

TRANS-ALLEGHENY INTERSTATE LINE COMPANY
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

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

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2018	2017
REVENUES	\$ 63	\$ 71
OPERATING EXPENSES:		
Operation and maintenance expenses	4	2
Provision for depreciation	12	12
Amortization of regulatory assets, net	1	—
General taxes	3	3
Total operating expenses	20	17
OPERATING INCOME	43	54
OTHER INCOME (EXPENSE):		
Interest expense	(7)	(7)
Capitalized financing costs	—	1
Total other expense	(7)	(6)
INCOME BEFORE INCOME TAXES	36	48
INCOME TAXES	9	18
NET INCOME	\$ 27	\$ 30

TRANS-ALLEGHENY INTERSTATE LINE COMPANY
BALANCE SHEETS
(Unaudited)

<i>(In millions)</i>	March 31, 2018	December 31, 2017
ASSETS		
CURRENT ASSETS:		
Receivables-		
Affiliated companies	\$ 30	\$ 30
Other	23	23
Prepaid taxes and other	13	11
	<u>66</u>	<u>64</u>
UTILITY PLANT:		
In service	2,124	2,124
Less — Accumulated provision for depreciation	186	177
	<u>1,938</u>	<u>1,947</u>
Construction work in progress	25	18
	<u>1,963</u>	<u>1,965</u>
OTHER PROPERTY AND INVESTMENTS	<u>6</u>	<u>6</u>
DEFERRED CHARGES AND OTHER ASSETS:		
Property taxes	—	5
Other	2	3
	<u>2</u>	<u>8</u>
	<u>\$ 2,037</u>	<u>\$ 2,043</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Short-term borrowings - affiliated companies	\$ 32	\$ 106
Accounts payable - affiliated companies	1	1
Accrued taxes	26	17
Accrued interest	8	2
	<u>67</u>	<u>126</u>
CAPITALIZATION:		
Common stockholder's equity-		
Other paid-in capital	921	900
Retained earnings	52	25
Total common stockholder's equity	<u>973</u>	<u>925</u>
Long-term debt and other long-term obligations	621	621
	<u>1,594</u>	<u>1,546</u>
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	250	248
Property taxes	—	5
Regulatory liabilities	121	110
Other	5	8
	<u>376</u>	<u>371</u>
	<u>\$ 2,037</u>	<u>\$ 2,043</u>

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

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 27	\$ 30
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization of regulatory assets, net	14	12
Deferred income taxes and investment tax credits, net	1	8
Transmission revenue collections, net	8	(4)
Allowance for funds used during construction - equity	—	(1)
Changes in current assets and liabilities-		
Prepaid taxes and other	(2)	(2)
Accrued taxes	9	11
Accrued interest	6	6
Other	(1)	(1)
Net cash provided from operating activities	62	59
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term borrowings, net	(74)	(170)
Equity contribution from parent	20	150
Net cash used for financing activities	(54)	(20)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(8)	(15)
Loans to affiliated companies, net	—	(24)
Net cash used for investing activities	(8)	(39)
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	\$ —	\$ —