

SECTION 285.305

General Information Requirements Applicable for All Utilities Subject to this Part

Utility: North Shore Gas Company

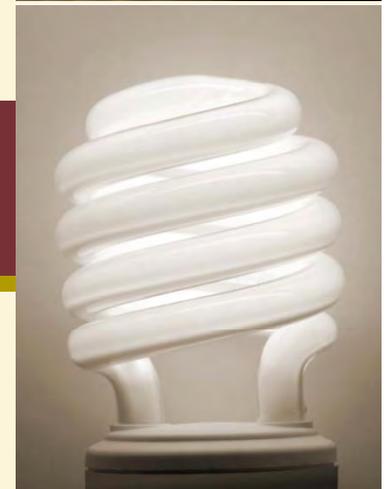
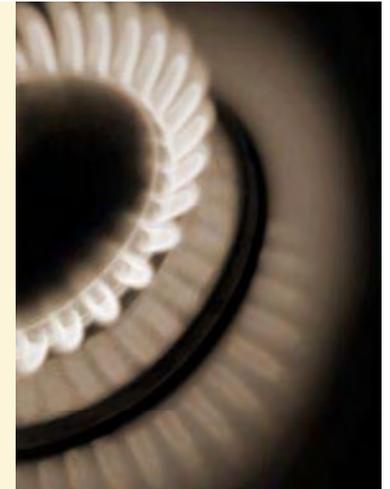
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COMPANY UPDATE

January 2011

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Forward-Looking Statements



In this presentation, Integrys Energy Group and its subsidiaries make statements concerning expectations, beliefs, plans, objectives, goals, strategies, and future events or performance. Such statements are “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are subject to assumptions and uncertainties; therefore, actual results may differ materially from those expressed or implied by such forward-looking statements. Although Integrys Energy Group and its subsidiaries believe that these forward-looking statements and the underlying assumptions are reasonable, they cannot provide assurance that such statements will prove correct.

Forward-looking statements include, among other things, statements concerning management’s expectations and projections regarding earnings, regulatory matters, fuel costs, sources of electric energy supply, coal and natural gas deliveries, remediation costs, environmental and other capital expenditures, liquidity and capital resources, trends, estimates, completion of construction projects, and other matters.

Forward-looking statements involve a number of risks and uncertainties. Some risks that could cause results to differ from any forward-looking statement include those described in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2009, as may be amended or supplemented in our Quarterly Reports on Form 10-Q. Other factors include:

- Resolution of pending and future rate cases and negotiations (including the recovery of deferred costs) and other regulatory decisions impacting Integrys Energy Group’s regulated businesses;
- The individual and cumulative impact of recent and future federal and state regulatory changes, including legislative and regulatory initiatives regarding deregulation and restructuring of the electric and natural gas utility industries, financial reform, changes in environmental and other regulations, including but not limited to, greenhouse gas emissions, energy efficiency mandates, renewable energy standards, and reliability standards, and changes in tax and other laws and regulations to which Integrys Energy Group and its subsidiaries are subject;
- Current and future litigation and regulatory proceedings, enforcement actions or inquiries, including but not limited to, manufactured gas plant site cleanup, third-party intervention in permitting and licensing projects, compliance with Clean Air Act requirements at generation plants, and prudence and reconciliation of costs recovered in revenues through an automatic gas cost recovery mechanism;
- The impacts of changing financial market conditions, credit ratings, and interest rates on the liquidity and financing efforts of Integrys Energy Group and its subsidiaries;
- The risks related to executing the strategy change associated with Integrys Energy Group’s nonregulated energy services business, including the restructuring of its retail natural gas and retail electric marketing business;

Forward-Looking Statements



- The risks associated with changing commodity prices (particularly natural gas and electricity) and the available sources of fuel and purchased power, including their impact on margins;
- Resolution of audits or other tax disputes with the United States Internal Revenue Service and various state, local, and Canadian revenue agencies;
- The effects, extent, and timing of additional competition or regulation in the markets in which IntegrYS Energy Group's subsidiaries operate;
- The retention of market-based rate authority;
- The risk associated with the value of goodwill or other intangibles and their possible impairment;
- Investment performance of employee benefit plan assets and the related impact on future funding requirements;
- Changes in technology, particularly with respect to new, developing, or alternative sources of generation;
- Effects of and changes in political and legal developments, as well as economic conditions and the related impact on customer demand, including the ability to attract and retain customers in IntegrYS Energy Group's nonregulated energy services business and to adequately forecast its energy usage for nonregulated customers;
- Potential business strategies, including mergers, acquisitions, and construction or disposition of assets or businesses, which cannot be assured to be completed timely or within budgets;
- The direct or indirect effects of terrorist incidents, natural disasters, or responses to such events;
- The effectiveness of risk management strategies, the use of financial and derivative instruments, and the ability to recover costs from customers in rates associated with the use of those strategies and financial and derivative instruments;
- The risk of financial loss, including increases in bad debt expense, associated with the inability of IntegrYS Energy Group's and its subsidiaries' counterparties, affiliates, and customers to meet their obligations;
- Customer usage, weather, and other natural phenomena;
- The utilization of tax credit and loss carryforwards;
- Contributions to earnings by non-consolidated equity method and other investments, which may vary from projections;
- The effect of accounting pronouncements issued periodically by standard-setting bodies; and
- Other factors discussed in the 2009 Annual Report on Form 10-K and in other reports filed by IntegrYS Energy Group from time to time with the United States Securities and Exchange Commission.

