



*Third Quarter 2009 Earnings Conference Call
November 5, 2009*

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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 risk factors 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, 2008, 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 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 and future initiatives to address concerns about global climate change, changes in environmental, tax, and other laws and regulations to which IntegrYS Energy Group and its subsidiaries are subject, as well as changes in the application of existing laws and regulations;
- Current and future litigation, regulatory investigations, proceedings, or inquiries, including but not limited to, manufactured gas plant site cleanup, reconciliation of revenues from the gas charge and related natural gas costs, and the proceeding regarding the Weston 4 air permit;
- 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;

Forward-Looking Statements



- The risks associated with executing IntegrYS Energy Group's plan to significantly reduce the scope and scale of, or divest in its entirety, the nonregulated energy services business;
- 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 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;
- Advances in technology;
- Effects of and changes in political and legal developments, as well as economic conditions and the related impact on customer demand;
- 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 and the use of financial and derivative instruments;
- The risks associated with the inability of IntegrYS Energy Group's and its subsidiaries' counterparties, affiliates, and customers to meet their obligations;
- Weather and other natural phenomena, in particular the effect of weather on natural gas and electricity sales;
- The utilization of tax credit and loss carryforwards;
- The effect of accounting pronouncements issued periodically by standard-setting bodies; and
- Other factors discussed in the 2008 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.

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,” “forward book value,” and “managerial gross margin,” 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 is a useful measure for providing investors with additional insight into our operating performance because it eliminates the effects of certain items that are not comparable from one period to the next. Management believes that forward book value and managerial gross margin provide investors with a more complete view of the fair value of the nonregulated contract portfolio and changes therein. Unlike GAAP gross margin, managerial gross margin includes the fair value of contracts that are not currently subject to the derivative accounting rules. Therefore, this measure allows 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 either on the slide where the information appears, in the Supplemental Data Package, or in the Appendix.

Agenda



- Third quarter 2009 results overview
- Strategic update
 - IntegrYS Energy Services - collateral support requirements and invested capital
 - Dividend
- Core utility operations
 - Regulatory filings
 - Cost control updates
- Financial results
 - Diluted EPS – Adjusted
 - Third quarter 2009 results
 - Current liquidity position
 - 2009 financing plan
 - Capital expenditures through 2011
 - Details for earnings per share – adjusted guidance for 2009 and 2011
- Questions and answers

2009 Diluted EPS – Adjusted – Increased and Third Quarter 2009 Update



- Diluted EPS – Adjusted guidance
 - 2009: \$2.26 to \$2.38 (increase from \$2.17 to \$2.32)
 - 2011: \$2.80 to \$3.20 (unchanged)
- Financial results for the periods ending September 30, 2009 (on a Diluted EPS – Adjusted basis)
 - Three months: \$0.35 per share versus \$0.46 per share a year ago
 - Economy, weather, operations and maintenance expenses, and reduction in over-collection of fuel and purchased power costs primary drivers for the earnings decline
 - Nine months: \$1.93 per share versus \$1.83 per share a year ago
 - Rate increases, increase in wholesale electric demand charges, and lower fuel and purchased power costs primary drivers for earnings increase
- Strategy change process at IntegrYS Energy Services is moving forward

Note: *Diluted EPS – Adjusted excludes non-cash goodwill impairment charges and financial results of IntegrYS Energy Services.*

- Goal is to achieve highest value for shareholders by:
 - Significant reduction of collateral support requirements and capital investment
 - Redeploying capital to support core utility businesses
- Progress report:
 - Expected to be achieved in multiple transactions or contractual agreements
 - On target for completing by December 2010
 - Recovered capital and collateral support requirements reduction to date is consistent with expectations

Integrys Energy Services – Transaction Updates



- Energy Management Consulting Services – July 2009
 - Transaction closed
- Canadian Operations – September 2009
 - Natural gas and electric power marketing business sale to Shell Energy North America (Canada) Inc. closed
 - Natural gas storage contract sale to TransCanada Gas Storage Partnership closed
- U. S. Operations – October 2009
 - Definitive agreement for sale of U.S. natural gas wholesale business announced
 - Energy supply agreement entered into for retail natural gas customers

IntegrYS Energy Services Snapshot



U.S. Operations

- **Retail natural gas marketing (4)**
- **Wholesale natural gas marketing (3)**
- Retail electric marketing
- Wholesale electric marketing
- Power generation (about 294 MW)
- Direct mass marketing
 - Electric
 - Natural Gas

Canadian Operations

- **Natural gas marketing (2)**
- **Electric marketing (2)**
- **Wholesale natural gas storage contract (2)**
- Power generation (about 35 MW)

Energy Management Consulting Services (1)

