

# **WISCONSIN GAS LLC**

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

## **FINANCIAL STATEMENTS**

**For the Quarter Ended June 30, 2017**

# WISCONSIN GAS LLC

CONDENSED INCOME STATEMENTS (Unaudited)	Three Months		Six Months Ended	
	June 30		June 30	
	2017	2016	2017	2016
<i>(in millions)</i>				
<b>Operating revenues</b>	<b>\$ 99.7</b>	<b>\$ 97.8</b>	<b>\$ 344.1</b>	<b>\$ 329.0</b>
<b>Operating expenses</b>				
Cost of natural gas sold	46.9	42.2	181.0	162.8
Other operation and maintenance	22.7	25.8	50.8	53.8
Depreciation and amortization	12.1	11.7	24.0	23.4
Property and revenue taxes	1.5	1.8	3.0	3.6
<b>Total operating expenses</b>	<b>83.2</b>	<b>81.5</b>	<b>258.8</b>	<b>243.6</b>
<b>Operating income</b>	<b>16.5</b>	<b>16.3</b>	<b>85.3</b>	<b>85.4</b>
Other income, net	0.4	0.2	0.6	0.3
Interest expense	5.3	3.5	10.7	7.2
<b>Other expense</b>	<b>(4.9)</b>	<b>(3.3)</b>	<b>(10.1)</b>	<b>(6.9)</b>
Income before income taxes	11.6	13.0	75.2	78.5
Income tax expense	4.7	5.3	30.3	31.6
<b>Net income</b>	<b>\$ 6.9</b>	<b>\$ 7.7</b>	<b>\$ 44.9</b>	<b>\$ 46.9</b>

# WISCONSIN GAS LLC

CONDENSED BALANCE SHEETS (Unaudited) (in millions)	June 30 2017	December 31 2016
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	0.7	4.4
Accounts receivable and unbilled revenues, net of reserves of \$21.7 and \$19.6	60.4	120.2
Accounts receivable from related parties	0.9	0.8
Materials, supplies, and inventory:		
Natural gas in storage	35.7	42.3
Materials and supplies	4.5	4.3
Prepayments	6.7	11.5
Other	1.6	2.7
<b>Current assets</b>	<b>110.5</b>	<b>186.2</b>
<b>Long-term assets</b>		
Property, plant, and equipment, net of accumulated depreciation of \$711.0 and \$701.8	1,486.1	1,438.7
Regulatory assets	213.8	212.2
Prepaid pension and other benefit costs	139.9	142.3
Goodwill	95.9	95.9
Other	21.5	18.0
<b>Long-term assets</b>	<b>1,957.2</b>	<b>1,907.1</b>
<b>Total assets</b>	<b>\$ 2,067.7</b>	<b>\$ 2,093.3</b>
<b>Liabilities and Member's Equity</b>		
<b>Current liabilities</b>		
Short-term debt	83.5	151.5
Accounts payable	26.6	36.6
Accounts payable to related parties	7.8	6.5
Accrued taxes	8.0	—
Customer credit balances	6.0	14.1
Amounts refundable to customers	18.1	12.3
Other	12.3	11.2
<b>Current liabilities</b>	<b>162.3</b>	<b>232.2</b>
<b>Long-term liabilities</b>		
Long-term debt	485.9	485.7
Regulatory liabilities	195.4	197.8
Deferred income taxes	359.3	332.6
Environmental remediation liabilities	36.1	36.1
Other	14.7	25.0
<b>Long-term liabilities</b>	<b>1,091.4</b>	<b>1,077.2</b>
Commitments and contingencies		
<b>Member's equity</b>	<b>814.0</b>	<b>783.9</b>
<b>Total liabilities and member's equity</b>	<b>\$ 2,067.7</b>	<b>\$ 2,093.3</b>

# WISCONSIN GAS LLC

CONDENSED STATEMENTS OF CASH FLOWS (Unaudited)		Six Months Ended	
		June 30	
(in millions)		2017	2016
<b>Operating activities</b>			
Net income	\$	44.9	\$ 46.9
Reconciliation to cash provided by operating activities			
Depreciation and amortization		24.0	24.0
Deferred income taxes and investment tax credits, net		24.1	17.5
Contributions and payments related to pension and OPEB plans		(1.4)	(1.4)
Change in -			
Accounts receivable and unbilled revenues		59.7	36.4
Materials, supplies, and inventories		6.4	24.6
Prepaid taxes		4.8	3.0
Other current assets		(0.7)	6.7
Accounts payable		(8.7)	(2.6)
Accrued taxes		8.0	55.5
Amounts refundable to customers		5.8	17.0
Other current liabilities		(7.3)	(11.0)
Other, net		(11.3)	(4.8)
<b>Net cash provided by operating activities</b>		<b>148.3</b>	<b>211.8</b>
<b>Investing activities</b>			
Capital expenditures		(67.9)	(54.5)
Other, net		(1.1)	(0.5)
<b>Net cash used in investing activities</b>		<b>(69.0)</b>	<b>(55.0)</b>
<b>Financing activities</b>			
Change in short-term debt		(68.0)	(97.1)
Payment of distributions to parent		(15.0)	(60.0)
<b>Net cash used in financing activities</b>		<b>(83.0)</b>	<b>(157.1)</b>
<b>Net change in cash and cash equivalents</b>		<b>(3.7)</b>	<b>(0.3)</b>
Cash and cash equivalents at beginning of period		4.4	1.1
<b>Net cash and cash equivalents at end of period</b>	<b>\$</b>	<b>0.7</b>	<b>\$ 0.8</b>
<b>Supplemental cash flow information</b>			
Cash (paid) for interest	\$	(10.6)	\$ (7.2)
Cash received for income taxes, net	\$	8.6	\$ 44.0