

TRANS-ALLEGHENY INTERSTATE LINE COMPANY
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

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,	
	2019	2018	2019	2018
REVENUES	\$ 57	\$ 63	\$ 178	\$ 190
OPERATING EXPENSES:				
Other operating expenses	3	5	11	14
Provision for depreciation	12	12	37	36
General taxes	4	4	11	10
Total operating expenses	19	21	59	60
OPERATING INCOME	38	42	119	130
OTHER INCOME (EXPENSE):				
Miscellaneous expense, net	(1)	—	—	—
Interest expense	(6)	(6)	(19)	(19)
Capitalized financing costs	—	—	1	1
Total other expense	(7)	(6)	(18)	(18)
INCOME BEFORE INCOME TAXES	31	36	101	112
INCOME TAXES	7	10	23	32
NET INCOME	\$ 24	\$ 26	\$ 78	\$ 80

TRANS-ALLEGHENY INTERSTATE LINE COMPANY
BALANCE SHEETS
(Unaudited)

<i>(In millions)</i>	September 30, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS:		
Receivables-		
Affiliated companies	\$ 1	\$ —
Other	21	19
Notes receivable from affiliated companies	47	—
Prepaid taxes and other	16	13
	<u>85</u>	<u>32</u>
UTILITY PLANT:		
In service	2,180	2,154
Less — Accumulated provision for depreciation	238	212
	<u>1,942</u>	<u>1,942</u>
Construction work in progress	17	18
	<u>1,959</u>	<u>1,960</u>
OTHER PROPERTY AND INVESTMENTS:		
	6	6
DEFERRED CHARGES AND OTHER ASSETS:		
Property taxes	6	6
Other	1	1
	<u>7</u>	<u>7</u>
	<u>\$ 2,057</u>	<u>\$ 2,005</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Short-term borrowings - affiliated companies	\$ —	\$ 11
Accounts payable - affiliated companies	1	1
Accrued taxes	19	55
Accrued interest	8	2
	<u>28</u>	<u>69</u>
CAPITALIZATION:		
Common stockholder's equity-		
Other paid-in capital	925	923
Retained earnings	92	14
Total common stockholder's equity	<u>1,017</u>	<u>937</u>
Long-term debt and other long-term obligations	622	622
	<u>1,639</u>	<u>1,559</u>
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	254	250
Regulatory liabilities	125	117
Property taxes	6	5
Other	5	5
	<u>390</u>	<u>377</u>
	<u>\$ 2,057</u>	<u>\$ 2,005</u>

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

<i>(In millions)</i>	For the Nine Months Ended September 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 78	\$ 80
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization of regulatory assets, net	43	33
Deferred income taxes and investment tax credits, net	(1)	29
Transmission revenue collections, net	(4)	10
Allowance for funds used during construction - equity	(1)	(1)
Changes in current assets and liabilities-		
Receivables	(1)	35
Prepaid taxes and other current assets	(3)	(5)
Accrued taxes	(36)	1
Accrued interest	6	6
Other	6	1
Net cash provided from operating activities	87	189
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term borrowings - affiliated companies	(11)	(106)
Equity contribution from parent	—	20
Net cash used for financing activities	(11)	(86)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(29)	(23)
Loans to affiliated companies, net	(47)	(79)
Asset removal costs	—	(1)
Net cash used for investing activities	(76)	(103)
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	\$ —	\$ —