Non-GAAP Financial Information

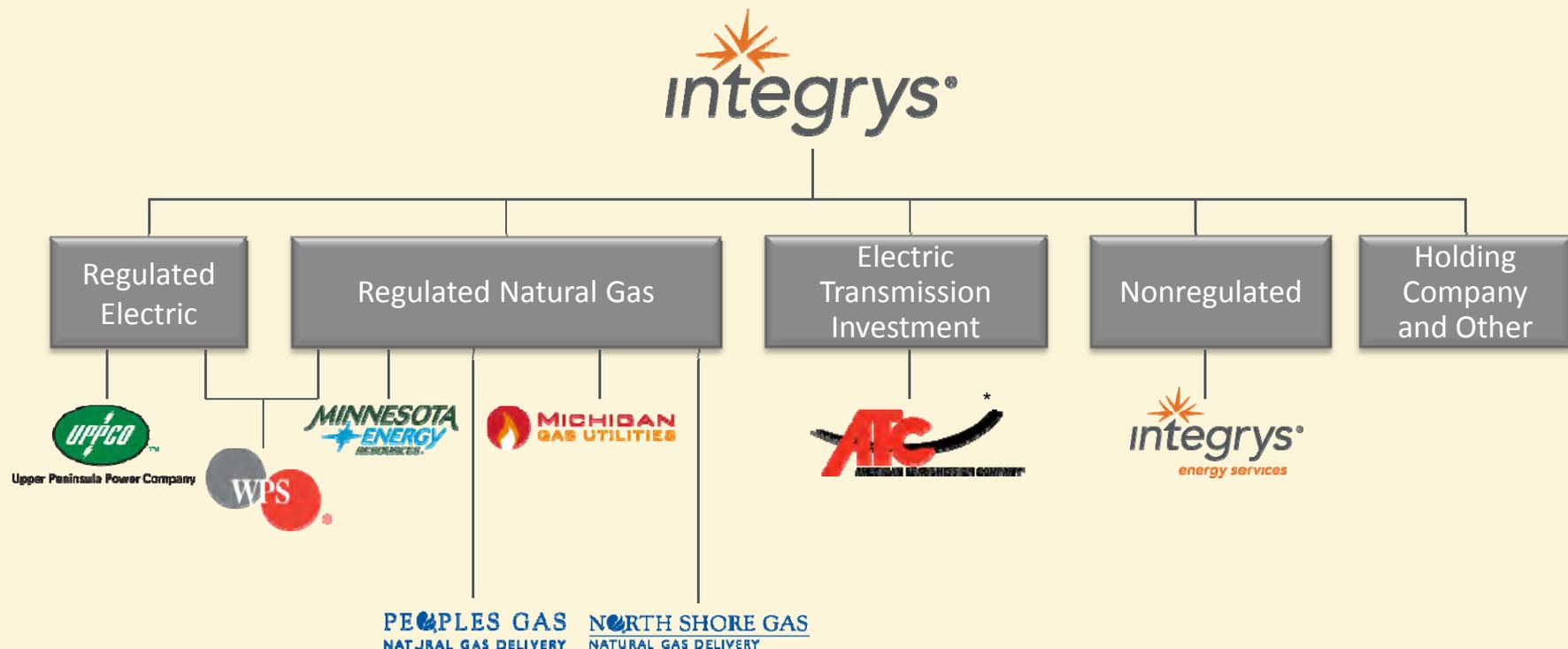


Diluted Earnings Per Share Information – Non-GAAP Financial Information

IntegrYS Energy Group, Inc. prepares financial statements in accordance with accounting principles generally accepted in the United States (GAAP). Along with this information, we disclose and discuss “diluted earnings per share (EPS) – adjusted,” and “adjusted earnings (loss),” which are non-GAAP measures. Management uses these measures in its internal performance reporting and for reports to the Board of Directors. We disclose these measures in our quarterly earnings releases, on investor conference calls, and during investor conferences and related events. Management believes that diluted EPS – adjusted and adjusted earnings (loss) are useful measures for providing investors with additional insight into our operating performance because they eliminate the effects of certain items that are not comparable from one period to the next. Therefore, these measures allow investors to better compare our financial results from period to period. The presentation of this additional information is not meant to be considered in isolation or as a substitute for our results of operations prepared and presented in conformance with GAAP. A reconciliation of non-GAAP information to GAAP information is included on the slide where the information appears.

- IntegrYS Energy Group – Overview and Strategy
- Regulated Operations Overview
- Electric Transmission Investment Overview
- Nonregulated Operations Overview
- Outlook – Well-Positioned for the Future

IntegrYS Energy Group, Inc. – A Leading Midwest Energy Company



* IntegrYS Energy Group owned approximately 34% of American Transmission Company, LLC at December 31, 2009.

Note: Approximately 90% of our regulated utility residential, small commercial, and small industrial customers have some form of decoupling in their rate structures.

- Provide customers with the best value in energy and related services
 - Focus on operational excellence
- An operator of regulated, Midwestern utilities
 - Near-term objective to move earnings closer to authorized returns on equity in all regulated jurisdictions
 - Mechanisms in place (decoupling, bad debt, and infrastructure) for more stable and predictable earnings
- Nonregulated operations leverage core skill sets
 - Retail natural gas and retail electric marketing, solar, and renewable energy projects
 - Operate within more desirable risk profile
- Diversified business portfolio to enhance earnings stream

- Initiatives in place to move regulated utilities toward their allowed returns on equity in the future
 - Timely and regular rate case filings when appropriate
 - Risk-stabilizing mechanisms in place
- Regulatory support for investing in capital projects
 - Investments involving environmental compliance, renewable portfolio standards, and infrastructure approved by state commissions
- Continued investment in American Transmission Company
- Commitment to operational excellence with focus on delivering safe, reliable, and outstanding customer service

Regulated Investment Growth Opportunities



- Major electric utility projects and capital expenditure plans:
 - Environmental emission controls on coal plants in Wisconsin (\$500 million to \$1 billion)
 - Federally mandated hydro upgrades in Michigan (\$37 million)
- Major natural gas utility projects and capital expenditure plans:
 - Pipeline infrastructure in Illinois (Peoples Gas) (\$2.5 billion)
- American Transmission Company
 - \$3.4 billion over the next ten years

Potential Earnings Growth – as Presented on February 26, 2010



Utility Segment Returns on Equity

	2008A			2009A			2010E			2011E		
	Natural Gas Utility	Electric Utility	Total	Natural Gas Utility	Electric Utility	Total	Natural Gas Utility	Electric Utility	Total	Natural Gas Utility	Electric Utility	Total
<i>(Millions)</i>												
Average Utility Equity	\$ 1,180.6	\$ 920.3	\$ 2,100.9	\$ 1,192.5	\$ 965.6	\$ 2,158.1	\$ 1,168	\$ 970	\$ 2,138	\$ 1,163	\$ 970	\$ 2,133
Utility Net Income	\$ 86.3	\$ 92.6	\$ 178.9	\$ 77.4	\$ 94.1	\$ 171.5	\$ 101	\$ 89	\$ 190	\$ 96	\$ 97	\$ 193
Utility ROE	7.31%	10.06%		6.49%	9.75%		8.65%	9.15%		8.23%	10.02%	
Allowed Utility Net Income	\$ 123.4	\$ 100.2	\$ 223.6	\$ 123.1	\$ 105.2	\$ 228.3	\$ 121	\$ 106	\$ 227	\$ 121	\$ 106	\$ 227
Utility Net Income Excess (Shortfall)	\$ (37.1)	\$ (7.6)	\$ (44.7)	\$ (45.7)	\$ (11.1)	\$ (56.8)	\$ (20)	\$ (17)	\$ (37)	\$ (25)	\$ (9)	\$ (34)

2008A data removes goodwill impairment charge impact.

