

# **WISCONSIN GAS LLC**

**(A Wholly Owned Subsidiary of WEC Energy Group, Inc.)**

## **FINANCIAL STATEMENTS**

**For the Quarter Ended March 31, 2018**

# WISCONSIN GAS LLC

CONDENSED INCOME STATEMENTS (Unaudited)	Three Months Ended	
	March 31	
	2018	2017
<i>(in millions)</i>		
<b>Operating revenues</b>	<b>\$ 250.6</b>	<b>\$ 244.4</b>
<b>Operating expenses</b>		
Cost of natural gas sold	142.0	134.1
Other operation and maintenance	27.9	29.3
Depreciation and amortization	12.7	11.9
Property and revenue taxes	1.7	1.5
<b>Total operating expenses</b>	<b>184.3</b>	<b>176.8</b>
<b>Operating income</b>	<b>66.3</b>	<b>67.6</b>
Other (expense) income, net	(0.1)	1.4
Interest expense	6.1	5.4
<b>Other expense</b>	<b>(6.2)</b>	<b>(4.0)</b>
Income before income taxes	60.1	63.6
Income tax expense	16.1	25.6
<b>Net income</b>	<b>\$ 44.0</b>	<b>\$ 38.0</b>

# WISCONSIN GAS LLC

CONDENSED BALANCE SHEETS (Unaudited) (in millions)	March 31 2018	December 31 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 0.3	\$ 1.8
Accounts receivable and unbilled revenues, net of reserves of \$21.3 and \$18.4	146.5	132.6
Accounts receivable from related parties	110.8	0.8
Materials, supplies, and inventory:		
Natural gas in storage	3.1	45.2
Materials and supplies	5.4	4.9
Prepayments	6.4	8.5
Other	1.0	2.5
<b>Current assets</b>	<b>273.5</b>	<b>196.3</b>
<b>Long-term assets</b>		
Property, plant, and equipment, net of accumulated depreciation of \$727.4 and \$722.1	1,575.9	1,550.8
Regulatory assets	198.1	206.1
Pension and other postretirement employee benefits assets	172.0	162.3
Goodwill	95.9	95.9
Other	22.3	18.7
<b>Long-term assets</b>	<b>2,064.2</b>	<b>2,033.8</b>
<b>Total assets</b>	<b>\$ 2,337.7</b>	<b>\$ 2,230.1</b>
<b>Liabilities and Member's Equity</b>		
<b>Current liabilities</b>		
Short-term debt	\$ 145.5	\$ 205.9
Accounts payable	24.3	41.4
Accounts payable to related parties	80.9	6.3
Accrued taxes	23.4	11.9
Amounts refundable to customers	38.2	16.4
Other	20.3	25.7
<b>Current liabilities</b>	<b>332.6</b>	<b>307.6</b>
<b>Long-term liabilities</b>		
Long-term debt	486.1	486.0
Regulatory liabilities	392.3	383.0
Deferred income taxes	197.7	192.6
Environmental remediation liabilities	41.2	41.2
Other	32.0	27.5
<b>Long-term liabilities</b>	<b>1,149.3</b>	<b>1,130.3</b>
Commitments and contingencies		
<b>Member's equity</b>	<b>855.8</b>	<b>792.2</b>
<b>Total liabilities and member's equity</b>	<b>\$ 2,337.7</b>	<b>\$ 2,230.1</b>

# WISCONSIN GAS LLC

CONDENSED STATEMENTS OF CASH FLOWS (Unaudited)	Three Months Ended March 31	
(in millions)	2018	2017
<b>Operating activities</b>		
Net income	\$ 44.0	\$ 38.0
Reconciliation to cash provided by operating activities		
Depreciation and amortization	12.7	11.9
Deferred income taxes and investment tax credits, net	4.5	10.7
Contributions and payments related to pension and OPEB plans	(1.0)	(0.7)
Change in -		
Accounts receivable and unbilled revenues	(123.9)	(9.2)
Materials, supplies, and inventories	41.6	35.4
Prepaid taxes	1.6	5.5
Other current assets	1.5	(0.3)
Accounts payable	57.5	(14.8)
Accrued taxes	11.5	15.0
Amounts refundable to customers	22.2	13.4
Other current liabilities	(5.2)	(12.3)
Other, net	8.4	(2.2)
<b>Net cash provided by operating activities</b>	<b>75.4</b>	<b>90.4</b>
<b>Investing activities</b>		
Capital expenditures	(28.4)	(25.6)
Payments for assets transferred from WEC Business Services	(7.4)	—
Other, net	(0.2)	(1.1)
<b>Net cash used in investing activities</b>	<b>(36.0)</b>	<b>(26.7)</b>
<b>Financing activities</b>		
Change in short-term debt	(60.4)	(60.5)
Equity contributions from parent	27.0	—
Payment of distributions to parent	(7.5)	(7.5)
<b>Net cash used in financing activities</b>	<b>(40.9)</b>	<b>(68.0)</b>
<b>Net change in cash and cash equivalents</b>	<b>(1.5)</b>	<b>(4.3)</b>
Cash and cash equivalents at beginning of period	1.8	4.4
<b>Net cash and cash equivalents at end of period</b>	<b>\$ 0.3</b>	<b>\$ 0.1</b>
<b>Supplemental cash flow information</b>		
Cash (paid) for interest	\$ (8.3)	\$ (7.7)
Cash received for income taxes, net	\$ —	\$ 5.4