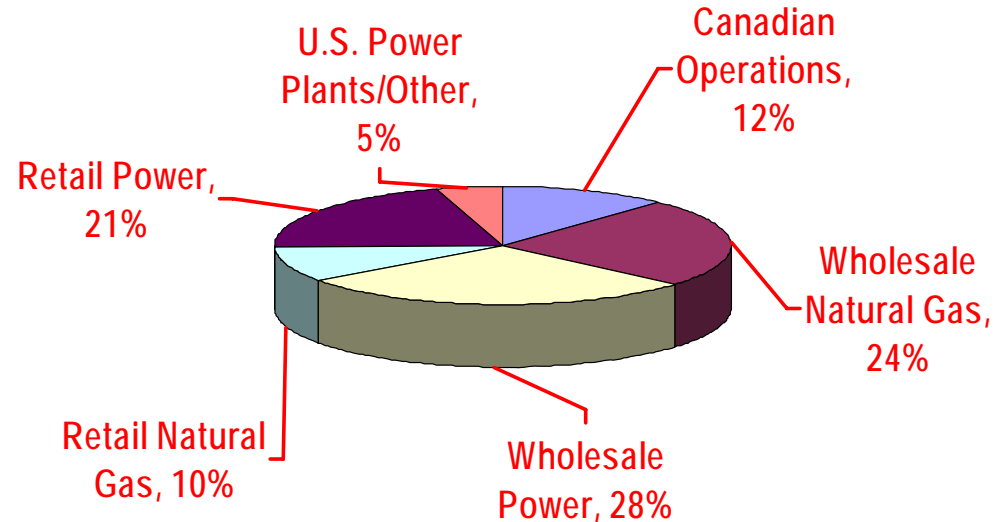
(1) Sale transaction closed July 2009

(2) Sale transaction closed September 2009

(3) Definitive sales agreement announced October 2009

(4) Entered into Energy Service Agreement October 2009

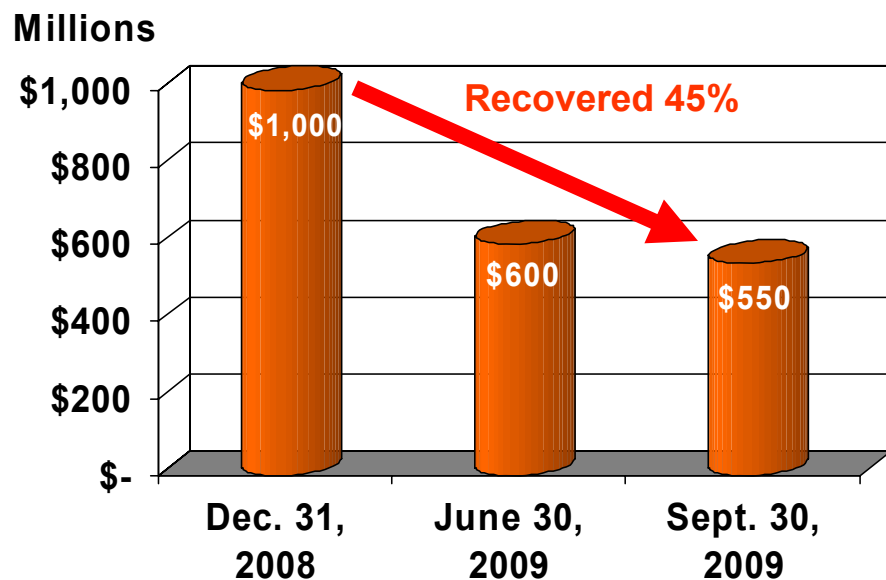
Collateral Support Requirements of IntegrYS Energy Services Business Segments at 9/30/2009



Integrys Energy Services – Corporate Guarantees and Capital to be Recovered

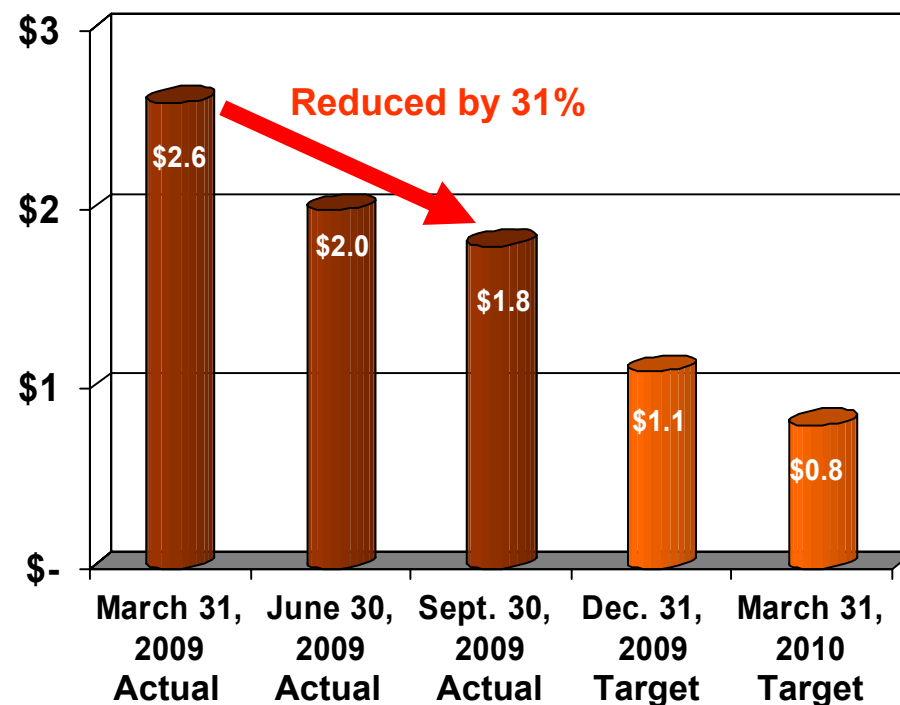


Approximate Capital to be Recovered *



* Integrys Energy Services has recovered approximately \$450 million of capital during the nine months ending September 30, 2009.

Approximate Corporate Guarantees Billions



Integrys Energy Services – Proceeds and Uses/Financing Implications



- We are planning to use proceeds to pay down long-term and short-term debt and to better position the Company to fund future rate base investment growth
- Short-term liquidity needs will be substantially reduced
 - Targeting \$1.4 billion for Integrys Energy Group of ongoing liquidity facilities after Integrys Energy Services strategy is complete compared with \$2.4 billion at December 31, 2008
- Integrys Energy Group's management team periodically communicates with the credit rating agencies

Dividend Update



- Integrys Energy Group Board of Directors approved quarterly dividend payment of \$0.68 per share for December 2009
- Board will continue to evaluate appropriate dividend level
- Factors under consideration:
 - Corporate strategy
 - Financial strength of the Company
 - Expected earnings and cash flows
 - Economic environment
 - Long-term outlook for authorized regulatory returns on equity
 - Capital market conditions
 - Integrys Energy Services strategy change

Growth Driven By Core Utility Focus as Planned



- Focus on regulated utilities earning at or close to their authorized returns on equity
 - Rate cases when appropriate
 - Cost controls
- Increasing investment in rate base over time driven by infrastructure (Chicago) and environmental/renewables (Wisconsin)
- Growth in earnings from continuing investment by American Transmission Company (ATC)
 - In October 2009, ATC announced plans to invest \$2.5 billion over next 10 years

Rate Case Timelines



■ Illinois Rate Cases

- (PGL/NSG1) PGL/NSG original filing – February 2009
- (PGL/NSG2) Staff/Intervener testimony – June 2009
- (PGL/NSG3) PGL/NSG Rebuttal – July 2009
- (PGL/NSG4) Hearings – August and September 2009
- (PGL/NSG5) Proposed ALJ draft order anticipated – November 2009
- (PGL/NSG6) Final order anticipated – January 2010

■ Wisconsin Public Service Rate Case

- (WPS1) 2008 rate case final decision – January 2009
- (WPS2) Filed reopener – May 2009
- (WPS3) Staff testimony/hearings – September 2009
- (WPS4) Final order anticipated – End of 2009
- (WPS5) Plan to file general rate case for 2011 – April 2010

■ Minnesota Energy Resources Rate Case

- (MERC1) Rate case filed – July 2008
- (MERC2) Begin interim rates – October 2008
- (MERC3) Written order issued – June 2009
- (MERC4) Final rates anticipated – January 2010