2009A data removes impact of goodwill impairment and restructuring charges.

2010E and 2011E figures were calculated using the midpoint of the 2010 and 2011 Diluted EPS guidance range for each utility segment given on February 26, 2010.

Electric Transmission Investment Overview – American Transmission Company



ATC AT A GLANCE

- Formed in 2001 as the first multi-state, **transmission-only utility**
- Owner and operator of approximately **9,400 miles of transmission line and 510 substations**
- Meeting electric needs of more than **five million people** in 72 counties in four states: Wisconsin, Michigan, Minnesota and Illinois
- \$2.75 billion** in total assets

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More detailed information is available at www.atc10yearplan.com



- Authorized return on equity: 12.2% on 50% equity through 2012
 - Rate design includes:
 - Annual true-up mechanism
 - Current return on construction work-in-progress
- We are a 34% equity owner
- IntegrYS Energy Group's investment at December 31, 2009:
 - \$395.9 million gross
 - \$333.5 million net of deferred income taxes

Cost trends

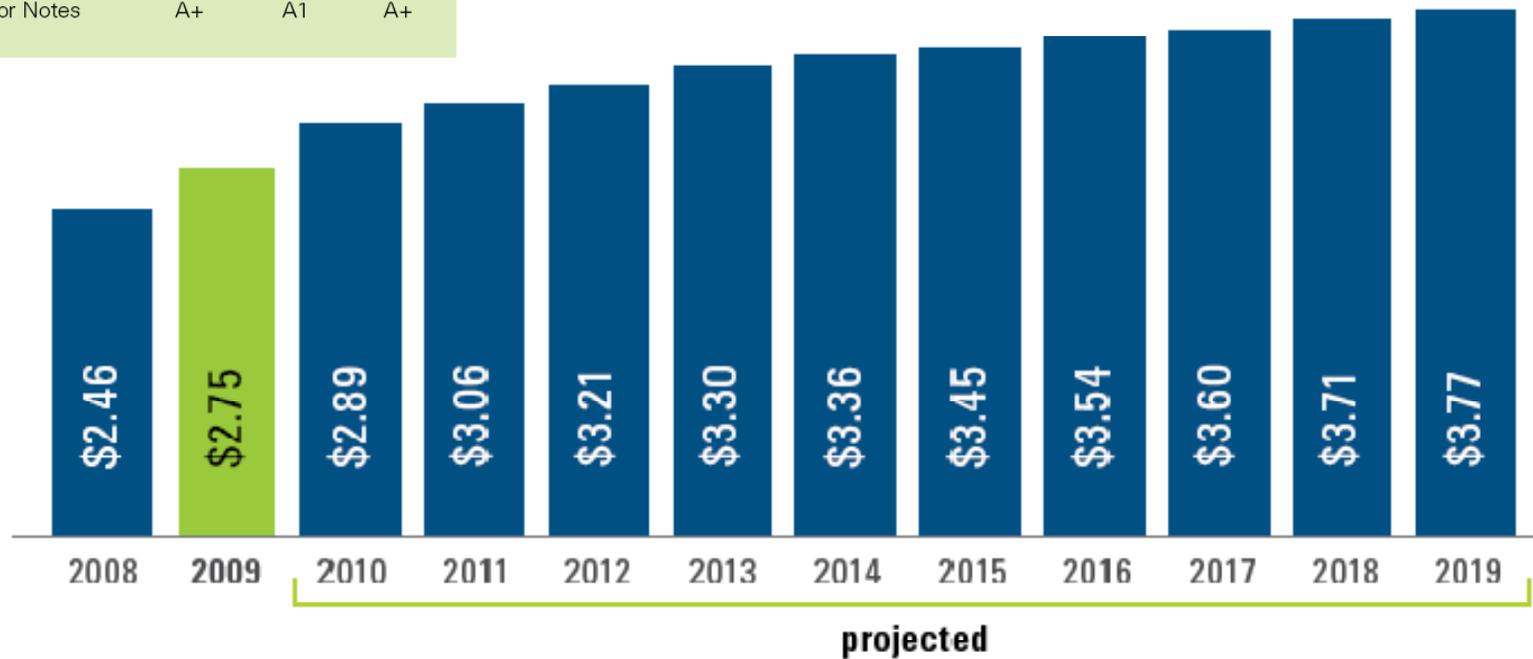
	Nov. 2006	Nov. 2007	Oct. 2008	Oct. 2009	Sept. 2010
10-Year Assessment Projects	\$1.7B	\$1.4B	\$1.3B	\$1.0B	\$1.0B
Other Capital Expenditures	\$1.4B	\$1.4B	\$1.4B	\$1.5B	\$1.7B
Regional Multi-Value Projects	\$0.0	\$0.0	\$0.0	\$0.0	\$0.7B
Total 10-Year Capital Cost	\$3.1B	\$2.8B	\$2.7B	\$2.5B	\$3.4B

American Transmission Company: Projected Investment in Plant, Debt Ratings



DEBT RATINGS			
	Fitch	Moody's	S&P
Commercial Paper	F1	P-1	A-1
Senior Notes	A+	A1	A+

INVESTMENT IN PLANT (Net Property, Plant and Equipment) *Dollars in Billions*



Source: ATC 2009 Annual Report, p. 19; accessible at <http://www.atcllc.com/documents/ATCAAnnualRep-09.pdf>; excludes the \$3.4 billion projected investment over the next 10 years announced on September 9, 2010.

