MICHIGAN GAS UTILITIES CORPORATION

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

FINANCIAL STATEMENTS

For the Quarter Ended September 30, 2020

MICHIGAN GAS UTILITIES CORPORATION

CONDENSED INCOME STATEMENTS (Unaudited)	Three Months Ended September 30		Nine Months Ended September 30	
(in millions)	2020	2019	2020	2019
Operating revenues	**$ 17.4**	$ 17.9	**$ 88.6**	$ 104.3
Operating expenses				
Cost of natural gas	**4.0**	4.2	**34.5**	47.3
Other operation and maintenance	**7.8**	7.9	**23.4**	25.6
Depreciation and amortization	**4.0**	3.2	**11.5**	9.5
Property and revenue taxes	**1.4**	1.4	**4.3**	4.0
Total operating expenses	**17.2**	16.7	**73.7**	86.4
Operating income	**0.2**	1.2	**14.9**	17.9
Other income, net	**0.1**	—	**0.4**	—
Interest expense	**1.3**	1.0	**3.4**	2.8
Other expense	**(1.2)**	(1.0)	**(3.0)**	(2.8)
Income (loss) before income taxes	**(1.0)**	0.2	**11.9**	15.1
Income tax expense (benefit)	**(0.2)**	0.1	**2.6**	2.9
Net income (loss)	**$ (0.8)**	$ 0.1	**$ 9.3**	$ 12.2

MICHIGAN GAS UTILITIES CORPORATION

CONDENSED BALANCE SHEETS (Unaudited) *(in millions, except share amounts)*	September 30 2020	December 31 2019
Assets		
Current assets		
Cash and cash equivalents	**$ 0.3**	$ 0.3
Accounts receivable and unbilled revenues, net of reserves of $2.1 and $1.6, respectively	**11.4**	27.5
Accounts receivable from related parties	**0.9**	1.5
Materials, supplies, and inventories:		
Natural gas in storage	**14.0**	12.6
Materials and supplies	**1.1**	0.9
Deferred property taxes	**1.1**	5.3
Other	**2.3**	3.9
Current assets	**31.1**	52.0
Long-term assets		
Property, plant, and equipment, net of accumulated depreciation and amortization of $190.8 and $185.2, respectively	**348.1**	325.5
Regulatory assets	**49.2**	52.1
Goodwill	**34.5**	34.5
Other	**21.6**	20.0
Long-term assets	**453.4**	432.1
Total assets	**$ 484.5**	$ 484.1
Liabilities and Equity		
Current liabilities		
Short-term debt to parent	**$ 6.2**	$ 27.6
Accounts payable	**9.6**	12.3
Accounts payable to related parties	**3.6**	6.0
Accrued payroll and benefits	**2.1**	2.1
Accrued taxes	**3.1**	5.8
Customer credit balances	**7.3**	5.8
Collateral deposit from supplier	**—**	5.0
Other	**2.1**	2.5
Current liabilities	**34.0**	67.1
Long-term liabilities		
Long-term debt	**149.0**	89.4
Deferred income taxes	**47.9**	44.6
Regulatory liabilities	**68.8**	66.6
Environmental remediation liabilities	**19.3**	19.3
Other	**4.7**	4.7
Long-term liabilities	**289.7**	224.6
Commitments and contingencies		
Common shareholder's equity		
Common stock – without par value, 100 shares authorized; 100 shares issued and outstanding	**156.6**	150.6
Retained earnings	**4.2**	41.8
Common shareholder's equity	**160.8**	192.4
Total liabilities and equity	**$ 484.5**	$ 484.1

MICHIGAN GAS UTILITIES CORPORATION

CONDENSED STATEMENTS OF CASH FLOWS (Unaudited)	Nine Months Ended September 30	
(in millions)	**2020**	**2019**
Operating activities		
Net income	**$ 9.3**	$ 12.2
Reconciliation to cash provided by operating activities		
Depreciation and amortization	**11.5**	9.5
Deferred income taxes, net	**2.5**	2.6
Change in –		
Accounts receivable and unbilled revenues	**16.7**	21.6
Materials, supplies, and inventories	**(1.6)**	(2.6)
Other current assets	**6.7**	(0.4)
Accounts payable	**(8.6)**	(11.6)
Collateral deposit from supplier	**(5.0)**	—
Other current liabilities	**(1.1)**	(1.8)
Other, net	**(0.1)**	(7.3)
Net cash provided by operating activities	**30.3**	22.2
Investing activities		
Capital expenditures	**(27.3)**	(32.2)
Other, net	**(0.1)**	(0.1)
Net cash used in investing activities	**(27.4)**	(32.3)
Financing activities		
Short-term debt to parent, net	**(21.4)**	(1.6)
Payment of dividends to parent	**(47.0)**	(14.0)
Equity contribution from parent	**6.0**	25.0
Issuance of long-term debt	**60.0**	—
Other, net	**(0.5)**	—
Net cash provided by (used in) financing activities	**(2.9)**	9.4
Net change in cash and cash equivalents	**—**	(0.7)
Cash and cash equivalents at beginning of period	**0.3**	1.0
Cash and cash equivalents at end of period	**$ 0.3**	$ 0.3
Supplemental cash flow information		
Cash paid for interest, net of amount capitalized	**$ 3.4**	$ 3.5
Cash received for income taxes, net	**(0.3)**	(0.4)