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

FINANCIAL STATEMENTS

For the Quarter Ended June 30, 2017

CONDENSED INCOME STATEMENTS (Unaudited) (in millions)	Th	Three Months June 30		Six Months Ended June 30	
	20	17	2016	2017	2016
Operating revenues	\$ 9	99.7	\$ 97.8	\$ 344.1	\$ 329.0
Operating expenses					
Cost of natural gas sold	4	46.9	42.2	181.0	162.8
Other operation and maintenance		22.7	25.8	50.8	53.8
Depreciation and amortization	1	12.1	11.7	24.0	23.4
Property and revenue taxes		1.5	1.8	3.0	3.6
Total operating expenses		83.2	81.5	258.8	243.6
Operating income	1	16.5	16.3	85.3	85.4
Other income, net		0.4	0.2	0.6	0.3
Interest expense		5.3	3.5	10.7	7.2
Other expense		(4.9)	(3.3)	(10.1)	(6.9)
Income before income taxes		11.6	13.0	75.2	78.5
Income tax expense		4.7	5.3	30.3	31.6
Net income	\$	6.9	\$ 7.7	\$ 44.9	\$ 46.9

Accounts receivable and unbilled revenues, net of reserves of \$21.7 and \$19.6 60.4 120.4 Accounts receivable from related parties 0.9 0 Materials, supplies, and inventory: 35.7 24.2 Materials and supplies 4.5 4.5 4.7 Prepayments 6.7 1.1 0.2 1.6 2.2 2.1 1.6 2.2 2.1 1.6 2.2 2.1 1.6 2.2 2.1 3.2 2.1 2.1 1.4 3.2 2.1 3.2 2.1 3.2 2.1 3.2 2.1 3.2 2.1 3.2 2.1 3.2 2.1 3.2 2.1 3.2 2.1 3.2 2.1 3.2 2.1 3.2 2.1 3.2 2.1 3.2 2.1 3.2 2.1 3.2	CONDENSED BALANCE SHEETS (Unaudited) (in millions)	June 30 2017	December 31 2016
Cash and cash equivalents 0.7 4 Accounts receivable and unbilled revenues, net of reserves of \$21.7 and \$19.6 60.4 10.0 Accounts receivable from related parties 0.9 0 Accounts receivable from related parties 0.9 0 Materials, supplies, and inventory: 35.7 42 Materials and supplies 4.5 4 Prepayments 6.7 11 Other 1.05 2 Current assets 110.5 186 Property, plant, and equipment, net of accumulated depreciation of \$711.0 and \$701.8 1,486.1 1,438 Regulatory assets 113.9 142 Prepaid pension and other benefit costs 139.9 15 Other 15.9 5 Other 15.9 5 Corrent liabilities 1,957.2 1,907 Total assets 1,957.2 1,907 Total assets 8.5 15 Current liabilities 8.5 1 Accounts payable to related parties 6.6 36 <	Assets		
Accounts receivable and unbilled revenues, net of reserves of \$21.7 and \$19.6 60.4 120 Accounts receivable from related parties 0.9 0 Materials, supplies, and inventory: Secondary of the prepayments 4.5 4.2 Materials and supplies 4.5 4.2 4.2 Materials and supplies 4.5 4.7 11 Other 6.7 11 1.6 2 Current assets 11.0 1.6 2 Current assets 11.0 1.4 1.438 Regulatory assets 213.8 212.2 1.2 Prepaid pension and other benefit costs 139.9 142 2.0 Other 21.5 18 1.9 12 1.9 2.0 2.0 3.0 2.0 3.0 2.0 3.0	Current assets		
Accounts receivable from related parties 0.9 0 Materials, supplies, and inventory: 35.7 42 Materials and supplies 4.5 4 Other 1.6 2 Current assets 110.5 186 Long-term assets 1.438. 1.488.1 1.438. Regulatory assets 213.8 212.2 213.8 212.2 Prepaid pension and other benefit costs 139.9 142 200.00 (au) 30.9 150.00 (au) 1.438. 121.5 180.00 (au) 1.438. 1.209.00 (au)	Cash and cash equivalents	0.7	4.4
Materials, supplies, and inventory: 35.7 42 Natural gas in storage 35.7 42 Materials and supplies 4.5 4 Prepayments 6.7 11.1 Other 1.6 1.2 Current assets 110.5 18 Property, plant, and equipment, net of accumulated depreciation of \$711.0 and \$701.8 1,486.1 1,438. Regulatory assets 213.8 212 20 Prepaid pension and other benefit costs 139.9 19 95	Accounts receivable and unbilled revenues, net of reserves of \$21.7 and \$19.6	60.4	120.2
Natural gas in storage 35.7 42 Materials and supplies 4.5 4 Other 1.6 2 Current assets 110.5 186 Long-term assets 110.5 186 Long-term assets 110.5 186 Property, plant, and equipment, net of accumulated depreciation of \$711.0 and \$701.8 1,486.1 1,438. Regulatory assets 213.8 212. 213.8 212. Regulatory assets 139.9 142 200. 200. 142. 200. 200. 142. 180. 1957.2 1,907.	Accounts receivable from related parties	0.9	0.8
