

THE PEOPLES GAS LIGHT AND COKE COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited) <i>(Millions)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Operating revenues	\$ 146.8	\$ 160.6	\$ 774.3	\$ 1,105.9
Operating expenses				
Cost of natural gas sold	25.1	50.8	256.7	590.2
Other operation and maintenance	88.6	108.0	288.6	366.4
Depreciation and amortization	28.2	26.0	84.8	76.9
Property and revenue taxes	4.1	4.4	12.4	11.1
Total operating expenses	146.0	189.2	642.5	1,044.6
Operating income (loss)	0.8	(28.6)	131.8	61.3
Other income, net	0.2	1.0	0.7	0.8
Interest expense	8.8	7.6	26.4	22.4
Other expense	(8.6)	(6.6)	(25.7)	(21.6)
Income (loss) before taxes	(7.8)	(35.2)	106.1	39.7
Income tax expense (benefit)	(3.2)	(14.2)	43.3	16.2
Net income (loss)	\$ (4.6)	\$ (21.0)	\$ 62.8	\$ 23.5

THE PEOPLES GAS LIGHT AND COKE COMPANY

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited) (Millions)	September 30 2015	December 31 2014
Assets		
Current assets		
Cash and cash equivalents	\$ 2.4	\$ 2.6
Accounts receivable and unbilled revenues, net of reserves of \$44.6 and \$53.1, respectively	128.5	301.2
Receivables from related parties	0.9	0.6
Notes receivable from related parties	20.9	48.6
Inventories:		
Natural gas in storage, at LIFO	129.8	113.4
Materials and supplies	17.6	15.9
Amounts recoverable through rate adjustments	23.7	23.2
Deferred income taxes	32.8	53.2
Prepaid taxes	13.1	60.0
Other current assets	4.4	7.3
Current assets	374.1	626.0
Long-term assets		
Property, plant, and equipment, net of accumulated depreciation of \$1,139.8 and \$1,201.3, respectively	2,859.0	2,683.3
Regulatory assets	917.9	942.4
Other long-term assets	8.8	9.4
Long-term assets	3,785.7	3,635.1
Total assets	\$ 4,159.8	\$ 4,261.1
Liabilities and Shareholder's Equity		
Current liabilities		
Short-term debt	\$ 39.2	\$ 165.3
Accounts payable	192.8	200.9
Payables to related parties	21.0	24.4
Accrued taxes	16.1	51.7
Customer credit balances	26.1	21.7
Energy costs refundable through rate adjustments	25.0	35.0
Customer deposits	26.8	27.7
Other current liabilities	41.3	57.2
Current liabilities	388.3	583.9
Long-term liabilities		
Long-term debt	850.0	850.0
Deferred income taxes	627.9	613.5
Deferred investment tax credits	28.2	28.1
Environmental remediation liabilities	418.6	433.7
Pension and other postretirement benefit obligations	331.9	313.4
Asset retirement obligations	455.7	439.5
Other long-term liabilities	121.9	125.0
Long-term liabilities	2,834.2	2,803.2
Commitments and contingencies		
Common stock, without par value, 40,000,000 shares authorized; 25,357,566 shares issued and outstanding	287.3	286.8
Retained earnings	650.0	587.2
Total liabilities and shareholder's equity	\$ 4,159.8	\$ 4,261.1

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited) <i>(Millions)</i>	Nine Months Ended September 30	
	2015	2014
Operating Activities		
Net income	\$ 62.8	\$ 23.5
Reconciliation to cash provided by operating activities		
Depreciation and amortization expense	87.5	80.6
Contributions to pension and other postretirement plans	(0.7)	(0.1)
Deferred income taxes and investment tax credits, net	36.9	0.2
Change in -		
Accounts receivable and unbilled revenues	188.3	138.2
Inventories	(18.1)	(79.6)
Prepaid taxes	46.9	(4.5)
Other current assets	3.2	2.4
Accounts payable	(27.5)	24.9
Accrued taxes, net	(20.5)	(29.8)
Customer credit balances	4.4	5.6
Other current liabilities	(10.8)	10.3
Other, net	(21.4)	9.4
Net cash provided by operating activities	331.0	181.1
Investing Activities		
Capital expenditures	(240.6)	(210.4)
Notes receivable from related parties, net	27.7	3.7
Other, net	8.3	0.4
Net cash used for investing activities	(204.6)	(206.3)
Financing Activities		
Change in short-term debt	(126.1)	(38.0)
Equity contribution from parent	-	65.0
Other, net	(0.5)	(0.8)
Net cash (used for) provided by financing activities	(126.6)	26.2
Net change in cash and cash equivalents	(0.2)	1.0
Cash and cash equivalents at beginning of period	2.6	3.0
Cash and cash equivalents at end of period	\$ 2.4	\$ 4.0
<i>Cash paid for interest</i>	<i>\$ 24.5</i>	<i>\$ 21.3</i>
<i>Cash (received) paid for taxes</i>	<i>(40.3)</i>	<i>20.7</i>