■ Michigan Gas Utilities Rate Case

- (MGU1) 2008 rate case final decision – January 2009
- (MGU2) New rate case filed – July 2009
- (MGU3) Interim rates anticipated – January 2010
- (MGU4) Final order deadline – July 2010

■ Upper Peninsula Power Company Rate Case

- (UPPCO1) New rate case filed – June 2009
- (UPPCO2) Interim rates anticipated – January 2010
- (UPPCO3) Final order deadline – June 2010
- (UPPCO4) File rate case – September 2010

	PGL/NSG	WPS	MERC	MGU	UPPCO
Jul-08			MERC1		
Aug-08					
Sep-08					
Oct-08			MERC2		
Nov-08					
Dec-08					
Jan-09		WPS1		MGU1	
Feb-09	PGL/NSG1				
Mar-09					
Apr-09					
May-09		WPS2			
Jun-09	PGL/NSG2		MERC3		UPPCO1
Jul-09	PGL/NSG3			MGU2	
Aug-09	PGL/NSG4				
Sep-09		WPS3			
Oct-09					
Nov-09	PGL/NSG5				
Dec-09		WPS4			
Jan-10	PGL/NSG6		MERC4	MGU3	UPPCO2
Feb-10					
Mar-10					
Apr-10		WPS5			
May-10					
Jun-10					UPPCO3
Jul-10				MGU4	
Aug-10					
Sep-10					UPPCO4

- Illinois
 - Bad debt rider approved by legislature
 - Implementation will begin when regulatory approval from Illinois Commerce Commission is received
 - Approval expected by March 2010
 - Support for infrastructure rider
- Rate cases progressing in Illinois, Wisconsin, Minnesota, Michigan
 - Decoupling proposed in Michigan
- Cost control measures provide support to achieve our customer and financial commitments
 - Reduction in workforce
 - Furlough
 - Continued improved operational performance

Diluted EPS – Adjusted



Diluted Earnings Per Share Information - Non-GAAP Financial Information

*Actual Quarter Ended and Year-to-Date for Periods Ended
September 30, 2009 and 2008*

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
Diluted EPS	\$ 0.66	\$ (0.77)	\$ (1.23)	\$ 1.31
Average Shares of Common Stock – Diluted (millions)	76.9	76.7	76.8	76.9

Information on Special Items:

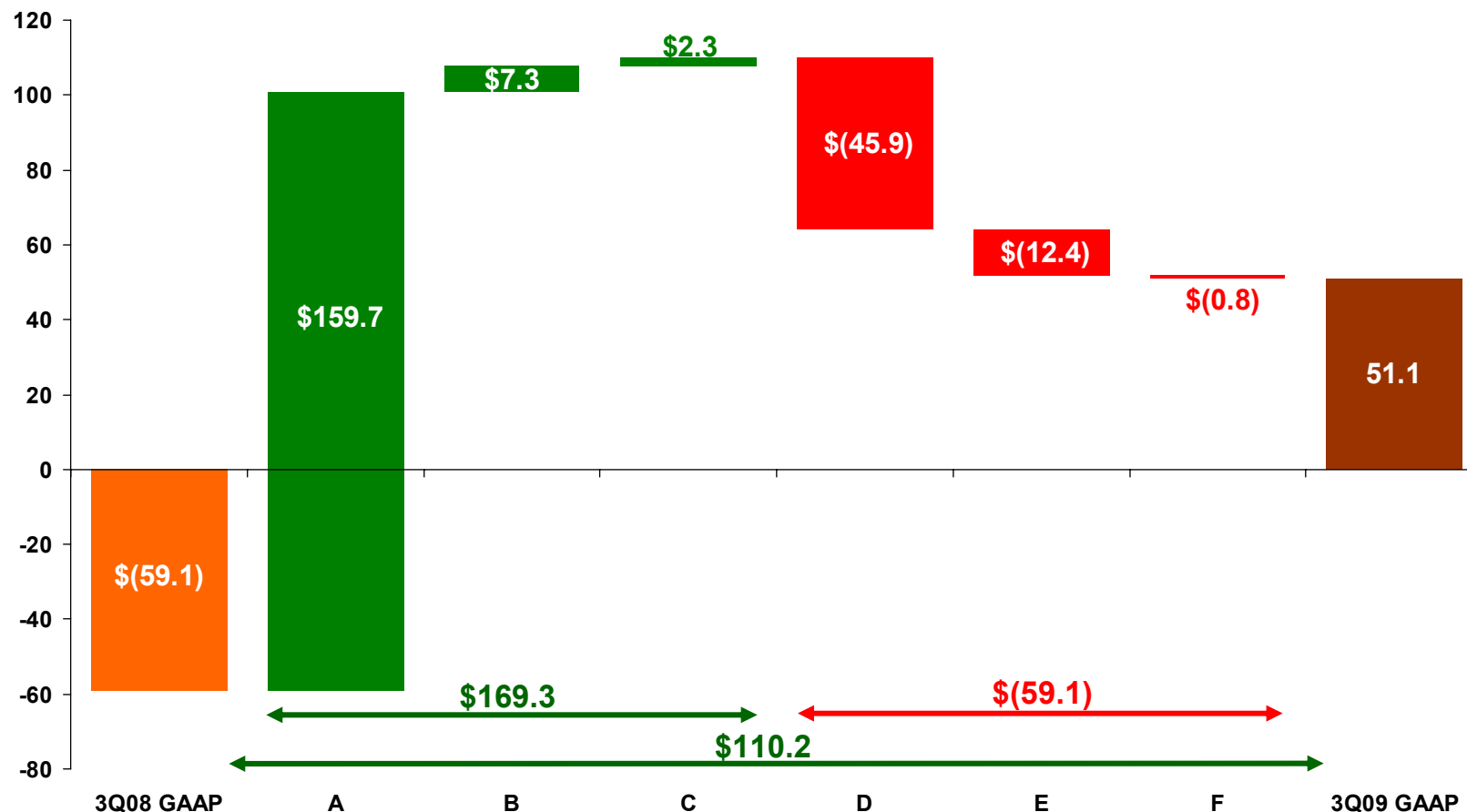
Diluted earnings per share are adjusted for special items and their financial impact on diluted earnings per share for the three and nine months ended September 30, 2009, and 2008. Due to IntegrYS Energy Group's change in strategy related to IntegrYS Energy Services, the results of the business operations of IntegrYS Energy Services are shown as a special adjusting item.

