financing activities	70,921	(3,127)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property additions	(92,967)	(38,781)
Loans to affiliated companies, net	—	35,563
Asset removal costs	(5,182)	(1,392)
Net cash used for investing activities	(98,149)	(4,610)
Net change in cash and cash equivalents and restricted cash	—	—
Cash and cash equivalents and restricted cash at beginning of period	—	—
Cash and cash equivalents and restricted cash at end of period	\$ —	\$ —

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