

# **NORTH SHORE GAS COMPANY**

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

## **FINANCIAL STATEMENTS**

**For the Quarter Ended September 30, 2024**

## NORTH SHORE GAS COMPANY

CONDENSED INCOME STATEMENTS (Unaudited)	Three Months Ended				Nine Months Ended			
<i>(in millions)</i>	September 30				September 30			
	2024		2023		2024		2023	
<b>Operating revenues</b>	\$	26.7	\$	27.1	\$	135.8	\$	143.1
<b>Operating expenses</b>								
Cost of natural gas		8.8		9.5		57.0		66.1
Other operation and maintenance		10.3		8.5		31.7		32.9
Depreciation and amortization		5.2		5.1		15.8		15.3
Property and revenue taxes		1.0		0.8		1.4		2.8
<b>Total operating expenses</b>		25.3		23.9		105.9		117.1
<b>Operating income</b>		1.4		3.2		29.9		26.0
Other income, net		0.3		0.3		1.0		0.9
Interest expense		2.0		2.0		6.1		5.9
<b>Other expense</b>		(1.7)		(1.7)		(5.1)		(5.0)
Income (loss) before income taxes		(0.3)		1.5		24.8		21.0
Income tax expense		—		0.4		6.8		5.6
<b>Net income (loss)</b>	\$	(0.3)	\$	1.1	\$	18.0	\$	15.4

## NORTH SHORE GAS COMPANY

CONDENSED BALANCE SHEETS (Unaudited) (in millions, except share amounts)	September 30 2024	December 31 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ —	\$ 0.2
Accounts receivable and unbilled revenues, net of reserves of \$1.1 and \$2.3, respectively	18.5	39.8
Accounts receivable from related parties	1.0	2.7
Materials, supplies, and inventories	30.7	25.1
Prepayments	1.7	2.5
Amounts recoverable from customers	5.0	2.7
Collateral on deposit	3.4	8.0
Other	0.2	0.2
<b>Current assets</b>	<b>60.5</b>	<b>81.2</b>
<b>Long-term assets</b>		
Property, plant, and equipment, net of accumulated depreciation and amortization of \$275.4 and \$267.8, respectively	556.7	547.3
Regulatory assets	55.3	57.3
Other postretirement employee benefit assets	14.6	14.0
Other	2.2	1.2
<b>Long-term assets</b>	<b>628.8</b>	<b>619.8</b>
<b>Total assets</b>	<b>\$ 689.3</b>	<b>\$ 701.0</b>
<b>Liabilities and Shareholder's Equity</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 14.5	\$ 24.4
Accounts payable to related parties	4.1	6.8
Accrued taxes	1.4	3.3
Short-term debt to related party	23.1	27.9
Customer credit balances	8.7	12.3
Derivative liabilities	3.2	6.5
Other	8.3	6.9
<b>Current liabilities</b>	<b>63.3</b>	<b>88.1</b>
<b>Long-term liabilities</b>		
Long-term debt	176.1	176.1
Deferred income taxes	79.2	77.8
Regulatory liabilities	70.1	68.1
Environmental remediation liabilities	30.1	32.2
Pension obligations	13.1	12.2
Asset retirement obligations	27.3	26.6
Other	5.5	6.4
<b>Long-term liabilities</b>	<b>401.4</b>	<b>399.4</b>
<b>Commitments and contingencies</b>		
<b>Shareholder's equity</b>		
Common stock, without par value, 5,000,000 shares authorized; 3,625,887 shares issued and outstanding	95.1	95.0
Retained earnings	129.5	118.5
<b>Shareholder's equity</b>	<b>224.6</b>	<b>213.5</b>
<b>Total liabilities and shareholder's equity</b>	<b>\$ 689.3</b>	<b>\$ 701.0</b>

## NORTH SHORE GAS COMPANY

CONDENSED STATEMENTS OF CASH FLOWS (Unaudited)	Nine Months Ended September 30	
<i>(in millions)</i>	2024	2023
<b>Operating activities</b>		
Net income	\$ 18.0	\$ 15.4
Reconciliation to cash provided by operating activities		
Depreciation and amortization	15.8	15.3
Deferred income taxes and investment tax credits, net	0.8	2.3
Settlement of asset retirement obligations	(0.2)	(0.3)
Manufactured gas plant remediation costs	(2.0)	(1.6)
Change in –		
Accounts receivable and unbilled revenues, net	23.0	39.1
Materials, supplies, and inventories	(5.6)	(14.3)
Amounts recoverable from customers	(2.3)	(0.6)
Prepayments	0.8	0.9
Collateral on deposit	4.6	(1.1)
Accounts payable	(11.5)	(19.2)
Accrued taxes	(1.9)	(2.7)
Customer credit balances	(3.6)	0.6
Other current liabilities	1.5	0.3
Other, net	(1.1)	0.5
<b>Net cash provided by operating activities</b>	<b>36.3</b>	<b>34.6</b>
<b>Investing activities</b>		
Capital expenditures	(24.6)	(26.2)
Other, net	—	0.2
<b>Net cash used in investing activities</b>	<b>(24.6)</b>	<b>(26.0)</b>
<b>Financing activities</b>		
Notes Payable to related party, net	(4.8)	(7.6)
Equity contribution from parent	—	10.0
Payment of dividends to parent	(7.0)	(11.0)
Other	(0.1)	—
<b>Net cash used in financing activities</b>	<b>(11.9)</b>	<b>(8.6)</b>
<b>Net change in cash and cash equivalents</b>	<b>(0.2)</b>	<b>—</b>
Cash and cash equivalents at beginning of period	0.2	—
<b>Cash and cash equivalents at end of period</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Supplemental cash flow information</b>		
Cash paid for interest	\$ 4.0	\$ 4.2
Cash paid for income taxes, net	6.1	3.4