Nonregulated Overview – Rebuilding Restructured Integrys Energy Services

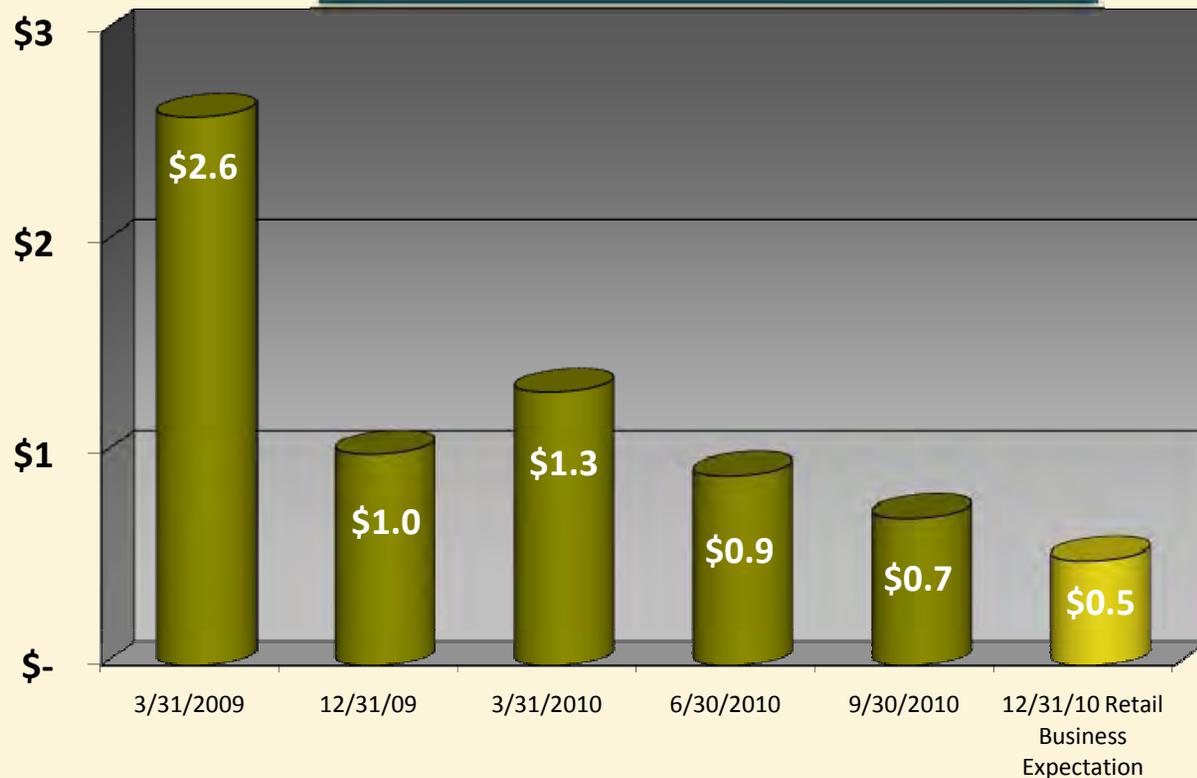


- Operations restructured for controlled growth
 - Retail natural gas and electric (no wholesale) in northeast quadrant of the United States
 - Natural gas energy supply agreement stabilizes collateral support requirements
- 2010 will still be impacted by transition and restructuring
 - Gain/loss on sales
 - Derivative accounting
- Margins and volume projections for 2010 and 2011 are achievable
 - Lower margin legacy contracts rolling off replaced by newer, higher margin contracts
 - Early results indicate implementation of the revised strategy is according to plan

Approximate Integrys Energy Group Corporate Guarantees on Behalf of Integrys Energy Services



As presented on November 4, 2010;
not updated

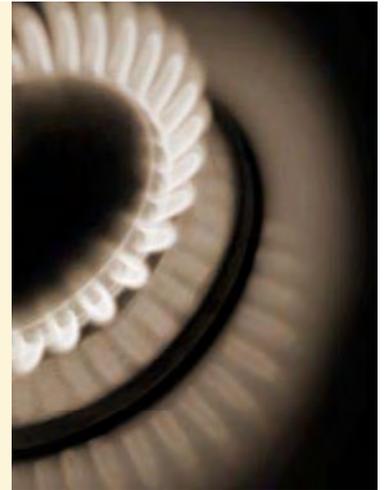


Note: Assumes no significant commodity market movement from the time when this projection was made in early 2010.

- Earnings driven by utilities and continuing investment in American Transmission Company, complemented by focused nonregulated operations, and cost management
- IntegrYS Energy Services' performance in line with plans and expectations
- Committed to cost management, streamlined operations, and improved efficiency
- 4% to 6% growth rate on an average annualized basis, with 2011 as the base year, through 2015



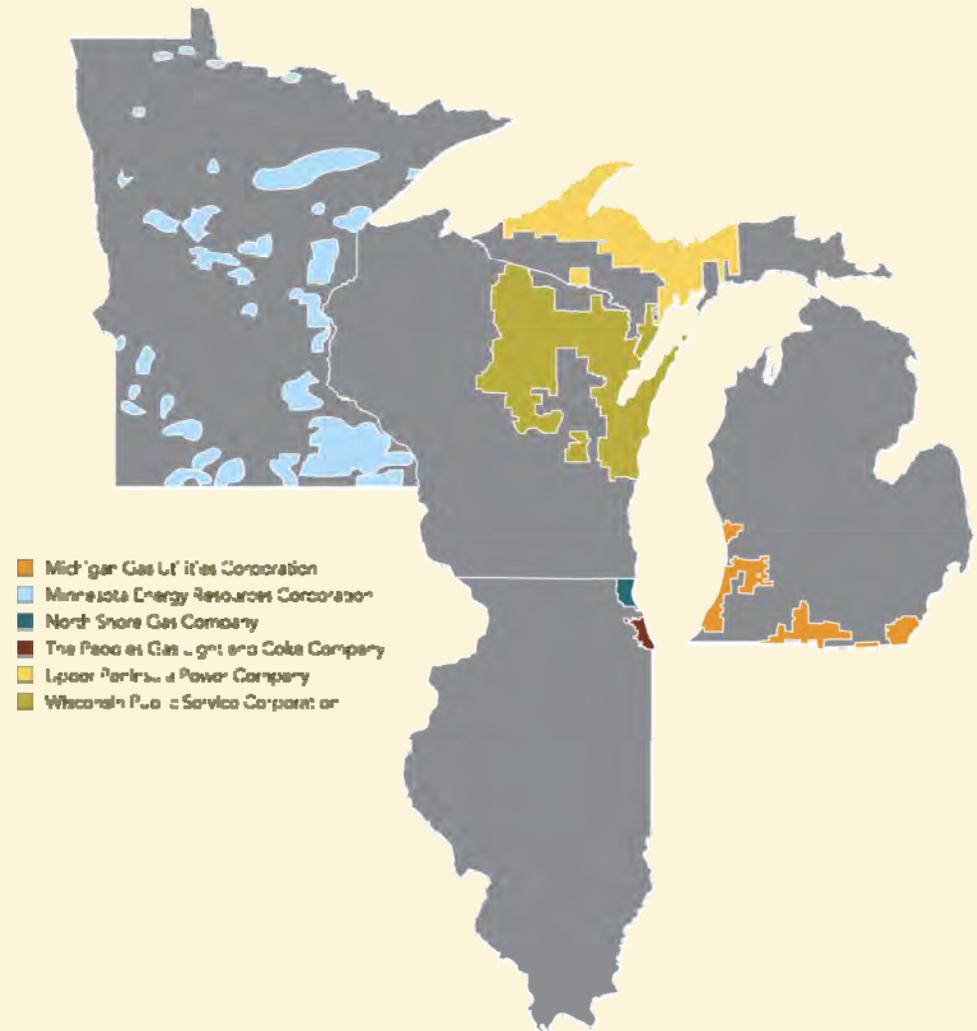
APPENDIX



Regulated Utilities – Management Focus



- Collaborative and productive relationships with all stakeholders
- Continuous operational improvements
- Safe and reliable service
- Energy conservation and environmental stewardship



