

# **WISCONSIN GAS LLC**

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

## **FINANCIAL STATEMENTS**

September 30, 2015

**WISCONSIN GAS LLC**  
**CONDENSED INCOME STATEMENTS**  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
	(Millions of Dollars)			
Operating Revenues	\$ 70.7	79.9	\$ 459.9	\$ 659.4
Operating Expenses				
Cost of gas sold	32.7	42.9	260.4	460.2
Other operation and maintenance	26.1	21.8	77.9	76.5
Depreciation and amortization	10.9	11.4	32.3	33.3
Property and revenue taxes	2.3	1.8	7.1	5.4
Total Operating Expenses	72.0	77.9	377.7	575.4
Operating (Loss) Income	(1.3)	2.0	82.2	84.0
Other Income, net	1.9	0.6	3.6	1.2
Interest Expense	2.7	3.1	8.7	9.4
(Loss) Income Before Income Taxes	(2.1)	(0.5)	77.1	75.8
Income Tax (Benefit) Expense	(0.8)	(0.2)	29.8	29.9
Net (Loss) Income	<u>\$ (1.3)</u>	<u>\$ (0.3)</u>	<u>\$ 47.3</u>	<u>\$ 45.9</u>

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**WISCONSIN GAS LLC**  
**CONDENSED BALANCE SHEETS**

Unaudited

<u>Assets</u>	September 30, 2015	December 31, 2014
	(Millions of Dollars)	
Property, Plant and Equipment	\$ 1,997.7	\$ 1,817.0
Accumulated depreciation	(674.5)	(652.3)
Net Property, Plant and Equipment	1,323.2	1,164.7
Current Assets		
Cash and cash equivalents	0.2	0.1
Accounts receivable and unbilled revenues, net of reserves of \$28.2 and \$27.7	47.7	155.5
Gas in storage inventory	55.1	74.9
Materials and supplies inventories	7.4	5.3
Deferred income taxes	30.8	35.2
Prepayments and other	14.1	15.1
Total Current Assets	155.3	286.1
Deferred Charges and Other Assets		
Regulatory assets	195.4	203.7
Prepaid pension and other benefit costs	143.8	136.3
Goodwill	95.9	95.9
Other	17.4	16.2
Total Deferred Charges and Other Assets	452.5	452.1
Total Assets	\$ 1,931.0	\$ 1,902.9
<u>Capitalization and Liabilities</u>		
Capitalization		
Member's equity	\$ 783.9	\$ 759.1
Long-term debt	289.3	89.2
Total Capitalization	1,073.2	848.3
Current Liabilities		
Current portion of long-term debt	125.0	125.0
Short-term debt	145.7	310.8
Accounts payable	19.6	52.6
Accounts payable to related parties	19.8	4.6
Refundable gas costs	4.6	13.9
Other	23.9	22.8
Total Current Liabilities	338.6	529.7
Deferred Credits and Other Liabilities		
Regulatory liabilities	198.3	214.7
Deferred income taxes	273.5	259.3
Environmental remediation obligation	26.1	26.1
Other	21.3	24.8
Total Deferred Credits and Other Liabilities	519.2	524.9
Total Capitalization and Liabilities	\$ 1,931.0	\$ 1,902.9

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**WISCONSIN GAS LLC**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	Nine Months Ended September 30,	
	2015	2014
	(Millions of Dollars)	
Operating Activities		
Net income	\$ 47.3	\$ 45.9
Reconciliation to cash:		
Depreciation and amortization	33.2	34.4
Net pension and other postretirement income	(2.2)	(1.8)
Deferred income taxes and investment tax credits, net	13.1	16.6
Change in:		
Receivables and unbilled revenues	107.8	73.9
Inventories	17.7	(49.9)
Accounts payable	(17.8)	(8.6)
Prepaid and accrued income taxes, net	(3.7)	9.0
Refundable gas costs	(9.3)	(12.8)
Other assets and liabilities, net	(10.6)	(28.7)
Net Cash Provided by Operating Activities	175.5	78.0
Investing Activities		
Capital expenditures	(181.5)	(103.8)
Other, net	(4.5)	(3.6)
Net Cash Used in Investing Activities	(186.0)	(107.4)
Financing Activities		
Change in short-term debt	(165.1)	14.2
Issuance of long-term debt	200.0	—
Capital contributions from WEC Energy Group, Inc.	—	40.0
Distributions to WEC Energy Group, Inc.	(22.5)	(24.7)
Other, net	(1.8)	—
Net Cash Provided by Financing Activities	10.6	29.5
Change in Cash and Cash Equivalents	0.1	0.1
Cash and Cash Equivalents at Beginning of Year	0.1	—
Cash and Cash Equivalents at End of Year	\$ 0.2	\$ 0.1
Supplemental Information - Cash Paid For		
Interest (net of amount capitalized)	\$ 5.6	\$ 6.4
Income taxes (net of refunds)	\$ 17.3	\$ 2.1