Diluted EPS	\$ 0.66	\$ (0.77)	\$ (1.23)	\$ 1.31
Special Items (net of taxes):				
Goodwill impairment – natural gas segment	-	-	3.24	0.08
IntegrYS Energy Services' total segment results	<u>(0.31)</u>	<u>1.23</u>	<u>(0.08)</u>	<u>0.44</u>
Diluted EPS – Adjusted (a non-GAAP financial measure)	<u>\$ 0.35</u>	<u>\$ 0.46</u>	<u>\$ 1.93</u>	<u>\$ 1.83</u>

Key Drivers – Third Quarter 2009



\$ in millions



- A** – IntegrYS Energy Services – higher electric margin driven by derivative accounting requirements
- B** – Higher net income – Holding Company and Other segment due to lower effective tax rate related to interim GAAP accounting requirements
- C** – IntegrYS Energy Services – discontinued operations due to gain on sale of energy management services business

- D** – IntegrYS Energy Services – lower natural gas margin driven by derivative and inventory accounting requirements
- E** – Electric utility segment – lower operating income driven by lower fuel and purchased power costs than were recovered in rates in 2008, cooler weather, and higher operating and maintenance expenses
- F** – Other

IntegrYS Energy Group Remains Financially Strong



- Credit Facilities at September 30, 2009
 - Approximately \$2.2 billion
 - 27 financial institutions
 - Approximately \$1.9 billion available, plus holding approximately \$150 million of cash

2009 Financings Summary



■ Long-Term Debt

■ Completed transactions

- IntegrYS Energy Group, \$155 million in June 2009

- Peoples Gas, \$75 million in September 2009

■ No additional transactions expected

■ Equity

■ No new shares of common equity issued to date

Investing in Capital Projects

Planned Capital Expenditures by Company (Millions)	2009	2010	2011	Total
Wisconsin Public Service	\$256	\$115	\$163	534
Peoples Gas *	90	96	195	381
Upper Peninsula Power	16	39	20	75
Minnesota Energy Resources	13	14	17	44
North Shore Gas	15	19	15	49
Michigan Gas Utilities	7	8	11	26
Subtotal for Utilities	\$397	\$291	\$421	\$1,109
IntegrYS Business Support	42	20	8	70
Total Anticipated Capital Expenditures	\$439	\$311	\$429	\$1,179
American Transmission Company (equity contribution)	\$ 37	\$ 7	\$ 0	\$ 44

* Includes accelerated cast iron main replacement program starting in 2011.

Note: IntegrYS Energy Services is not included because of the strategy change. More information can be found in the Form 10-Q.

Estimated Utility Depreciation

Depreciation by Company (Millions)	2009	2010	2011	Total
Wisconsin Public Service	\$106	\$107	\$110	\$323
Peoples Gas	64	80	84	228
Upper Peninsula Power	6	6	7	19
Minnesota Energy Resources	9	10	10	29
North Shore Gas	6	9	10	25
Michigan Gas Utilities	7	8	8	23
Total for Utilities	\$198	\$220	\$229	\$647

Net Growth In Regulated Utility Rate Base



	(Millions)			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Total</u>
Capital Expenditures for Regulated Utility Operations	\$ 397	\$ 291	\$ 421	\$ 1,109
Estimated Depreciation for Regulated Utility Operations	<u>198</u>	<u>220</u>	<u>229</u>	<u>647</u>
Net Growth in Regulated Utility Rate Base Investment	<u><u>\$ 199</u></u>	<u><u>\$ 71</u></u>	<u><u>\$ 192</u></u>	<u><u>\$ 462</u></u>

Diluted EPS – Adjusted – By Business Segment



Non-GAAP Financial Information

Diluted Earnings Per Share - Adjusted - By Business Segment

	<u>8/6/2009</u> 2009		<u>11/5/2009</u> 2009	
	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
Diluted Earnings Per Share – Excluding IntegrYS Energy Services	(1.07) *	(0.92) *	(\$0.98) *	(\$0.86) *
Goodwill Impairment – Natural Gas Segment	3.24	3.24	3.24	3.24
Diluted Earnings Per Share – Adjusted	<u>\$2.17</u>	<u>\$2.32</u>	<u>\$2.26</u>	<u>\$2.38</u>
Average Shares of Common Stock – Diluted	76.7	76.7	76.7	76.7

Diluted Earnings Per Share - Adjusted Guidance by Segment

Electric	\$1.04	\$1.14	1.12	1.17
Natural Gas (Excludes Impact of Goodwill Impairment) **	0.98 **	1.03 **	0.98 **	1.04 **
Other	0.15	0.15	0.16	0.17
Total	<u>\$2.17</u>	<u>\$2.32</u>	<u>\$2.26</u>	<u>\$2.38</u>

* It is difficult to continue to predict earnings impact of IntegrYS Energy Services in 2009 due to the execution of the change in strategy.

** The 2009 guidance range has been adjusted to exclude the per share impact of the goodwill impairment in the natural gas segment.

Assumptions: Operational improvements and rate relief for certain utilities.
Availability of generation units.
Normal weather conditions.

Diluted EPS – Adjusted – By Business Segment



Non-GAAP Financial Information

Diluted Earnings Per Share - Adjusted - By Business Segment

	2009 *		2011	
	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
Diluted Earnings Per Share – Adjusted				
Guidance by Segment				
Electric	\$1.12	\$1.17	\$1.21	\$1.37
Natural Gas (Excludes Impact of Goodwill Impairment) *	0.98 *	1.04 *	1.09	1.31
Other	0.16	0.17	0.50	0.52
Total	\$2.26	\$2.38	\$2.80	\$3.20
Average Shares of Common Stock – Diluted	76.7	76.7	77.4	77.4

* The 2009 guidance range has been adjusted to exclude the \$(3.24) per share impact of the goodwill impairment in the natural gas segment.

Assumptions: Operational improvements and rate relief for certain utilities.
Availability of generation units.
Successful execution of the strategy related to IntegrYS Energy Services.
Normal weather conditions.