Regulated Utilities – Statistics



	PGL ♦	NSG ♦	MERC	MGU ♦	WPS ♦		UPPCO ♦
							
As of 12-31-2009							
Electric Customers					437,000		52,000
Natural Gas Customers	817,000	158,000	211,000	165,000	317,000		
Generation capacity (megawatts)					2,172.1		57.5
Natural gas storage (billion cubic feet)	55.6	10.4	4.9	9.0	13.0		
Employees	1,109	166	223	165	1,462		145
For the period ending 12-31-2009							
Annual electric volumes (million megawatt-hours)					15.2		1.1
Annual natural gas throughput (billion cubic feet)	177.3	36.9	64.6	28.1	73.8		
Retail as of 12-31-2009							
	Natural Gas	Natural Gas	Natural Gas	Natural Gas	Natural Gas	Electric	Electric
Rate base/investment (\$ millions) - Illinois	1,196	178					
Rate base/investment (\$ millions) - Wisconsin					381	1,385	
Rate base/investment (\$ millions) - Michigan				162	3	25	95
Rate base/investment (\$ millions) - Minnesota			179				
Wholesale as of 12-31-2009							
Rate base/investment (\$ millions)						218	9

♦ Some form of decoupling in regulatory rate structure; covers about 90% of our total regulated customers.

Regulated Utilities – Regulatory Rate Base and Return on Equity



	PGL ♦	NSG ♦	MERC	MGU ♦	WPS ♦		UPPCO ♦
							
	Natural Gas	Natural Gas	Natural Gas	Natural Gas	Natural Gas	Electric	Electric
Retail last authorized, IL/MN							
Rate base/investment (\$ millions)	1,201	183	189.3				
Allowed ROE	10.23%	10.33%	10.21%				
Authorized regulatory equity %	56.00%	56.00%	48.77%				
Date of decision	1/21/2010	1/21/2010	6/29/2009				
Retail last authorized, MI							
Rate base/investment (\$ millions)				190 ⁽¹⁾	2	14	154
Allowed ROE				10.75%	14.25%	10.60%	10.30%
Authorized regulatory equity %				47.27% ⁽¹⁾	42.40%	56.39%	54.86%
Date of decision				12/16/2009	6/7/1983	12/4/2007	1/1/2011
Retail last authorized, WI							
Rate base/investment (\$ millions)					347	1,294	
Allowed ROE					10.30%	10.30%	
Authorized regulatory equity %					51.65%	51.65%	
Date of decision					1/14/2011	1/14/2011	
Wholesale last authorized							
Rate base/investment (\$ millions)						168	7.6
Allowed ROE						10.30%	*
Authorized regulatory equity %						51.42% ⁽³⁾	*
Date of decision						11/19/2004	*

Notes:

- ♦ Some form of decoupling in regulatory rate structure; covers about 90% of our total regulated customers.
- (1) The MGU rate case was settled with no stated rate base value. \$190 million corresponds to MGU's filed amount. Deferred taxes are included in the capital structure. Rate base would be \$178.6M, and the common equity ratio would be 50.26%, with deferred taxes in rate base.
- (2) The WPSC WI rate increase in docket 6690-UR-120 was netted against the 2010 fuel refund from docket 6690-FR-103.
- (3) Authorized regulatory equity percent is equal to retail actual equity percent.
- * All rates are based on individual contracts with customers, consequently no allowed ROE, and authorized equity percent applies.

Rate Case Award History



Rate Case Filed For Year	PGL	NSG	MERC	MGU	WPS		UPPCO
	Natural Gas	Natural Gas	Natural Gas	Natural Gas	Electric	Natural Gas	Electric
1995					X – Forward		X - Historical
1996	X - Forward	X - Forward					
1997				X	X – Forward	X – Forward	
1998							Acquired
1999					X – Forward	X – Forward	
2000					X – Fuel Only		
2001					X – Forward	X – Forward	
2002					X – Forward	X – Forward	X – Historical
2003			X	X - Forward	X – Forward	X – Forward	
2004					X – Forward	X – Forward	
2005					X – Forward	X – Forward	Land sale gain sharing in lieu of rate case
2006			Acquired	Acquired	X – Forward	X – Forward	X – Historical
2007	Acquired	Acquired			X – Forward	X – Forward	
2008	X – Historical	X - Historical	X – Historical		X – Fuel Only		
2009				X – Historical	X – Forward	X - Forward	
2010	X - Forward	X - Forward	X – Historical	X – Historical	X – Limited Reopener	X – Limited Reopener	X – Historical

Forward = Forward Test Year; Historical = Historical Test Year

Innovative Ratemaking by Regulators



Risk Reducing Measure In Place	PGL	NSG	MERC	MGU	WPS		UPPCO
	Natural Gas	Natural Gas	Natural Gas	Natural Gas	Electric	Natural Gas	Electric
Infrastructure Rider	Allowed in excess of \$45.28 million annually						
Bad Debt Rider	2009 State Mandate – recovery back to 2008		Requested in 2011 Rate Case	Approved in 2009 rate case settlement			Approved in 2009 rate case settlement for 2010. Terminated after December 2010 business.
Decoupling	4-yr. pilot program approved in 2008 rate case – immediate recovery		Requested in 2011 Rate Case	Effective January 1, 2010	4-yr. pilot program approved in 2009 rate case – deferred recovery \$14M cap	4-yr. pilot program approved in 2009 rate case – deferred recovery \$8M cap	Pilot program, subject to annual renewals, approved in 2009 rate case – deferred recovery
Fuel Cost Recovery	1-for-1 PGA recovery of prudent fuel costs				Fuel window – recovery/refund subject to $\pm 2\%$	1-for-1 PGA recovery of prudent fuel costs	1-for-1 PSCR recovery of prudent fuel costs
Manufactured Gas Plant Site Clean-up Costs	Yes – immediate recovery		No MGP sites	Yes – deferred recovery	N/A	Yes – deferred recovery	N/A
Formula-Based Rates on Wholesale Electric					Yes		Yes

