

# Consolidated Statement of Income

In Millions, Except Per Share Amounts	Year Ended December 31,	2003	2002	2001
<b>Operating revenues:</b>				
Electric		\$3,937	\$3,520	\$3,507
Gas		648	315	342
Other		8	6	9
<b>Total operating revenues</b>		<b>4,593</b>	<b>3,841</b>	<b>3,858</b>
<b>Operating expenses:</b>				
Fuel and purchased power		1,055	825	914
Gas purchased for resale		457	198	222
Other operations and maintenance		1,224	1,160	1,090
Voluntary retirement and other restructuring charges (Note 7)		–	92	–
Coal contract settlement (Note 7)		(51)	–	–
Depreciation and amortization		519	431	406
Taxes other than income taxes		299	262	261
<b>Total operating expenses</b>		<b>3,503</b>	<b>2,968</b>	<b>2,893</b>
<b>Operating income</b>		<b>1,090</b>	<b>873</b>	<b>965</b>
<b>Other income and (deductions):</b>				
Miscellaneous income (Note 8)		27	21	35
Miscellaneous expense (Note 8)		(22)	(50)	(16)
<b>Total other income and (deductions)</b>		<b>5</b>	<b>(29)</b>	<b>19</b>
<b>Interest charges and preferred dividends:</b>				
Interest		277	214	191
Preferred dividends of subsidiaries		11	11	12
<b>Net interest charges and preferred dividends</b>		<b>288</b>	<b>225</b>	<b>203</b>
<b>Income before income taxes and cumulative effect of change in accounting principle</b>		<b>807</b>	<b>619</b>	<b>781</b>
<b>Income taxes</b>		<b>301</b>	<b>237</b>	<b>305</b>
<b>Income before cumulative effect of change in accounting principle</b>		<b>506</b>	<b>382</b>	<b>476</b>
<b>Cumulative effect of change in accounting principle, net of income taxes (benefit) of \$12, \$– and \$(4)</b>		<b>18</b>	<b>–</b>	<b>(7)</b>
<b>Net income</b>		<b>\$ 524</b>	<b>\$ 382</b>	<b>\$ 469</b>
<b>Earnings per common share – basic:</b>				
Income before cumulative effect of change in accounting principle		\$ 3.14	\$ 2.61	\$ 3.46
Cumulative effect of change in accounting principle, net of income taxes		0.11	–	(0.05)
<b>Earnings per common share – basic</b>		<b>\$ 3.25</b>	<b>\$ 2.61</b>	<b>\$ 3.41</b>
<b>Earnings per common share – diluted:</b>				
Income before cumulative effect of change in accounting principle		\$ 3.14	\$ 2.60	\$ 3.45
Cumulative effect of change in accounting principle, net of income taxes		0.11	–	(0.05)
<b>Earnings per common share – diluted</b>		<b>\$ 3.25</b>	<b>\$ 2.60</b>	<b>\$ 3.40</b>
<b>Dividends per common share</b>		<b>\$ 2.54</b>	<b>\$ 2.54</b>	<b>\$ 2.54</b>
<b>Average common shares outstanding (Note 1)</b>		<b>161.1</b>	<b>146.1</b>	<b>137.3</b>

The accompanying notes are an integral part of these consolidated financial statements.

# Consolidated Balance Sheet

In Millions, Except Per Share Amounts	December 31,	2003	2002
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and cash equivalents		\$ 111	\$ 628
Accounts receivable – trade (less allowance for doubtful accounts of \$13 and \$7, respectively)		326	266
Unbilled revenue		221	176
Miscellaneous accounts and notes receivable		126	44
Materials and supplies, at average cost		487	299
Other current assets		46	39
<b>Total current assets</b>		<b>1,317</b>	<b>1,452</b>
<b>Property and plant, net (Note 4)</b>		<b>10,917</b>	<b>9,492</b>
<b>Investments and other non-current assets:</b>			
Investments in leveraged leases		164	38
Nuclear decommissioning trust fund		212	172
Goodwill and other intangibles, net		574	–
Other assets		320	307
<b>Total investments and other non-current assets</b>		<b>1,270</b>	<b>517</b>
<b>Regulatory assets</b>		<b>729</b>	<b>690</b>
<b>Total assets</b>		<b>\$14,233</b>	<b>\$12,151</b>
<b>Liabilities and stockholders' equity:</b>			
<b>Current liabilities:</b>			
Current maturities of long-term debt (Note 6)		\$ 498	\$ 339
Short-term debt (Note 5)		161	271
Accounts and wages payable		480	369
Taxes accrued		103	45
Other current liabilities		215	177
<b>Total current liabilities</b>		<b>1,457</b>	<b>1,201</b>
<b>Long-term debt, net (Note 6)</b>		<b>4,070</b>	<b>3,433</b>
<b>Preferred stock of subsidiary subject to mandatory redemption (Note 10)</b>		<b>21</b>	<b>–</b>
<b>Deferred credits and other non-current liabilities:</b>			
Accumulated deferred income taxes, net		1,853	1,707
Accumulated deferred investment tax credits		151	149
Regulatory liabilities		821	788
Asset retirement obligations		413	174
Accrued pension and other postretirement benefits		699	476
Other deferred credits and liabilities		190	173
<b>Total deferred credits and other non-current liabilities</b>		<b>4,127</b>	<b>3,467</b>
<b>Commitments and contingencies (Notes 1, 3, 14 and 15)</b>			
<b>Preferred stock of subsidiaries not subject to mandatory redemption (Note 10)</b>		<b>182</b>	<b>193</b>
<b>Minority interest in consolidated subsidiaries</b>		<b>22</b>	<b>15</b>
<b>Stockholders' equity:</b>			
Common stock, \$.01 par value, 400.0 shares authorized – shares outstanding of 162.9 and 154.1, respectively (Notes 1, 6 and 10)		2	2
Other paid-in capital, principally premium on common stock		2,552	2,203
Retained earnings		1,853	1,739
Accumulated other comprehensive income (loss)		(44)	(93)
Other		(9)	(9)
<b>Total stockholders' equity</b>		<b>4,354</b>	<b>3,842</b>
<b>Total liabilities and stockholders' equity</b>		<b>\$14,233</b>	<b>\$12,151</b>

The accompanying notes are an integral part of these consolidated financial statements.