Materials and supplies 4,5 4 Prepayments 6,7 11.6 2 Current assets 110,5 186 Long-term assets 110,5 186 Property, plant, and equipment, net of accumulated depreciation of \$711.0 and \$701.8 1,486.1 1,438 Regulatory assets 213.8 212.8 212.8 Prepaid pension and other benefit costs 139.9 142 Goodwill 9.9 9.9 9.9 Other 21.5 1.907 1.907 Total assets \$2,067.7 \$2,093 Liabilities and Member's Equity Current liabilities Short-term debt 83.5 151 Accounts payable 26.6 36 Accounts payable to related parties 8.0 8.0 Accounts payable to related parties 8.0 8.0 Accounts payable to related parties 18.1 12 Accounts payable to related parties 18.1 12 Accounts payable to related parties 18.1 12 <t< td=""><td>Materials, supplies, and inventory:</td><td></td><td></td></t<>	Materials, supplies, and inventory:		
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Other 1.6 2 Current assets 110.5 186 Long-term assets 110.5 186 Property, plant, and equipment, net of accumulated depreciation of \$711.0 and \$701.8 1,486.1 1,438 Regulatory assets 213.8 212.2 Prepaid pension and other benefit costs 139.9 142 Goodwill 95.9 95.9 95.0 95.0 Other 21.5 1.8 1.957.2 1,907.2 1,907.2 1,907.2 1,907.2 1,907.2 1,907.2 1,907.2 2,093 30.0 90.0 30.0	Materials and supplies	4.5	4.3
Current assets 110.5 186 Long-term assets Property, plant, and equipment, net of accumulated depreciation of \$711.0 and \$701.8 1,486.1 1,438 Regulatory assets 213.8 212.8 212.8 212.9 142 Goodwill opension and other benefit costs 139.9 142 360 <td>Prepayments</td> <td>6.7</td> <td>11.5</td>	Prepayments	6.7	11.5
Classified Cla	Other	1.6	2.7
Property, plant, and equipment, net of accumulated depreciation of \$711.0 and \$701.8 1,486.1 1,438 212.8 213.8 212.8 213.8 212.8 213.8 212.9 213.8 212.9 39.9 142 39.9 55.0 50.0 95.9 95.0 50.0 142 30.0 30.0 142 142.0 14	Current assets	110.5	186.2
Regulatory assets 213.8 212 Prepaid pension and other benefit costs 139.9 142 Goodwill 95.9 95.0 Other 21.5 18 Long-term assets 1,957.2 1,907 Total assets 2,067.7 \$ 2,093 Current liabilities Short-term debt 83.5 151 Accounts payable 26.6 36 Accounts payable to related parties 8.0 4.0 Accrued taxes 8.0 4.0 Customer credit balances 6.0 14 Amounts refundable to customers 18.1 12 Other 12.3 11 Current liabilities 162.3 232 Long-term labilities 485.9 485 Regulatory liabilities 195.4 197 Deferred income taxes 359.3 332 Environmental remediation liabilities 36.1 36 Other 1,091.4 1,097 Commitments and contingencies 4	Long-term assets		
Prepaid pension and other benefit costs 139.9 142 Goodwill 95.9 95 Other 21.5 1.8 Long-term assets 1,957.2 1,907 Total assets 1,957.2 1,907 Current liabilities Current liabilities Short-term debt 83.5 151 Accounts payable 26.6 36 Accounts payable to related parties 7.8 6 Accounts payable to related parties 8.0 6 Accounts payable to customers 8.0 6 Customer credit balances 6.0 14 Amounts refundable to customers 18.1 12 Other 16.3 232 Long-term liabilities 16.3 232 Long-term debt 485.9 485 Regulatory liabilities 36.1 36 Other 36.1 36 Cong-term liabilities 36.1 36 Cong-term liabilities 36.1 36 </td <td>Property, plant, and equipment, net of accumulated depreciation of \$711.0 and \$701.8</td> <td>1,486.1</td> <td>1,438.7</td>	Property, plant, and equipment, net of accumulated depreciation of \$711.0 and \$701.8	1,486.1	1,438.7
Goodwill 95.9 95 Other 21.5 18 Long-term assets 1,957.2 1,907 Total assets 2,067.7 \$ 2,093 Current liabilities Current liabilities Short-term debt 83.5 151 Accounts payable 26.6 36 Accounts payable to related parties 8.0 6 Accounts payable to related parties 8.0 6 Accounts payable to customers 8.0 14 Amounts refundable to customers 18.1 12 Other 12.3 11 Current liabilities 162.3 232 Long-term liabilities 485.9 485 Regulatory liabilities 195.4 197 Deferred income taxes 35.3 332 Environmental remediation liabilities 36.1 36 Other 1,091.4 1,077 Commitments and contingencies 481.0 783	Regulatory assets	213.8	212.2