MGP = Manufactured gas plant; PGA = Purchased gas adjustment; PSCR = Power supply cost recovery

Commitment to Operational Excellence



- Continual improvements to productivity, efficiency and compliance
- Goal is top-quartile performance
- Operational improvements and cost controls never sacrifice reliability or safety
- Minimize cost impact on customers while building investor value

Measuring performance benchmarks:

- Sourcing
- Systems
- Work processes
- HR systems

Wisconsin Public Service Rate Case



- Requested for Wisconsin jurisdiction on April 1, 2010
 - \$64.2 million, 6.9%, increase in retail electric rates for 2011 (adjusted downward to \$46 million for revised fuel and purchased power costs based on NYMEX prices as of November 8, 2010)
 - \$5.0 million, 1.2% increase in retail natural gas rates for 2011
 - Wisconsin retail rate base – Electric: \$1,296 million
 - Wisconsin retail rate base – Natural Gas: \$ 358 million
 - Return on equity: 11.25%
 - Equity component: 53.62%
 - Uncollectibles rider requested
 - Replace decoupling cap with an earnings cap
- Final order received for Wisconsin jurisdiction for rates effective January 14, 2011
 - \$21.0 million increase in retail electric rates for 2011 (\$5.8 million increase when netted with 6690-FR-103 fuel refund)
 - \$8.3 million decrease in retail natural gas rates for 2011
 - Wisconsin retail rate base – Electric: \$1,294 million
 - Wisconsin retail rate base – Natural Gas: \$ 347 million
 - Return on equity: 10.30%
 - Equity component: 51.65%
 - Uncollectibles rider withdrawn
 - Decoupling caps remain at \$14 million pre-tax for electric and \$8 million pre-tax for natural gas
 - Limited reopener for 2012 for:
 - Recovery of deferred amounts from 2010 decoupling (electric and natural gas)
 - Increased Focus on Energy payments (electric and natural gas)
 - Federal health care changes (electric and natural gas)
 - Fuel and purchased power costs (electric only)
 - Emission allowances (electric only)

Upper Peninsula Power Rate Case



- **Financial Summary (filed June 30, 2010)**
 - \$15.4 million, 16.8%, increase in retail electric rates for 2011
 - Rate base: \$176 million (assumes deferred taxes as zero-cost capital)
 - Return on equity: 11.25% requested
 - Equity component: 50.42% (assumes deferred taxes as zero-cost capital)
- **Other Requests**
 - Extend uncollectibles expense tracking mechanism
 - Extend revenue stability mechanism
 - Regulatory accounting treatment for the re-measurement of deferred tax balances caused by the enactment of health care reform legislation in 2010
- **Settlement approved for rates effective January 1, 2011**
 - \$8.9 million increase, 9.6% increase in retail electric rates in 2011
 - Rate base: \$176 million (assumes deferred taxes as zero-cost capital)
 - Return on equity: 10.30%
 - Equity component: 50.42% (assumes deferred taxes as zero-cost capital)
 - Uncollectibles expense tracking mechanism terminated after December 2010 business.
 - Revenue stability mechanism (decoupling) extended
 - Regulatory accounting treatment for the re-measurement of deferred tax balances caused by the enactment of the health care reform legislation of 2010

Minnesota Energy Resources Rate Case



■ Financial Summary

- \$15.2 million, 5.18%, increase in retail natural gas rates for 2011
- Interim rate increase of \$7.6 million, 2.6% increase in retail natural gas rates on February 1, 2011
- Rate base: \$195 million
- Return on equity: 11.25%
- Equity component: 50.20%

■ Key Drivers

- Increased costs related to conservation programs
- Non-fuel expenses related to inflation and benefit costs
- Increase in requested return on equity

■ Other Requests

- Uncollectibles expense tracking mechanism
- Revenue stability mechanism
- Regulatory accounting treatment for the re-measurement of deferred tax balances caused by the enactment of health care reform legislation in 2010

■ Schedule

Company filing:	November 30, 2010
Interim rates effective:	February 1, 2011
Staff/intervenor testimony:	TBD, 2011
Rebuttal testimony:	TBD, 2011
Hearings:	TBD, 2011
Preliminary final decision target:	September 30, 2011

- Web site: <https://www.edockets.state.mn.us/Efiling/search.jsp>

Investing in Capital Projects



Planned Capital Expenditures by Company (Millions)	2010	2011	2012	Total
Wisconsin Public Service	\$82	\$174	\$217	\$473
Peoples Gas *	92	195	191	478
Upper Peninsula Power	29	17	13	59
Minnesota Energy Resources	15	17	17	49
North Shore Gas	14	15	12	41
Michigan Gas Utilities	8	11	11	30
Subtotal for Utilities	\$240	\$429	\$461	\$1,130
IntegrYS Energy Services	25	44	44	113
IntegrYS Business Support	20	17	28	65
Total Anticipated Capital Expenditures	\$285	\$490	\$533	\$1,308
American Transmission Company (equity contribution)	\$ 7	\$ 8	\$ 10	\$ 25

* Includes accelerated natural gas main replacement program starting in 2011.