- Executing on our previously stated business strategy
 - Year-to-date 2009 financial results at the core utilities up over 5% versus same period a year ago on a non-GAAP basis
 - Integrys Energy Services process advancing
 - In July closed on sale of Energy Management Consulting Services business
 - In September closed on sale of Canadian natural gas and electric power marketing business
 - In October announced definitive agreement for the sale of U.S. wholesale natural gas marketing business
 - We signed an energy supply agreement for retail natural gas marketing business
 - Earnings growth driven by core utilities focus
 - Investing approximately \$1.1 billion in capital projects between 2009 and 2011
 - Successfully resolving 5 rate cases in progress in 2009
 - Continued focus on operational excellence and cost controls to deliver on our financial commitments
 - Growth in earnings from our continuing investment in American Transmission Company
 - Dividend maintained for December 2009 payment (\$0.68 per share)
 - Subject to review based on a number of factors
- Diluted EPS – Adjusted guidance (a non-GAAP financial measure excluding Integrys Energy Services and goodwill impairment):
 - 2009: \$2.26 to \$2.38 (increase from \$2.17 to \$2.32)
 - 2011: \$2.80 to \$3.20 (unchanged)
- Long-term earnings per share growth rate of 4% to 6% on an average annualized basis from 2011




*integrus*tm

Appendix

Current Issuer Credit Ratings



	Standard & Poor's	Moody's
IntegrYS Energy Group		
Issuer Credit Rating	BBB+	*
Senior Unsecured Debt	BBB	Baa1
Commercial Paper	A-2	P-2
Credit Facility	*	Baa1
Junior Subordinated Debt	BBB-	Baa2
WPS		
Issuer Credit Rating	A-	A2
First Mortgage Bonds	N/A	A1
Senior Secured Debt	A	A1
Commercial Paper	A-2	P-1
Preferred Stock	BBB	Baa1
Credit Facility	*	A2
Peoples Energy Corporation		
Issuer Credit Rating	BBB+	*
Senior Unsecured Debt	BBB	Baa1
Peoples Gas, Light & Coke		
Issuer Credit Rating	BBB+	A3
Senior Secured Debt	A-	A2
Commercial Paper	A-2	P-2
North Shore Gas		
Issuer Credit Rating	BBB+	A3
Senior Secured Debt	A	A2

* Has not issued a credit rating

Potential Earnings Growth









IntegrYS Energy Group, Inc. Utilities Returns on Equity – 2008

	Natural Gas Utility						Electric Utility		
	New Acquisitions				WPSC	Total	WPSC	UPPCO	Total
	PGL	NSG	MERC	MGU					
<i>(Millions)</i>									
13-Month Adjusted Average Utility Equity	\$ 659.0	\$ 104.3	\$ 97.9	\$ 101.5	\$ 217.9	\$ 1,180.6	\$ 866.1	\$ 54.2	\$ 920.3
Utility Net Income	\$ 37.2	\$ 6.9	\$ 4.7	\$ 5.5	\$ 32.0	\$ 86.3	\$ 88.7	\$ 3.9	\$ 92.6
2008 Utility ROE	5.64%	6.66%	4.80%	5.41%	14.69%	7.31%	10.24%	7.18%	10.06%
Allowed Utility ROE	10.19%	9.99%	11.71%	10.45%	10.90%		10.90%	10.75%	
Allowed Utility Net Income	\$ 67.2	\$ 10.4	\$ 11.5	\$ 10.6	\$ 23.7	\$ 123.4	\$ 94.4	\$ 5.8	\$ 100.2
Utility Net Income Excess (Shortfall)	\$ (30.0)	\$ (3.5)	\$ (6.8)	\$ (5.1)	\$ 8.3	\$ (37.1)	\$ (5.7)	\$ (1.9)	\$ (7.6)
Total for Natural Gas and Electric Utilities									\$ (44.7)

Regulated Utilities – Statistics



	PGL ♦ 	NSG ♦ 	MERC 	MGU 	WPS ♦ 		UPPCO 
As of 12/31/2008							
Electric Customers						436,000	52,000
Natural Gas Customers	819,000	158,000	210,000	166,000		316,000	
Generation capacity (megawatts)						2,149.8	56.3
Natural gas storage (Bcf)	58.0	10.0	6.0	9.0		13.0	
For the period ending 12/31/2008							
Annual electric volumes (million megawatt-hours)						15.4	1.1
Annual natural gas throughput (Bcf)	189.7	38.7	31.4	77.5		80.9	
Retail as of 12/31/2008							
	Natural Gas	Natural Gas	Natural Gas	Natural Gas	Natural Gas	Electric	Electric
Rate base/investment (\$ millions), IL	1,195	178					
Rate base/investment (\$ millions), WI					415	1,350	
Rate base/investment (\$ millions), MI				182 *	4	25	90.0 *
Rate base/investment (\$ millions), MN			205				
Wholesale as of 12/31/08							
Rate base/investment (\$ millions)						173	11.0 *

♦ Some form of decoupling in regulatory rate structure; covers about 80% of our total regulated customers.

* Deferred taxes included in rate base.

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)	1,212	182	189.3				
Allowed ROE	10.19%	9.99%	10.21%				
Authorized regulatory equity %	56.00%	56.00%	48.77%				
Date of decision	2/5/2008	2/5/2008	6/29/2009				
Retail last authorized, MI							
Rate base/investment (\$ millions)				204 ⁽¹⁾	2	14	87.3
Allowed ROE				10.45%	14.25%	10.60%	10.75%
Authorized regulatory equity %				46.49%	42.40%	56.39%	54.93%
Date of decision				1/13/2009	6/7/1983	12/4/2007	6/27/2006
Retail last authorized, WI							
Rate base/investment (\$ millions)					435	1,350	
Allowed ROE					10.9% ⁽²⁾	10.9% ⁽²⁾	
Authorized regulatory equity %					53.41%	53.41%	
Date of decision					12/30/2008	12/30/2008	
Wholesale last authorized							
Rate base/investment (\$ millions)						168	7.7
Allowed ROE						10.90%	*
Authorized regulatory equity %						53.41% ⁽³⁾	*
Date of decision						11/19/2004	*

Notes:

- ♦ Some form of decoupling in regulatory rate structure; covers about 80% of our total regulated customers.
- (1) The 2009 MGU rate case was settled with no stated rate base value. \$204 million corresponds to MGU's filed amount.
- (2) The 2009 WPS rate case was settled with a stipulation agreement with no stated change to ROE. 10.90% corresponds to WPS's last authorized ROE in January of 2007.
- (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.

Current Illinois Rate Cases



PEOPLES GAS

	IntegrYS Original Filing	Staff Original Filing	Intervenors Original Filing	IntegrYS Amended Filing	Staff Rebuttal	Intervenors Rebuttal
Rate increase	\$161.9 M	\$35.0 M	\$48.3 M	\$122.4 M	\$53.5 M	\$46.2 M
Rate base/investment	\$1,396.0 M	\$1,165.0 M	\$1,190.0 M	\$1,299.0 M	\$1,166.0 M	\$1,189.0 M
Return on equity	12%	9.69%	8.58% *	11.87%	No Change	No Change
Equity component	56%	56%	55% *	56%	No Change	56% *
Infrastructure rider	Requested	Against	Against	Requested	No Change	No Change

NORTH SHORE GAS

	IntegrYS Original Filing	Staff Original Filing	Intervenors Original Filing	IntegrYS Amended Filing	Staff Rebuttal	Intervenors Rebuttal
Rate increase	\$21.9 M	\$10.0 M	\$11.0 M	\$20.0 M	\$13.5 M	\$11.0 M
Rate base/investment	\$179.2 M	\$175.1 M	\$177.0 M	\$179.0 M	\$176.7 M	\$177.0 M
Return on equity	12%	9.79%	8.58% *	11.87%	No Change	No Change
Equity component	56%	54%	53% *	56%	56%	53.54% *

* Without riders, lower with riders.

