

**AMERICAN TRANSMISSION SYSTEMS, INCORPORATED**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019**

**AMERICAN TRANSMISSION SYSTEMS, INCORPORATED**  
**STATEMENTS OF INCOME**  
**(UNAUDITED)**

<i>(In millions)</i>	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2019	2020	2019
<b>REVENUES</b>	\$ 193	\$ 185	\$ 397	\$ 360
<b>OPERATING EXPENSES:</b>				
Other operating expenses	27	29	50	54
Provision for depreciation	35	32	70	63
Amortization of regulatory liabilities, net	2	2	4	4
General taxes	50	47	106	92
Total operating expenses	114	110	230	213
<b>OPERATING INCOME</b>	79	75	167	147
<b>OTHER INCOME (EXPENSE):</b>				
Miscellaneous income, net	1	1	2	1
Pension and OPEB mark-to-market adjustment	—	—	(12)	—
Interest expense	(16)	(16)	(32)	(31)
Capitalized financing costs	3	3	7	6
Total other expense	(12)	(12)	(35)	(24)
<b>INCOME BEFORE INCOME TAXES</b>	67	63	132	123
<b>INCOME TAXES</b>	14	13	27	25
<b>NET INCOME</b>	\$ 53	\$ 50	\$ 105	\$ 98

**AMERICAN TRANSMISSION SYSTEMS, INCORPORATED**  
**BALANCE SHEETS**  
**(UNAUDITED)**

<i>(In millions)</i>	June 30, 2020	December 31, 2019
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Receivables-		
Affiliated companies	\$ 6	\$ 3
Other, net of allowance for uncollectible accounts of \$3 in 2020 and \$4 in 2019	30	24
Notes receivable from affiliated companies	—	93
Prepaid taxes and other	4	3
	<u>40</u>	<u>123</u>
<b>UTILITY PLANT:</b>		
In service	5,252	5,075
Less — Accumulated provision for depreciation	1,162	1,113
	<u>4,090</u>	<u>3,962</u>
Construction work in progress	187	185
	<u>4,277</u>	<u>4,147</u>
<b>DEFERRED CHARGES AND OTHER ASSETS:</b>		
Property taxes	105	221
Operating lease right-of-use asset	413	414
Other	6	6
	<u>524</u>	<u>641</u>
	<u>\$ 4,841</u>	<u>\$ 4,911</u>
<b>LIABILITIES AND CAPITALIZATION</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable - affiliated companies	\$ 7	\$ 41
Short-term borrowings - affiliated companies	90	—
Accrued taxes	197	188
Accrued interest	21	22
Other current liabilities	6	7
	<u>321</u>	<u>258</u>
<b>CAPITALIZATION:</b>		
Common stockholder's equity-		
Common stock, no par value, 850 shares authorized - 1 share outstanding	1,267	1,267
Retained earnings	691	706
Total common stockholder's equity	<u>1,958</u>	<u>1,973</u>
Long-term debt and other long-term obligations	1,290	1,290
	<u>3,248</u>	<u>3,263</u>
<b>NONCURRENT LIABILITIES:</b>		
Accumulated deferred income taxes	520	500
Property taxes	105	221
Regulatory liabilities	206	228
Noncurrent operating lease obligation	408	408
Other	33	33
	<u>1,272</u>	<u>1,390</u>
	<u>\$ 4,841</u>	<u>\$ 4,911</u>

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

<i>(In millions)</i>	For the Six Months Ended June 30,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 105	\$ 98
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	76	70
Pension and OPEB mark-to-market adjustment	12	—
Deferred income taxes and investment tax credits, net	17	17
Transmission revenue collections, net	(12)	8
Allowance for funds used during construction - equity	(6)	(4)
Changes in current assets and liabilities-		
Receivables	(7)	(1)
Prepaid taxes and other current assets	(1)	1
Accounts payable	(46)	2
Accrued taxes	9	(30)
Accrued interest	(1)	1
Other	(11)	(7)
Net cash provided from operating activities	135	155
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
New financing-		
Long-term debt	—	100
Short-term borrowings - affiliated companies, net	90	—
Common stock dividend payments	(120)	—
Net cash provided from (used for) financing activities	(30)	100
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property additions	(185)	(214)
Loans to affiliated companies, net	93	(26)
Asset removal costs	(13)	(15)
Net cash used for investing activities	(105)	(255)
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	\$ —	\$ —