**As presented on November 4, 2010;
not updated**

Estimated Utility Depreciation



Depreciation by Company (Millions)	2010	2011	2012	Total
Wisconsin Public Service	\$105	\$96	\$98	\$299
Peoples Gas	80	84	93	257
Upper Peninsula Power	6	8	8	22
Minnesota Energy Resources	10	10	11	31
North Shore Gas	9	10	11	30
Michigan Gas Utilities	8	8	9	25
Total for Utilities	\$218	\$216	\$230	\$664

**As presented on November 4, 2010;
not updated**

Net Growth In Regulated Utility Rate Base Investment



Calculating Projected Growth in Rate Base Investment (Millions)	2010	2011	2012	Total
Capital Expenditures for Regulated Utility Operations	\$240	\$429	\$461	\$1,130
Estimated Depreciation for Regulated Utility Operations	218	216	230	664
Net Growth in Regulated Utility Rate Base Investment	\$ 22	\$213	\$231	\$ 466

**As presented on November 4, 2010;
not updated**

IntegrYS Energy Services – Historical Peak Snapshot at December 31, 2008



- United States operations
 - Retail natural gas marketing
 - Wholesale natural gas marketing
 - Retail electric marketing
 - Wholesale electric marketing
 - Direct mass marketing
 - Power generation
 - Legacy merchant generation
 - Solar/renewable facilities
- Canadian operations
 - Natural gas marketing
 - Electric marketing
 - Wholesale natural gas storage contract
 - Power generation
- Energy management consulting services



*Does not include generation asset locations

- December 31, 2008 statistics
 - 569 employees
 - 930 billion cubic feet gas sales
 - 21.2 million megawatt-hours electric sales
 - 330 megawatts generation
 - 23 states, 7 provinces

Strategy Change Reduces Risks Associated with Integrys Energy Services' Marketing Businesses

Problematic attributes of prior nonregulated business:	Mitigation through strategy change:	
Collateral support requirements and variability with commodity price changes		Collateral support requirements significantly reduced Control frameworks in place to prevent liquidity event
Earnings volatility created by noncash derivative accounting requirements		Divestiture of wholesale business changes accounting requirements for supply contracts; focus on a cash-realized basis moving forward
Less predictable cash flows normally associated with a nonregulated energy marketing and services business		More stable and repeatable cash flow from restructured operations
Trading company risk of trading operations (wholesale only)		Divestiture of trading business reduces value at risk and risk of tail events

Reduced Scope and Scale of Integrys Energy Services



- Retail natural gas marketing
- Retail electric marketing
- Solar/renewables generation
- Focus in selected markets
 - Geographic concentration in developed markets within the United States
 - Existing critical mass

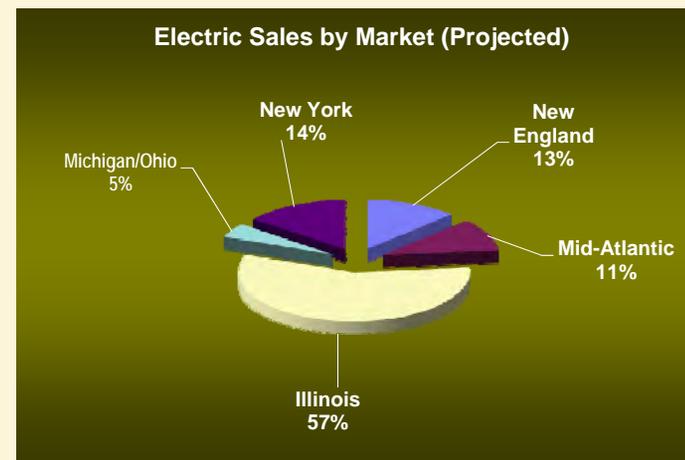
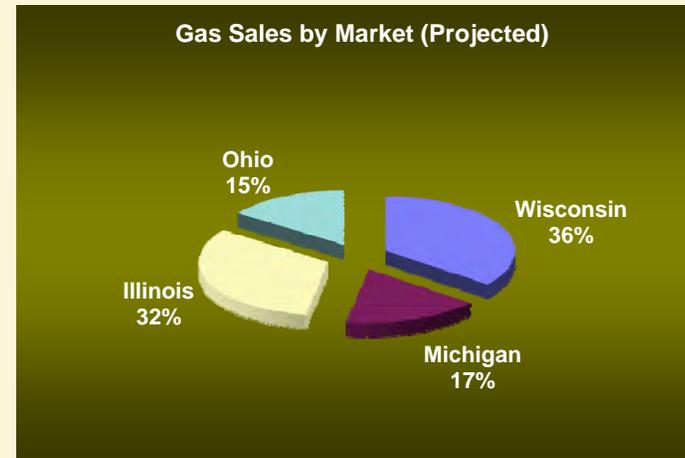


*Does not include generation asset locations

Reduced Scope and Scale of Integry's Energy Services' Marketing Business



- Retail natural gas and electric marketing business in select markets
 - Expertise in physical markets
 - Established customer base
- Steady state (2011) projections
 - 145 billion cubic feet gas sales
 - 19 million megawatt-hours electric sales
 - 220 employees
 - 20 states – United States only



As presented on February 17, 2010;
not updated

IntegrYS Energy Services' Growth Opportunities – Model



IntegrYS Energy Services, Inc. Operating Statistics

	2010				2011			
	Retail Gas		Retail Power		Retail Gas		Retail Power	
Gross Margin (<i>millions</i>)	\$46		\$80		\$50		\$104	
Delivered Volumes (<i>000s</i>)	117,930	Mcf	16,568	MWh	147,565	Mcf	19,050	MWh
Unit Margins	\$0.39		\$4.81		\$0.34		\$5.48	
	2010		2011					
Annual Incremental Capital Investment (<i>\$millions</i>)	\$45		\$42					
Derivative Accounting Rolloff (1) @ 12/31/2009 (<i>\$millions</i>)	\$61		\$5					
Ongoing Operating Expenses (<i>\$millions</i>)	\$79		\$85					
Transitional Operating Expenses (<i>\$millions</i>)	\$54		\$6					

(1) Represents the reversal of previously recording losses due to the application of derivative accounting rules. Upon delivery of the underlying commodity, the unrealized losses recorded in prior periods are reversed and the net realized gains from the combined effect of derivative and non-derivative contracts are reflected in earnings.

**As presented on February 17, 2010;
not updated**

IntegrYS Energy Services – Solar Program Joint Venture Overview



- Strategic Development Platform with Duke Energy Generation Services to Pursue Commercial/Rooftop Distributed Renewable Energy Market
- Strategic Origination Partners
 - Smart Energy Capital – Development lead
 - CB Richard Ellis, Tremco Roofing – Origination partners
- Committed Joint Venture Debt Facility – Non-recourse
- Project Capital Commitments Subject to Partnership Approval

IntegrYS Energy Services – Solar Program Joint Venture Details



Program Partner	Duke Energy Generation Services
Ownership Structure	50/50
Target Program Size	\$180 million
Target Capitalization	<ul style="list-style-type: none"> • 40% to 50% Project Debt • 30% Investment Tax Credit or Section 1603 Cash Grant (in lieu) • 20% to 30% Project Equity
Project Eligibility Criteria	<ul style="list-style-type: none"> • Credit quality of power purchasers and renewable energy credit purchasers • Project size (250 kilowatts up to 10 megawatts) • Minimum unlevered after-tax return
Equipment / Engineering Procurement Construction Contractor / Operating and Maintenance	Pre-approved list of contractors, vendors, and suppliers
Development Period	24 months