- Original filing: February 25, 2009; Amended filing: July 8, 2009
- ICC Staff and Intervenors testimony filed June 10, 2009; rebuttal filed August 4, 2009
- Hearings: August 24, 2009, through September 1, 2009
- Proposed draft order anticipated: November 6, 2009
- Final order anticipated: January 24, 2010
- Consolidated dockets: 09-0166/09-0167
- Web site: <http://www.icc.illinois.gov/docket/Documents.aspx?no=09-0166>

Current Wisconsin Public Service Rate Case



Wisconsin Jurisdiction

- Wisconsin Public Service is authorized to reopen its 2009 general rate case for 2010 on a limited basis
 - Filed on May 1, 2009, for an electric retail increase of \$48.9 million and a natural gas increase of \$14.4 million
 - Key items for consideration include:
 - Fuel and purchased power costs
 - Updated construction costs on 99-megawatt wind farm project
 - Pension and benefit asset growth
 - Expenditures for energy conservation
 - Recovery of emission allowance costs
 - On September 9, 2009, staff recommended an electric retail increase of \$22.1 million and a natural gas increase of \$11.1 million
 - On September 21, 2009, the company and staff proposed a refund of 2008 and 2009 fuel over-collections in 2010
 - \$22.4 million based on actual results through May 2009 and estimated results for June through December 2009
 - To be tried-up in November 2009 for actual results through September 2009
 - Final order by end of 2009

Minnesota Energy Resources Rate Case – Near Completion



- In June 2009 Minnesota Public Utilities Commission issued a written order:
 - Approximately \$15.4 million rate increase
 - 10.21% ROE
 - Common equity ratio 48.77%
- Currently collecting interim rates
- Final rates expected to begin in January 2010
- Web site:
<https://www.edockets.state.mn.us/EFiling/edockets/searchDocuments.do?method=eDocketsResult>
 - Enter docket number 835 for 2008

Current Michigan Gas Utilities Rate Case



- Filed a rate case with the Michigan Public Service Commission on July 1, 2009, for \$8.4 million
- Key data points
 - Rate base \$189.9 million *
 - Common equity percentage 47.27% *
 - Return on equity 12.0%
- Decoupling mechanism proposed
- Bad debt recovery mechanism proposed
- Commission Staff testimony due December 8, 2009
- Expect interim rates to be effective January 1, 2010
- Final order required no later than July 1, 2010

* Deferred taxes in capital structure

Current Upper Peninsula Power Company Rate Case



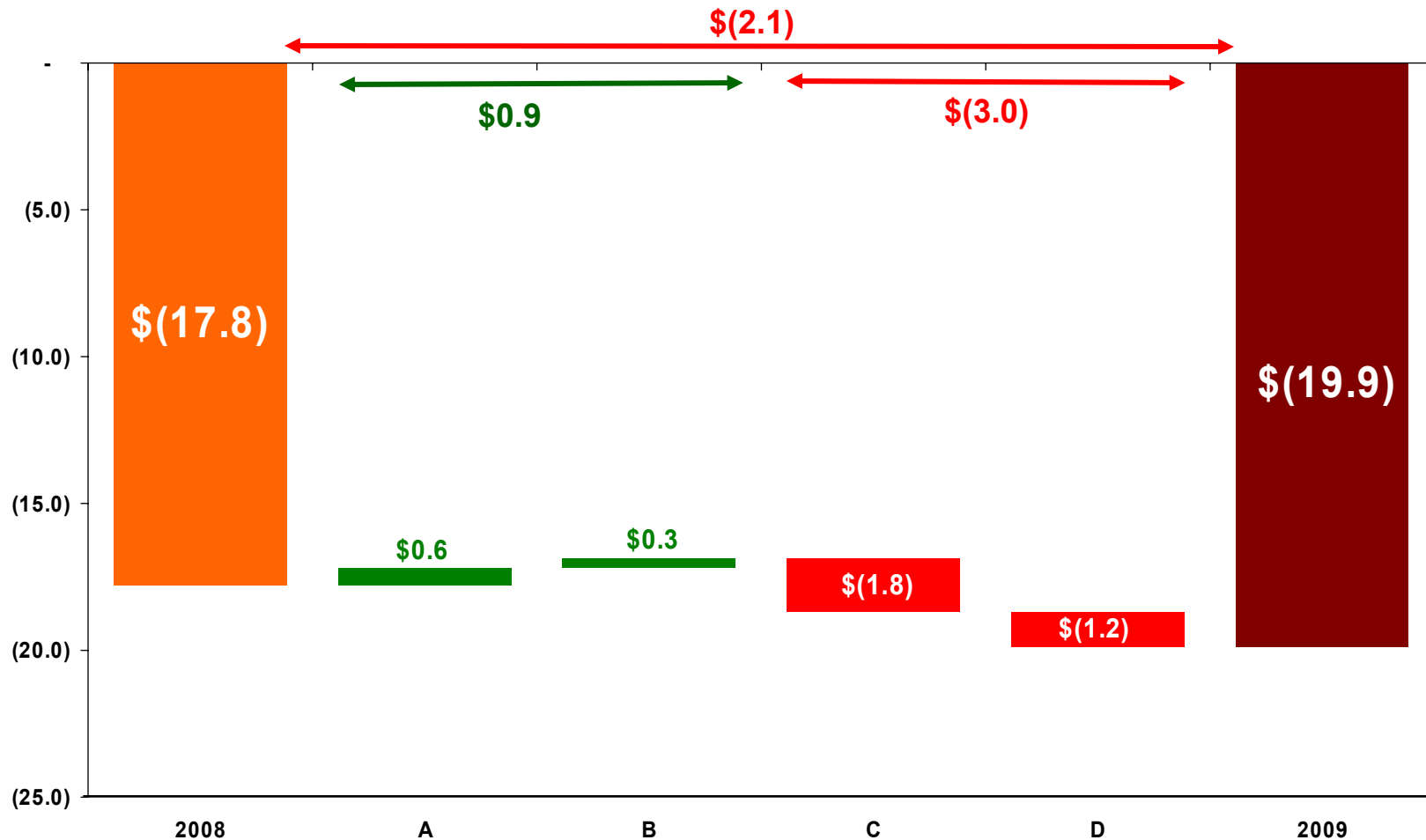
- Filed a rate case with the Michigan Public Service Commission on June 26, 2009
 - Requesting \$12.2 million, or a 12.7% increase
 - Key data points
 - Rate base – \$159.1 million corporate – of that \$145.5 million is retail
 - Common equity percentage – 49.52% *
 - Return on equity – 12.0%
 - Decoupling mechanism proposed
 - Bad debt recovery mechanism proposed
 - Commission Staff testimony due December 1, 2009
 - Expect interim rates to be effective January 1, 2010
 - Final order required no later than June 2010

* Deferred taxes in capital structure

Regulated Natural Gas Utility Segment – Third Quarter 2009



\$ in millions



A – A net increase in margin primarily related to rate increases at Michigan Gas Utilities Corporation and Minnesota Energy Resources Corporation.

