

AMERICAN TRANSMISSION SYSTEMS, INCORPORATED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

AMERICAN TRANSMISSION SYSTEMS, INCORPORATED
STATEMENTS OF INCOME
(UNAUDITED)

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2020	2019
REVENUES	\$ 204	\$ 175
OPERATING EXPENSES:		
Other operating expenses	23	25
Provision for depreciation	35	31
Deferral of regulatory liabilities, net	2	2
General taxes	56	45
Total operating expenses	116	103
OPERATING INCOME	88	72
OTHER INCOME (EXPENSE):		
Miscellaneous income, net	1	—
Pension and OPEB mark-to-market adjustment	(12)	—
Interest expense	(16)	(15)
Capitalized financing costs	4	3
Total other expense	(23)	(12)
INCOME BEFORE INCOME TAXES	65	60
INCOME TAXES	13	12
NET INCOME	\$ 52	\$ 48

AMERICAN TRANSMISSION SYSTEMS, INCORPORATED
BALANCE SHEETS
(UNAUDITED)

<i>(In millions)</i>	March 31, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS:		
Receivables-		
Affiliated companies	\$ 5	\$ 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	3	3
	<u>38</u>	<u>123</u>
UTILITY PLANT:		
In service	5,126	5,075
Less — Accumulated provision for depreciation	1,137	1,113
	<u>3,989</u>	<u>3,962</u>
Construction work in progress	221	185
	<u>4,210</u>	<u>4,147</u>
DEFERRED CHARGES AND OTHER ASSETS:		
Property taxes	166	221
Operating lease right-of-use asset	414	414
Other	6	6
	<u>586</u>	<u>641</u>
	<u>\$ 4,834</u>	<u>\$ 4,911</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Accounts payable - affiliated companies	\$ 7	\$ 41
Short-term borrowings - affiliated companies	32	—
Accrued taxes	212	188
Accrued interest	14	22
Other current liabilities	6	7
	<u>271</u>	<u>258</u>
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, no par value, 850 shares authorized - 1 share outstanding	1,267	1,267
Retained earnings	728	706
Total common stockholder's equity	<u>1,995</u>	<u>1,973</u>
Long-term debt and other long-term obligations	1,290	1,290
	<u>3,285</u>	<u>3,263</u>
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	511	500
Property taxes	111	221
Regulatory liabilities	214	228
Noncurrent operating lease obligation	408	408
Other	34	33
	<u>1,278</u>	<u>1,390</u>
	<u>\$ 4,834</u>	<u>\$ 4,911</u>

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

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 52	\$ 48
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	38	34
Pension and OPEB mark-to-market adjustment	12	—
Deferred income taxes and investment tax credits, net	10	8
Transmission revenue collections, net	(12)	8
Allowance for funds used during construction - equity	(3)	(2)
Changes in current assets and liabilities-		
Receivables	(7)	(2)
Accounts payable	(46)	2
Accrued taxes	(32)	(35)
Accrued interest	(8)	(9)
Other	(5)	(1)
Net cash provided from (used for) operating activities	(1)	51
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Short-term borrowings - affiliated companies, net	32	18
Common stock dividend payments	(30)	—
Net cash provided from financing activities	2	18
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(89)	(85)
Loans to affiliated companies, net	93	34
Asset removal costs	(5)	(18)
Net cash used for investing activities	(1)	(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	\$ —	\$ —