## Consolidated Statement of Cash Flows

In Millions	Year Ended December 31,	2003	2002	2001
<b>Cash flows from operating activities:</b>				
Net income		\$ 524	\$ 382	\$ 469
Adjustments to reconcile net income to net cash provided by operating activities:				
Cumulative effect of change in accounting principle		(18)	–	7
Depreciation and amortization		519	431	406
Amortization of nuclear fuel		33	30	29
Amortization of debt issuance costs and premium/discounts		10	8	5
Deferred income taxes, net		12	74	28
Deferred investment tax credits, net		(11)	(9)	(6)
Coal contract settlement		(36)	–	–
Voluntary retirement and other restructuring charges		(5)	92	–
Other		5	8	(1)
Changes in assets and liabilities, excluding the effects of the acquisitions:				
Receivables, net		6	(26)	70
Materials and supplies		(47)	(4)	(68)
Accounts and wages payable		(7)	(80)	(71)
Taxes accrued		39	38	8
Assets, other		(15)	(12)	(75)
Liabilities, other		22	(99)	(63)
<b>Net cash provided by operating activities</b>		<b>1,031</b>	<b>833</b>	<b>738</b>
<b>Cash flows from investing activities:</b>				
Construction expenditures		(682)	(787)	(1,102)
Acquisitions, net of cash acquired		(479)	–	–
Nuclear fuel expenditures		(23)	(28)	(24)
Other		3	12	22
<b>Net cash used in investing activities</b>		<b>(1,181)</b>	<b>(803)</b>	<b>(1,104)</b>
<b>Cash flows from financing activities:</b>				
Dividends on common stock		(410)	(376)	(350)
Capital issuance costs		(14)	(35)	–
Redemptions, repurchases, and maturities:				
Nuclear fuel lease		(46)	–	(64)
Short-term debt		(110)	(370)	–
Long-term debt		(815)	(247)	(63)
Preferred stock		(31)	(42)	–
Issuances:				
Common stock		361	658	33
Nuclear fuel lease		–	50	13
Short-term debt		–	–	438
Long-term debt		698	893	300
<b>Net cash provided by (used in) financing activities</b>		<b>(367)</b>	<b>531</b>	<b>307</b>
<b>Net change in cash and cash equivalents</b>		<b>(517)</b>	<b>561</b>	<b>(59)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>628</b>	<b>67</b>	<b>126</b>
<b>Cash and cash equivalents at end of year</b>		<b>\$ 111</b>	<b>\$ 628</b>	<b>\$ 67</b>
<b>Cash paid during the periods:</b>				
Interest		\$ 286	\$ 221	\$ 187
Income taxes, net		266	140	266

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## Consolidated Statement of Common Stockholders' Equity

In Millions	Year Ended December 31,	2003	2002	2001
<b>Common stock:</b>				
Beginning balance		\$ 2	\$ 1	\$ 1
Shares issued		–	1	–
		2	2	1
<b>Other paid-in capital:</b>				
Beginning balance		2,203	1,614	1,581
Shares issued (less issuance costs of \$8, \$20 and \$–, respectively)		353	637	33
Contracted stock purchase payment obligations		–	(46)	–
Employee stock awards		(4)	(2)	–
		2,552	2,203	1,614
<b>Retained earnings:</b>				
Beginning balance		1,739	1,733	1,614
Net income		524	382	469
Dividends		(410)	(376)	(350)
		1,853	1,739	1,733
<b>Accumulated other comprehensive income:</b>				
Beginning balance - derivative financial instruments		9	5	–
Change in derivative financial instruments		3	4	5
		12	9	5
Beginning balance - minimum pension liability		(102)	–	–
Change in minimum pension liability		46	(102)	–
		(56)	(102)	–
		(44)	(93)	5
<b>Other:</b>				
Beginning balance		(9)	(4)	–
Restricted stock compensation awards		(5)	(7)	(5)
Compensation amortized and mark-to-market adjustments		5	2	1
		(9)	(9)	(4)
<b>Total stockholders' equity</b>		<b>\$4,354</b>	<b>\$3,842</b>	<b>\$3,349</b>
<b>Comprehensive income, net of taxes:</b>				
Net income		\$ 524	\$ 382	\$ 469
Unrealized net gain on derivative hedging instruments, net of income taxes of \$2, \$3 and \$3, respectively		5	6	5
Reclassification adjustments for gains (losses) included in net income, net of income taxes (benefit) of \$(1), \$(1) and \$7, respectively		(2)	(2)	11
Cumulative effect of accounting change, net of income taxes (benefit) of \$–, \$– and \$(7), respectively		–	–	(11)
Minimum pension liability adjustment, net of income taxes (benefit) of \$27, \$(62) and \$–, respectively		46	(102)	–
<b>Total comprehensive income, net of taxes</b>		<b>\$ 573</b>	<b>\$ 284</b>	<b>\$ 474</b>
<b>Common stock shares at beginning of period</b>		<b>154.1</b>	<b>138.0</b>	<b>137.2</b>
Shares issued		8.8	16.1	0.8
<b>Common stock shares at end of period</b>		<b>162.9</b>	<b>154.1</b>	<b>138.0</b>

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