

**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, 2021**

**THE PEOPLES GAS LIGHT AND COKE COMPANY**

CONDENSED CONSOLIDATED INCOME STATEMENTS (Unaudited)  (in millions)	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2021	2020	2021	2020
<b>Operating revenues</b>	\$ 188.5	\$ 195.0	\$ 1,052.1	\$ 813.1
<b>Operating expenses</b>				
Cost of natural gas	14.2	24.3	365.2	164.8
Other operation and maintenance	79.8	97.7	255.7	272.3
Depreciation and amortization	50.2	45.1	146.9	132.1
Property and revenue taxes	5.9	5.6	20.9	18.7
<b>Total operating expenses</b>	<b>150.1</b>	<b>172.7</b>	<b>788.7</b>	<b>587.9</b>
<b>Operating income</b>	<b>38.4</b>	<b>22.3</b>	<b>263.4</b>	<b>225.2</b>
Other income, net	1.7	0.4	5.1	2.5
Interest expense	15.1	14.3	45.5	43.5
<b>Other expense</b>	<b>(13.4)</b>	<b>(13.9)</b>	<b>(40.4)</b>	<b>(41.0)</b>
Income before income taxes	25.0	8.4	223.0	184.2
Income tax expense (benefit)	6.7	(4.2)	60.3	43.6
<b>Net income</b>	<b>\$ 18.3</b>	<b>\$ 12.6</b>	<b>\$ 162.7</b>	<b>\$ 140.6</b>

**THE PEOPLES GAS LIGHT AND COKE COMPANY**

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited) (in millions, except share amounts)	September 30 2021	December 31 2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2.3	\$ 1.8
Accounts receivable and unbilled revenues, net of reserves of \$111.2 and \$107.2 respectively	182.0	246.8
Accounts receivable from related parties	15.9	30.8
Notes receivable from related parties	35.9	50.0
Materials, supplies, and inventories:		
Natural gas in storage, at LIFO	130.5	94.1
Materials and supplies	23.3	23.1
Amounts recoverable from customers	113.7	15.5
Derivative assets	52.4	4.9
Other	19.7	12.1
<b>Current assets</b>	<b>575.7</b>	<b>479.1</b>
<b>Long-term assets</b>		
Property, plant, and equipment, net of accumulated depreciation and amortization of \$1,621.9 and \$1,543.5, respectively	4,909.9	4,713.9
Regulatory assets	813.7	834.3
Other	124.3	99.1
<b>Long-term assets</b>	<b>5,847.9</b>	<b>5,647.3</b>
<b>Total assets</b>	<b>\$ 6,423.6</b>	<b>\$ 6,126.4</b>
<b>Liabilities and Shareholder's Equity</b>		
<b>Current liabilities</b>		
Short-term debt	\$ 208.5	\$ 211.0
Accounts payable	225.3	244.0
Accounts payable to related parties	30.2	39.1
Collateral received	39.6	—
Accrued taxes	29.3	41.8
Customer credit balances	43.0	42.2
Other	77.3	79.8
<b>Current liabilities</b>	<b>653.2</b>	<b>657.9</b>
<b>Long-term liabilities</b>		
Long-term debt	1,658.3	1,657.5
Deferred income taxes	611.7	557.2
Deferred investment tax credits	30.3	27.6
Regulatory liabilities	545.1	496.4
Environmental remediation liabilities	310.5	327.6
Pension obligations	35.2	36.3
Asset retirement obligations	376.8	365.5
Other	41.8	47.8
<b>Long-term liabilities</b>	<b>3,609.7</b>	<b>3,515.9</b>
<b>Commitments and contingencies</b>		
<b>Shareholder's equity</b>		
Common stock - without par value, 40,000,000 shares authorized; 25,357,566 shares issued and outstanding	917.4	872.0
Retained earnings	1,243.3	1,080.6
<b>Shareholder's equity</b>	<b>2,160.7</b>	<b>1,952.6</b>
<b>Total liabilities and shareholder's equity</b>	<b>\$ 6,423.6</b>	<b>\$ 6,126.4</b>

**THE PEOPLES GAS LIGHT AND COKE COMPANY**

<i>(in millions)</i>	Nine Months Ended September 30	
	2021	2020
<b>CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)</b>		
<b>Operating activities</b>		
Net income	\$ 162.7	\$ 140.6
Reconciliation to cash provided by operating activities		
Depreciation and amortization	146.9	132.1
Deferred income taxes and investment tax credits, net	52.3	25.0
Settlement of asset retirement obligations	(13.4)	(13.2)
Manufactured gas plant remediation costs	(13.4)	(15.8)
Change in –		
Accounts receivable and unbilled revenues, net	79.7	117.0
Materials, supplies, and inventories	(36.6)	(13.2)
Amounts recoverable from customers	(98.2)	(0.8)
Prepaid taxes	(16.8)	—
Other current assets	9.2	17.8
Accounts payable	(3.0)	(53.7)
Collateral received	39.6	6.8
Accrued taxes	(12.5)	(31.5)
Customer credit balances	0.8	(5.3)
Amounts refundable to customers	(12.1)	2.9
Other current liabilities	(1.3)	0.4
Other, net	22.4	(25.3)
<b>Net cash provided by operating activities</b>	<b>306.3</b>	<b>283.8</b>
<b>Investing activities</b>		
Capital expenditures	(364.6)	(464.1)
Short-term notes receivable from related parties, net	14.1	12.1
Proceeds from the sale of assets	7.9	—
Payments for assets transferred from affiliates	(6.1)	—
Other, net	0.9	1.9
<b>Net cash used in investing activities</b>	<b>(347.8)</b>	<b>(450.1)</b>
<b>Financing activities</b>		
Retirement of long-term debt	—	(50.0)
Change in short-term debt	(3.0)	7.0
Equity contribution from parent	45.0	260.0
Payment of dividends to parent	—	(50.0)
Other, net	—	(0.6)
<b>Net cash provided by financing activities</b>	<b>42.0</b>	<b>166.4</b>
<b>Net change in cash and cash equivalents</b>	<b>0.5</b>	<b>0.1</b>
Cash and cash equivalents at beginning of period	1.8	1.7
<b>Cash and cash equivalents at end of period</b>	<b>\$ 2.3</b>	<b>\$ 1.8</b>
<b>Supplemental cash flow information</b>		
Cash paid for interest	\$ 38.9	\$ 38.5
Cash paid for income taxes, net	\$ 24.9	\$ 44.9