

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

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

<i>(In millions)</i>	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
<b>REVENUES</b>	\$ 63	\$ 71	\$ 190	\$ 215
<b>OPERATING EXPENSES:</b>				
Operation and maintenance expenses	5	2	14	8
Provision for depreciation	12	12	36	35
General taxes	4	3	10	9
Total operating expenses	21	17	60	52
<b>OPERATING INCOME</b>	42	54	130	163
<b>OTHER INCOME (EXPENSE):</b>				
Interest expense	(6)	(6)	(19)	(19)
Capitalized financing costs	—	—	1	2
Total other expense	(6)	(6)	(18)	(17)
<b>INCOME BEFORE INCOME TAXES</b>	36	48	112	146
<b>INCOME TAXES</b>	10	20	32	58
<b>NET INCOME</b>	\$ 26	\$ 28	\$ 80	\$ 88

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

<i>(In millions)</i>	September 30, 2018	December 31, 2017
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Receivables-		
Affiliated companies	\$ 1	\$ 30
Other	19	23
Notes receivable from affiliated companies	79	—
Prepaid taxes and other	16	11
	<u>115</u>	<u>64</u>
<b>UTILITY PLANT:</b>		
In service	2,141	2,124
Less — Accumulated provision for depreciation	203	177
	<u>1,938</u>	<u>1,947</u>
Construction work in progress	22	18
	<u>1,960</u>	<u>1,965</u>
<b>OTHER PROPERTY AND INVESTMENTS</b>	6	6
<b>DEFERRED CHARGES AND OTHER ASSETS:</b>		
Property taxes	6	5
Other	1	3
	<u>7</u>	<u>8</u>
	<u>\$ 2,088</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	18	17
Accrued interest	8	2
	<u>27</u>	<u>126</u>
<b>CAPITALIZATION:</b>		
Common stockholder's equity-		
Other paid-in capital	923	900
Retained earnings	105	25
Total common stockholder's equity	<u>1,028</u>	<u>925</u>
Long-term debt and other long-term obligations	621	621
	<u>1,649</u>	<u>1,546</u>
<b>NONCURRENT LIABILITIES:</b>		
Accumulated deferred income taxes	280	248
Property taxes	6	5
Regulatory liabilities	120	110
Other	6	8
	<u>412</u>	<u>371</u>
	<u>\$ 2,088</u>	<u>\$ 2,043</u>

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

<i>(In millions)</i>	For the Nine Months Ended September 30,	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 80	\$ 88
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and deferral of regulatory assets, net	33	35
Deferred income taxes and investment tax credits, net	29	28
Transmission revenue collections, net	10	(9)
Allowance for funds used during construction - equity	(1)	(2)
Changes in current assets and liabilities-		
Receivables	35	(10)
Prepaid taxes and other	(5)	(3)
Accrued taxes	1	(7)
Accrued interest	6	6
Other	1	2
Net cash provided from operating activities	189	128
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Short-term borrowings, net	(106)	(151)
Equity contributions from parent	20	150
Net cash used for financing activities	(86)	(1)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property additions	(23)	(52)
Loans to affiliated companies, net	(79)	—
Asset removal costs	(1)	—
Return of capital from subsidiary	—	(75)
Net cash used for investing activities	(103)	(127)
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	\$ —	\$ —