

MID-ATLANTIC INTERSTATE TRANSMISSION, LLC
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

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

<i>(In thousands)</i>	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
REVENUES	\$ 58,580	\$ 42,887	\$ 159,777	\$ 109,369
OPERATING EXPENSES:				
Other operating expenses	20,243	16,714	52,011	38,241
Provision for depreciation	9,619	7,260	27,418	19,857
Deferral of regulatory liabilities, net	1,097	1,346	4,411	4,052
Total operating expenses	30,959	25,320	83,840	62,150
OPERATING INCOME	27,621	17,567	75,937	47,219
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	183	1,077	83	746
Interest expense	(5,657)	(4,961)	(15,843)	(9,780)
Capitalized financing costs	3,561	4,225	11,244	13,892
Total other income (expense)	(1,913)	341	(4,516)	4,858
INCOME BEFORE INCOME TAXES	25,708	17,908	71,421	52,077
INCOME TAXES	6,363	4,862	17,352	12,506
NET INCOME	<u>\$ 19,345</u>	<u>\$ 13,046</u>	<u>\$ 54,069</u>	<u>\$ 39,571</u>

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

<i>(In thousands)</i>	September 30, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS:		
Receivables-		
Affiliated companies	\$ 284	\$ 16,494
Other	7,126	8,249
Notes receivable from affiliated companies	—	85,511
Prepaid taxes and other	4,182	3,591
	<u>11,592</u>	<u>113,845</u>
UTILITY PLANT:		
In service	1,740,325	1,477,602
Less — Accumulated provision for depreciation	358,507	355,570
	<u>1,381,818</u>	<u>1,122,032</u>
Construction work in progress	222,758	196,804
	<u>1,604,576</u>	<u>1,318,836</u>
DEFERRED CHARGES AND OTHER ASSETS:		
Goodwill	223,592	223,592
Other	1,686	1,179
	<u>225,278</u>	<u>224,771</u>
	<u>\$ 1,841,446</u>	<u>\$ 1,657,452</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Short-term borrowings - affiliated companies	\$ 194,211	\$ —
Accounts payable-		
Affiliated companies	2,526	3,012
Other	—	10
Accrued interest	6,970	2,358
Other	186	172
	<u>203,893</u>	<u>5,552</u>
CAPITALIZATION:		
Members' equity-		
Membership Interest A	174,146	174,146
Membership Interest B	743,776	743,776
Retained earnings	7,364	11,295
Total members' equity	<u>925,286</u>	<u>929,217</u>
Long-term debt and other long-term obligations	446,463	446,156
	<u>1,371,749</u>	<u>1,375,373</u>
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	196,239	170,368
Regulatory liabilities	67,202	103,726
Other	2,363	2,433
	<u>265,804</u>	<u>276,527</u>
	<u>\$ 1,841,446</u>	<u>\$ 1,657,452</u>

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

<i>(In thousands)</i>	For the Nine Months Ended September 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 54,069	\$ 39,571
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization of regulatory assets, net	31,829	23,909
Deferred income taxes and investment tax credits, net	21,325	19,468
Transmission revenue collections, net	(3,992)	14,558
Allowance for funds used during construction - equity	(8,711)	(13,618)
Changes in current assets and liabilities-		
Receivables	17,333	1,942
Prepaid taxes and other	(591)	(2,857)
Accounts payable	(496)	4,052
Accrued taxes	—	(7,558)
Accrued interest	4,612	7,226
Other	(12,316)	(11,236)
Net cash provided from operating activities	103,062	75,457
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Long-term debt	—	450,000
Short-term borrowings - affiliated companies	194,211	—
Redemptions and repayments-		
Long-term debt	—	(112)
Short-term borrowings - affiliated companies	—	(137,227)
Dividend payments	(58,000)	—
Other	—	(3,979)
Net cash provided from financing activities	136,211	308,682
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(292,435)	(277,133)
Loans to affiliated companies, net	85,511	(87,046)
Asset removal costs	(24,891)	(19,960)
Other	(7,458)	—
Net cash used for investing activities	(239,273)	(384,139)
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	\$ —	\$ —