

THE PEOPLES GAS LIGHT AND COKE COMPANY

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

FINANCIAL STATEMENTS

For the Quarter Ended June 30, 2022

THE PEOPLES GAS LIGHT AND COKE COMPANY

CONDENSED CONSOLIDATED INCOME STATEMENTS (Unaudited)		Three Months Ended		Six Months Ended	
		June 30		June 30	
<i>(in millions)</i>		2022	2021	2022	2021
Operating revenues	\$	382.7	\$ 243.9	\$ 959.6	\$ 863.6
Operating expenses					
Cost of natural gas		170.2	38.6	435.2	351.0
Other operation and maintenance		64.8	80.5	162.8	175.9
Depreciation and amortization		52.3	48.9	104.0	96.7
Property and revenue taxes		7.3	6.3	18.6	15.0
Total operating expenses		294.6	174.3	720.6	638.6
Operating income		88.1	69.6	239.0	225.0
Other income, net		3.0	1.6	7.5	3.4
Interest expense		16.5	15.2	32.7	30.4
Other expense		(13.5)	(13.6)	(25.2)	(27.0)
Income before income taxes		74.6	56.0	213.8	198.0
Income tax expense		20.3	15.1	58.1	53.6
Net income	\$	54.3	\$ 40.9	\$ 155.7	\$ 144.4

THE PEOPLES GAS LIGHT AND COKE COMPANY

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited) <i>(in millions, except share amounts)</i>		June 30	December 31
		2022	2021
Assets			
Current assets			
Cash and cash equivalents	\$	—	\$ 1.9
Accounts receivable and unbilled revenues, net of reserves of \$88.7 and \$102.2 respectively		356.0	367.4
Accounts receivable from related parties		18.9	21.8
Notes receivable from related party		33.6	43.3
Materials, supplies, and inventories:			
Natural gas in storage, at LIFO		36.5	104.4
Materials and supplies		26.2	23.9
Derivative assets		46.4	20.0
Amounts recoverable from customers		88.1	69.1
Other		2.6	6.5
Current assets		608.3	658.3
Long-term assets			
Property, plant, and equipment, net of accumulated depreciation and amortization of \$1,693.9 and \$1,654.6, respectively		5,005.8	4,893.3
Regulatory assets		677.3	760.9
Pension and other postretirement employee benefit assets		138.7	132.1
Other		14.6	7.9
Long-term assets		5,836.4	5,794.2
Total assets	\$	6,444.7	\$ 6,452.5
Liabilities and Shareholder's Equity			
Current liabilities			
Short-term debt	\$	105.5	\$ 306.5
Accounts payable		240.3	259.5
Accounts payable to related parties		39.5	34.4
Temporary LIFO liquidation credit		93.3	—
Collateral received		47.2	6.5
Accrued taxes		43.7	56.8
Customer credit balances		37.1	44.5
Other		72.6	63.7
Current liabilities		679.2	771.9
Long-term liabilities			
Long-term debt		1,857.5	1,856.9
Deferred income taxes		638.6	607.8
Deferred investment tax credits		29.0	29.9
Regulatory liabilities		522.7	498.2
Environmental remediation liabilities		306.6	322.9
Asset retirement obligations		260.8	256.2
Other		56.0	55.3
Long-term liabilities		3,671.2	3,627.2
Commitments and contingencies			
Shareholder's equity			
Common stock - without par value, 40,000,000 shares authorized; 25,357,566 shares issued and outstanding		1,047.7	947.4
Retained earnings		1,046.6	1,106.0
Shareholder's equity		2,094.3	2,053.4
Total liabilities and shareholder's equity	\$	6,444.7	\$ 6,452.5

THE PEOPLES GAS LIGHT AND COKE COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)		Six Months Ended	
		June 30	
<i>(in millions)</i>		2022	2021
Operating activities			
Net income	\$	155.7	\$ 144.4
Reconciliation to cash provided by operating activities			
Depreciation and amortization		104.0	96.7
Deferred income taxes and investment tax credits, net		25.1	53.5
Settlement of asset retirement obligations		(4.7)	(8.4)
Manufactured gas plant remediation costs		(26.3)	(12.4)
Change in –			
Accounts receivable and unbilled revenues, net		14.3	37.0
Materials, supplies, and inventories		65.6	45.8
Amounts recoverable from customers		(19.0)	(117.1)
Prepaid taxes		(0.4)	(29.6)
Other current assets		4.3	7.9
Accounts payable		8.2	(45.9)
Collateral received		40.7	17.5
Temporary LIFO liquidation credit		93.3	24.0
Accrued taxes		(13.1)	(2.0)
Customer credit balances		(7.4)	(12.6)
Amounts refundable to customers		1.5	(11.8)
Other current liabilities		5.6	(5.6)
Other, net		17.0	24.6
Net cash provided by operating activities		464.4	206.0
Investing activities			
Capital expenditures		(218.9)	(235.7)
Short-term notes receivable from related party, net		9.7	15.5
Proceeds from the sale of assets		59.2	7.9
Payments for assets transferred from affiliate		—	(6.1)
Other, net		(0.3)	(0.6)
Net cash used in investing activities		(150.3)	(219.0)
Financing activities			
Change in short-term debt		(201.0)	(30.5)
Equity contribution from parent		100.0	45.0
Payment of dividends to parent		(215.0)	—
Net cash provided by (used in) financing activities		(316.0)	14.5
Net change in cash and cash equivalents		(1.9)	1.5
Cash and cash equivalents at beginning of period		1.9	1.8
Cash and cash equivalents at end of period	\$	—	\$ 3.3
Supplemental cash flow information			
Cash paid for interest	\$	31.7	\$ 29.3
Cash paid for income taxes, net	\$	33.1	\$ 29.7