IntegrYS Energy Group – Maturing Credit Facilities Replaced



- \$1.3 billion of \$2.2 billion total credit line matured
- in 2010
- Replaced this with \$1.1 billion for current total credit line of \$2.0 billion
- Intentional reduction related to moving toward total credit facilities level of \$1.7 billion by December 31, 2011
 - Reduction in accordance with plan due to reduced size and scope of operations following IntegrYS Energy Services restructuring

IntegrYS Energy Group – Financing Summary



As presented on November 4, 2010;
not updated

■ Long-Term Debt

- Transactions completed in 2010
 - Peoples Gas, \$100 million
 - IntegrYS Energy Group, \$250 million
- Transactions expected in 2011
 - Wisconsin Public Service, approximately \$150 million
 - Peoples Gas, \$50 million

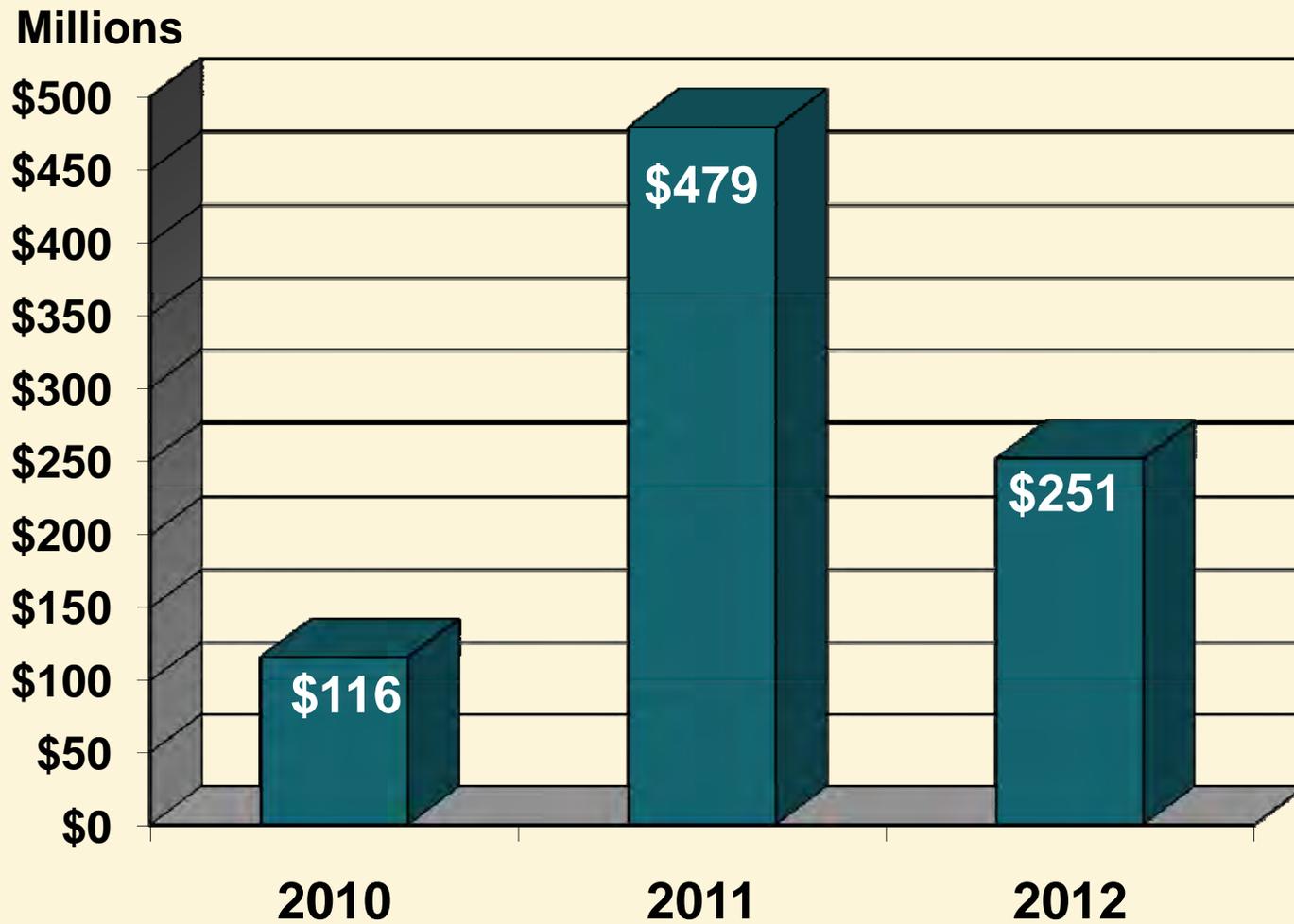
■ Equity

- 2010: Approximately \$50 million
- 2011: Approximately \$50 million

■ Targeting to maintain current credit ratings

- January 2010: Standard & Poor's maintained current credit ratings but upgraded outlook from negative to stable outlook
- May 2010: Moody's maintained current credit ratings for IntegrYS Energy Group with certain utility ratings increased; upgraded outlook from negative to stable
- See Appendix Slide 40 for credit rating details

Future Long-Term Debt Maturities



IntegrYS Commitment to Strong Balance Sheet and Credit Ratings



	Standard & Poor's	Moody's
IntegrYS Energy Group		
Issuer credit rating	BBB+	N/A
Senior unsecured debt	BBB	Baa1
Commercial paper	A-2	P-2
Credit facility	N/A	Baa1
Junior subordinated notes	BBB-	Baa2
Wisconsin Public Service		
Issuer credit rating	A-	A2
First mortgage bonds	N/A	Aa3*
Senior secured debt	A	Aa3*
Preferred stock	BBB	Baa1
Commercial paper	A-2	P-1
Credit facility	N/A	A2
Peoples Energy		
Issuer credit rating	BBB+	NA
Senior unsecured debt	BBB	Baa1
Peoples Gas		
Issuer credit rating	BBB+	A3
First mortgage bonds	N/A	A1**
Senior secured debt	A-	A1**
Commercial paper	A-2	P-2
North Shore Gas		
Issuer credit rating	BBB+	A3
First mortgage bonds	N/A	A1**
Senior secured debt	A	A1**

N/A = Not Applicable; * - upgraded from A1 in May 2010; ** - upgraded from A2 in May 2010

Common Stock Dividend



■ Dividends per share

