

THE PEOPLES GAS LIGHT AND COKE COMPANY

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

FINANCIAL STATEMENTS

For the Quarter Ended March 31, 2020

THE PEOPLES GAS LIGHT AND COKE COMPANY

CONDENSED CONSOLIDATED INCOME STATEMENTS (Unaudited)	Three Months Ended	
	March 31	
<i>(in millions)</i>	2020	2019
Operating revenues	\$ 387.9	\$ 460.8
Operating expenses		
Cost of natural gas	97.9	174.6
Other operation and maintenance	92.9	114.9
Depreciation and amortization	42.9	40.2
Property and revenue taxes	7.0	5.5
Total operating expenses	240.7	335.2
Operating income	147.2	125.6
Other income (expense), net	1.2	(0.8)
Interest expense	14.6	13.5
Other expense	(13.4)	(14.3)
Income before income taxes	133.8	111.3
Income tax expense	36.2	30.0
Net income	\$ 97.6	\$ 81.3

THE PEOPLES GAS LIGHT AND COKE COMPANY

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited) <i>(in millions, except share amounts)</i>	March 31	December 31
	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 1.6	\$ 1.7
Accounts receivable and unbilled revenues, net of reserves of \$89.4 and \$72.4, respectively	277.6	281.2
Accounts receivable from related parties	13.2	26.3
Notes receivable from related parties	21.9	48.1
Materials, supplies, and inventories:		
Natural gas in storage, at LIFO	21.4	85.5
Materials and supplies	23.6	23.2
Other	34.8	35.6
Current assets	394.1	501.6
Long-term assets		
Property, plant, and equipment, net of accumulated depreciation and amortization of \$1,504.2 and \$1,481.8, respectively	4,306.8	4,221.2
Regulatory assets	843.6	800.6
Other	99.3	89.9
Long-term assets	5,249.7	5,111.7
Total assets	\$ 5,643.8	\$ 5,613.3
Liabilities and Shareholder's Equity		
Current liabilities		
Short-term debt	\$ 28.5	\$ 94.0
Accounts payable	168.5	244.4
Accounts payable to related parties	33.4	47.3
Accrued taxes	87.3	60.3
Customer credit balances	32.4	48.6
Amounts refundable to customers	43.7	21.5
Other	72.7	75.0
Current liabilities	466.5	591.1
Long-term liabilities		
Long-term debt	1,507.9	1,507.7
Deferred income taxes	492.9	482.5
Deferred investment tax credits	28.4	28.7
Regulatory liabilities	535.0	524.2
Environmental remediation liabilities	355.4	355.4
Pension obligations	93.4	91.8
Asset retirement obligations	337.2	333.6
Other	48.9	47.9
Long-term liabilities	3,399.1	3,371.8
Commitments and contingencies		
Shareholder's equity		
Common stock - without par value, 40,000,000 shares authorized; 25,357,566 shares issued and outstanding	691.9	611.7
Retained earnings	1,086.3	1,038.7
Shareholder's equity	1,778.2	1,650.4
Total liabilities and shareholder's equity	\$ 5,643.8	\$ 5,613.3

THE PEOPLES GAS LIGHT AND COKE COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)	Three Months Ended	
	March 31	
<i>(in millions)</i>	2020	2019
Operating activities		
Net income	\$ 97.6	\$ 81.3
Reconciliation to cash provided by operating activities		
Depreciation and amortization	42.9	40.2
Deferred income taxes and investment tax credits, net	6.7	5.6
Change in –		
Accounts receivable and unbilled revenues	16.7	(54.1)
Materials, supplies, and inventories	63.7	59.8
Amounts recoverable from customers	7.0	20.6
Other current assets	2.5	0.9
Accounts payable	(67.5)	(43.5)
Temporary LIFO liquidation	(9.1)	30.7
Accrued taxes	27.0	29.1
Customer credit balances	(16.2)	(13.8)
Amounts refundable to customers	22.2	4.0
Other current liabilities	(4.5)	(10.9)
Other, net	(40.2)	(4.1)
Net cash provided by operating activities	148.8	145.8
Investing activities		
Capital expenditures	(140.6)	(90.1)
Short-term notes receivable from related parties, net	26.2	25.6
Other, net	1.0	(0.3)
Net cash used in investing activities	(113.4)	(64.8)
Financing activities		
Change in short-term debt	(65.5)	(165.1)
Equity contribution from parent	80.0	85.0
Payment of dividends to parent	(50.0)	—
Net cash used in financing activities	(35.5)	(80.1)
Net change in cash and cash equivalents	(0.1)	0.9
Cash and cash equivalents at beginning of period	1.7	6.0
Cash and cash equivalents at end of period	\$ 1.6	\$ 6.9
Supplemental cash flow information		
Cash paid for interest	\$ 10.3	\$ 9.2