

THE PEOPLES GAS LIGHT AND COKE COMPANY

(An Indirect Wholly Owned Subsidiary of WEC Energy Group, Inc.)

FINANCIAL STATEMENTS

For the Quarter Ended September 30, 2019

THE PEOPLES GAS LIGHT AND COKE COMPANY

CONDENSED CONSOLIDATED INCOME STATEMENTS (Unaudited) <i>(in millions)</i>	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2019	2018	2019	2018
Operating revenues	\$ 175.1	\$ 172.7	\$ 850.1	\$ 841.9
Operating expenses				
Cost of natural gas	15.7	22.9	224.8	243.9
Other operation and maintenance	88.5	91.6	298.7	283.4
Depreciation and amortization	41.2	38.9	122.0	113.7
Property and revenue taxes	4.8	4.5	15.4	13.6
Total operating expenses	150.2	157.9	660.9	654.6
Operating income	24.9	14.8	189.2	187.3
Other expense, net	0.1	0.7	1.1	3.4
Interest expense	13.3	11.9	39.3	34.7
Other expense	(13.4)	(12.6)	(40.4)	(38.1)
Income before income taxes	11.5	2.2	148.8	149.2
Income tax expense	3.1	0.5	40.1	39.4
Net income	\$ 8.4	\$ 1.7	\$ 108.7	\$ 109.8

THE PEOPLES GAS LIGHT AND COKE COMPANY

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited) <i>(in millions, except share amounts)</i>	September 30	December 31
	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 1.7	\$ 6.0
Accounts receivable and unbilled revenues, net of reserves of \$66.8 and \$77.3, respectively	211.0	322.9
Accounts receivable from related parties	20.5	23.5
Notes receivable from related parties	22.8	25.6
Materials, supplies, and inventories:		
Natural gas in storage, at LIFO	91.0	73.1
Materials and supplies	23.8	22.5
Amounts recoverable from customers	29.1	31.1
Other	12.8	9.5
Current assets	412.7	514.2
Long-term assets		
Property, plant, and equipment, net of accumulated depreciation of \$1,464.5 and \$1,363.6, respectively	4,019.1	3,773.6
Regulatory assets	824.9	834.2
Other	55.8	54.5
Long-term assets	4,899.8	4,662.3
Total assets	\$ 5,312.5	\$ 5,176.5
Liabilities and Shareholder's Equity		
Current liabilities		
Short-term debt	\$ 27.5	\$ 195.1
Current portion of long-term debt	—	75.0
Accounts payable	188.8	235.3
Accounts payable to related parties	39.7	46.0
Accrued taxes	26.0	53.3
Customer credit balances	49.9	45.3
Other	89.2	77.8
Current liabilities	421.1	727.8
Long-term liabilities		
Long-term debt	1,383.6	1,110.1
Deferred income taxes	471.7	455.2
Regulatory liabilities	504.7	531.5
Environmental remediation liabilities	373.5	373.5
Pension obligations	128.3	122.0
Asset retirement obligations	317.4	307.0
Other	59.3	90.4
Long-term liabilities	3,238.5	2,989.7
Commitments and contingencies		
Shareholder's equity		
Common stock - without par value, 40,000,000 shares authorized; 25,357,566 shares issued and outstanding	611.7	526.5
Retained earnings	1,041.2	932.5
Shareholder's equity	1,652.9	1,459.0
Total liabilities and shareholder's equity	\$ 5,312.5	\$ 5,176.5

THE PEOPLES GAS LIGHT AND COKE COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)		Nine Months Ended	
		September 30	
<i>(in millions)</i>		2019	2018
Operating activities			
Net income	\$	108.7	\$ 109.8
Reconciliation to cash provided by operating activities			
Depreciation and amortization		122.0	113.7
Deferred income taxes and investment tax credits, net		12.2	(4.7)
Change in –			
Accounts receivable and unbilled revenues		114.9	80.0
Materials, supplies, and inventories		(19.2)	(19.8)
Amounts recoverable from customers		2.0	17.7
Other current assets		(4.5)	8.0
Accounts payable		(52.2)	4.9
Accrued taxes		(27.3)	(26.7)
Other current liabilities		9.5	(3.4)
Other, net		(0.6)	(18.8)
Net cash provided by operating activities		265.5	260.7
Investing activities			
Capital expenditures		(388.1)	(323.4)
Notes receivable from related parties, net		2.8	—
Payments for assets transferred from WEC Business Services LLC		—	(29.1)
Other, net		0.1	0.8
Net cash used in investing activities		(385.2)	(351.7)
Financing activities			
Issuance of long-term debt		275.0	—
Retirement of long-term debt		(75.0)	—
Change in short-term debt		(167.6)	11.4
Equity contribution from parent		85.0	72.0
Other, net		(2.0)	(0.4)
Net cash provided by financing activities		115.4	83.0
Net change in cash and cash equivalents		(4.3)	(8.0)
Cash and cash equivalents at beginning of period		6.0	8.6
Cash and cash equivalents at end of period	\$	1.7	\$ 0.6
Supplemental cash flow information			
Cash (paid) for interest	\$	(33.8)	\$ (30.8)
Cash (paid) for income taxes, net		(37.6)	(51.5)