Other 21.5 18 Long-term assets 1,957.2 1,907 Total assets \$ 2,067.7 \$ 2,093 Liabilities and Member's Equity Current liabilities Short-term debt 83.5 151 Accounts payable 26.6 36 Accounts payable to related parties 7.8 6 Accounts payable to related parties 8.0 6 Accounts payable to related parties 8.0 7 Accounts payable to related parties 8.0 6 Accounts payable to related parties 8.0 6 Accounts payable to related parties 8.0 6 Accounts payable to related parties 8.0 12.0 6 Accounts payable to related parties 8.0 12.0 6 6 6 6 6 6 6 6 6 6 6 6 12.0 12.0 12.0 12.0 12.0 12.0 12.0 12.0 12.0 12.0 12.0 12.	Prepaid pension and other benefit costs	139.9	142.3
Liabilities and Member's Equity 1,957.2 1,907 Current liabilities Short-term debt 83.5 151 Accounts payable 26.6 36 Accounts payable to related parties 7.8 6 Accrued taxes 8.0 4 Customer credit balances 6.0 14 Amounts refundable to customers 18.1 12 Other 12.3 11 Current liabilities 162.3 232 Long-term liabilities 162.3 232 Long-term debt 485.9 485 Regulatory liabilities 195.4 197 Deferred income taxes 359.3 332 Environmental remediation liabilities 36.1 36 Other 14.7 25 Long-term liabilities 1,091.4 1,077 Commitments and contingencies 36.1 36 Member's equity 814.0 783	Goodwill	95.9	95.9
Current liabilities and Member's Equity Short-term debt Shor	Other	21.5	18.0
Liabilities and Member's Equity Current liabilities Short-term debt 83.5 151 Accounts payable 26.6 36 Accounts payable to related parties 7.8 6 Accrued taxes 8.0 6.0 14 Accrued taxes 18.1 12 Customer credit balances 18.1 12 Amounts refundable to customers 18.1 12 Other 12.3 11 Current liabilities 485.9 485 Long-term liabilities 195.4 195.4 195.4 Deferred income taxes 359.3 332 Environmental remediation liabilities 36.1 36 Other 14.7 25 Long-term liabilities 1,091.4 1,077 Commitments and contingencies 1,091.4 1,077	Long-term assets		
Current liabilities Short-term debt 83.5 151 Accounts payable 26.6 36 Accounts payable to related parties 7.8 6 Accounts payable to related parties 8.0 6.0 Accrued taxes 6.0 14 Amounts refundable to customers 18.1 12 Other 12.3 11 Current liabilities 162.3 232 Long-term liabilities 485.9 485 Regulatory liabilities 195.4 197 Deferred income taxes 359.3 332 Environmental remediation liabilities 36.1 36 Other 14.7 25 Long-term liabilities 1,091.4 1,077 Commitments and contingencies Member's equity 814.0 783	Total assets	\$ 2,067.7	\$ 2,093.3
Short-term debt 33.5 151 Accounts payable 26.6 36 Accounts payable to related parties 7.8 6 Accrued taxes 8.0 6 Customer credit balances 6.0 14 Amounts refundable to customers 18.1 12 Other 12.3 11 Current liabilities 162.3 232 Long-term liabilities 485.9 485 Regulatory liabilities 195.4 197 Deferred income taxes 359.3 332 Environmental remediation liabilities 36.1 36 Other 14.7 25 Long-term liabilities 1,091.4 1,077 Commitments and contingencies 814.0 783	Liabilities and Member's Equity		
Accounts payable 26.6 36 Accounts payable to related parties 7.8 6 Accrued taxes 8.0 14 Customer credit balances 6.0 14 Amounts refundable to customers 18.1 12 Other 12.3 11 Current liabilities 162.3 232 Long-term lebt 485.9 485 Regulatory liabilities 195.4 197 Deferred income taxes 359.3 332 Environmental remediation liabilities 36.1 36 Other 14.7 25 Long-term liabilities 1,091.4 1,077 Commitments and contingencies 814.0 783			
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Accrued taxes 8.0 Customer credit balances 6.0 14 Amounts refundable to customers 18.1 12 Other 12.3 11 Current liabilities 162.3 232 Long-term liabilities 485.9 485 Regulatory liabilities 195.4 197 Deferred income taxes 359.3 332 Environmental remediation liabilities 36.1 36 Other 14.7 25 Long-term liabilities 1,091.4 1,077 Commitments and contingencies 814.0 783			36.6