B – Other

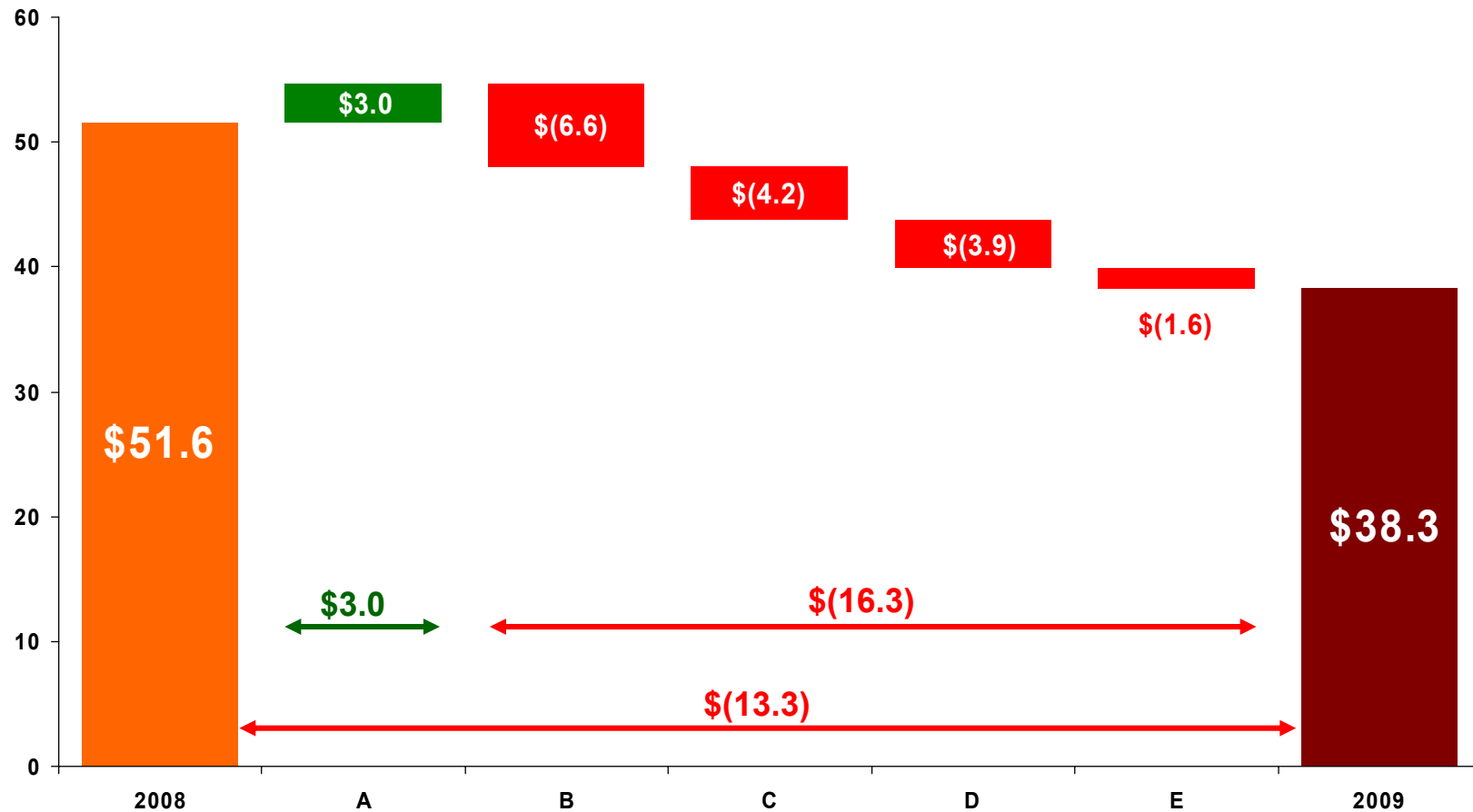
C – Decrease in margin at Michigan Gas Utilities Corporation due to a third quarter 2008 adjustment

D – Decrease in margin due to a decrease in throughput volumes

Regulated Electric Utility Segment – Third Quarter 2009



\$ in millions



A – Increase in margin from wholesale customers

B – Decrease in earnings as a result of fuel and purchased power costs that were lower than recovered in rates in 2008