Customer credit balances 6.0 14 Amounts refundable to customers 18.1 12 Other 12.3 11 Current liabilities 162.3 232 Long-term liabilities 485.9 485 Regulatory liabilities 195.4 197 Deferred income taxes 359.3 332 Environmental remediation liabilities 36.1 36 Other 14.7 25 Long-term liabilities 1,091.4 1,077 Commitments and contingencies 814.0 783		_	6.5
Amounts refundable to customers 18.1 12 Other 12.3 11 Current liabilities 162.3 232 Long-term liabilities 485.9 485 Regulatory liabilities 195.4 197 Deferred income taxes 359.3 332 Environmental remediation liabilities 36.1 36 Other 14.7 25 Long-term liabilities 1,091.4 1,077 Commitments and contingencies 814.0 783			_
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Current liabilities 162.3 232 Long-term liabilities 485.9 485 Regulatory liabilities 195.4 197 Deferred income taxes 359.3 332 Environmental remediation liabilities 36.1 36 Other 14.7 25 Long-term liabilities 1,091.4 1,077 Commitments and contingencies 814.0 783			12.3
Long-term liabilities Long-term debt Regulatory liabilities 195.4 197 Deferred income taxes Environmental remediation liabilities 36.1 36 Other 14.7 25 Long-term liabilities 1,091.4 1,077 Commitments and contingencies Member's equity 814.0 783			11.2
Long-term debt 485.9 485 Regulatory liabilities 195.4 197 Deferred income taxes 359.3 332 Environmental remediation liabilities 36.1 36 Other 14.7 25 Long-term liabilities 1,091.4 1,077 Commitments and contingencies 814.0 783	Current liabilities	162.3	232.2
Regulatory liabilities 195.4 197 Deferred income taxes 359.3 332 Environmental remediation liabilities 36.1 36 Other 14.7 25 Long-term liabilities 1,091.4 1,077 Commitments and contingencies 814.0 783			
Deferred income taxes 359.3 332 Environmental remediation liabilities 36.1 36 Other 14.7 25 Long-term liabilities 1,091.4 1,077 Commitments and contingencies 814.0 783	•		485.7
Environmental remediation liabilities 36.1 36 Other 14.7 25 Long-term liabilities 1,091.4 1,077 Commitments and contingencies Member's equity 814.0 783			
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Long-term liabilities 1,091.4 1,077 Commitments and contingencies 814.0 783			
Commitments and contingencies Member's equity 814.0 783			
Member's equity 814.0 783	Long-term liabilities	1,091.4	1,077.2
	Commitments and contingencies		
Total liabilities and member's equity \$ 2.067.7 \$ 2.093	Member's equity	814.0	783.9
	Total liabilities and member's equity	\$ 2,067.7	\$ 2,093.3

CONDENSED STATEMENTS OF CASH FLOWS (Unaudited)		Six Months Ended June 30			
(in millions)	2	2017	2016		
Operating activities					
Net income	\$	44.9 \$	46.		
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.		
Contributions and payments related to pension and OPEB plans		(1.4)	(1.		
Change in -					
Accounts receivable and unbilled revenues		59.7	36.4		
Materials, supplies, and inventories		6.4	24.0		
Prepaid taxes		4.8	3.0		
Other current assets		(0.7)	6.		
Accounts payable		(8.7)	(2.0		
Accrued taxes		8.0	55.		
Amounts refundable to customers		5.8	17.0		
Other current liabilities		(7.3)	(11.		
Other, net		(11.3)	(4.		
Net cash provided by operating activities		148.3	211.8		
Investing activities					
Capital expenditures		(67.9)	(54.		
Other, net		(1.1)	(0.		
Net cash used in investing activities		(69.0)	(55.		
Financing activities					
Change in short-term debt		(68.0)	(97.:		
Payment of distributions to parent		(15.0)	(60.0		
Net cash used in financing activities		(83.0)	(157.		
Net change in cash and cash equivalents		(3.7)	(0.		
Cash and cash equivalents at beginning of period		4.4	1.		
Net cash and cash equivalents at end of period	\$	0.7 \$	0.8		
Supplemental cash flow information					
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Cash (paid) for interest	\$	(10.6) \$	(7.:		