C – Cooler weather

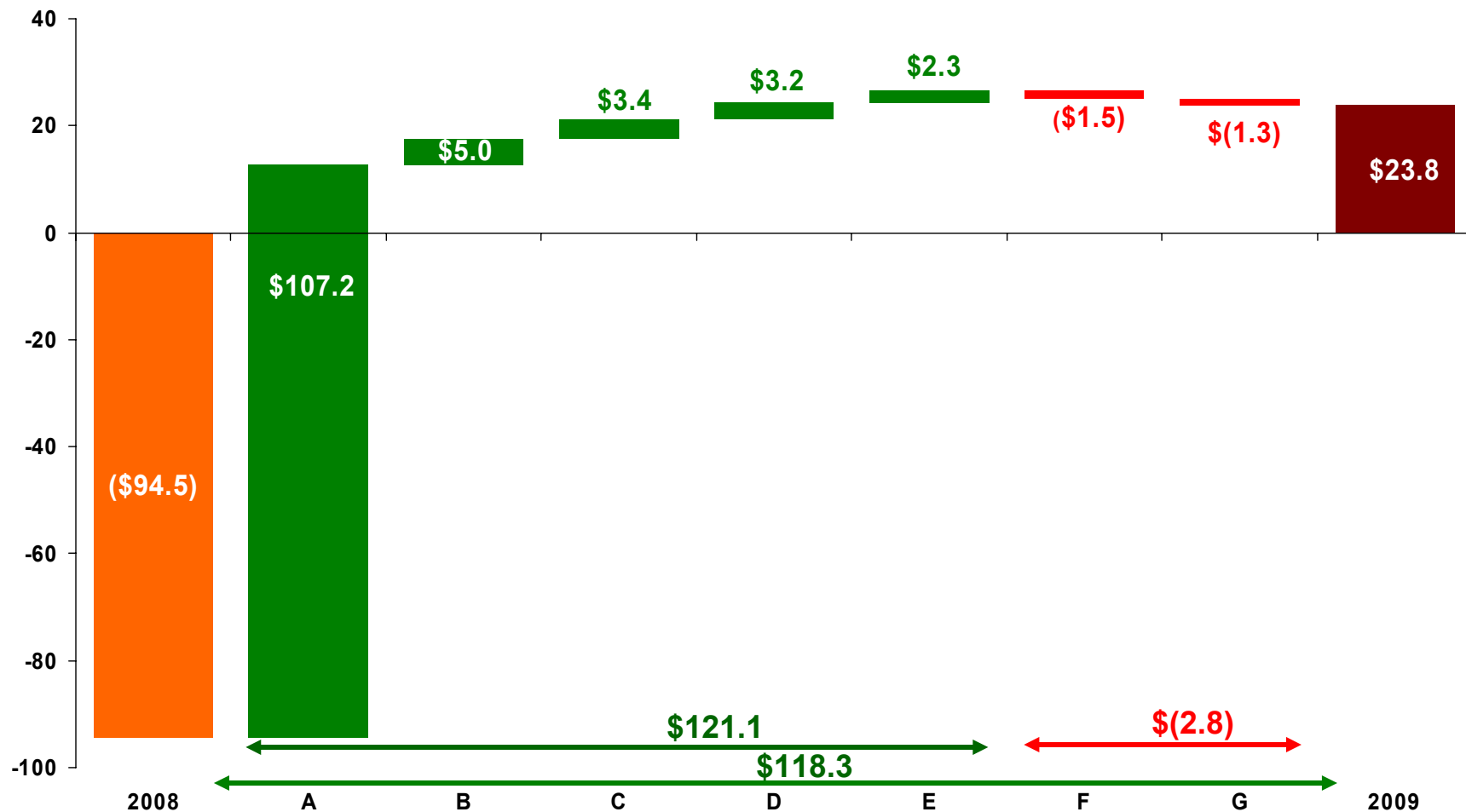
D – Increase in operating and maintenance expenses driven by increase in employee benefit costs and a planned outage at Weston 3

E – Other

Nonregulated Integrys Energy Services Segment – Third Quarter 2009



\$ in millions



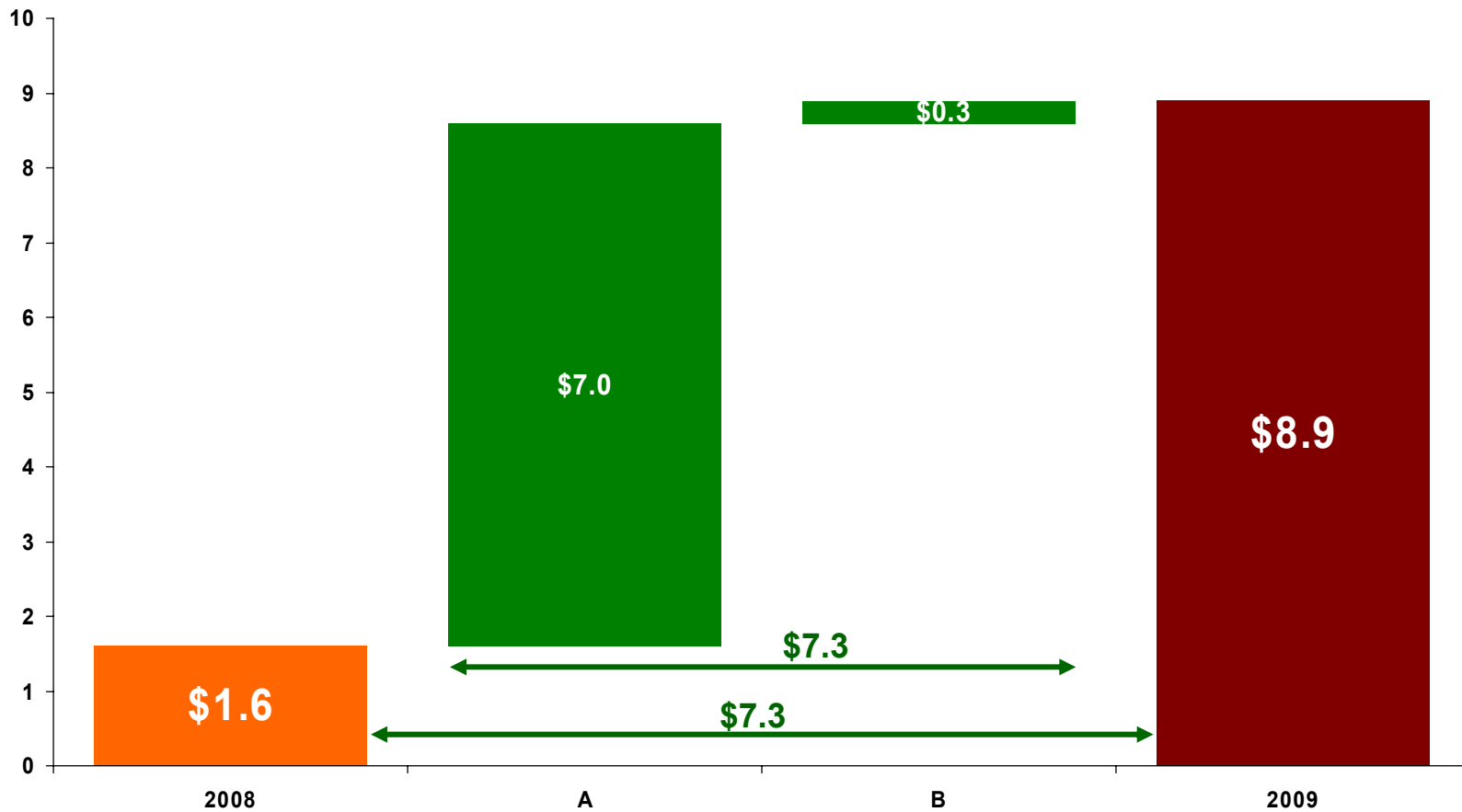
- A – Increase in margin related to non-cash activity
- B – Decrease in operating and maintenance expense
- C – Increase in realized natural gas margins
- D – Increase in realized electric margin

- E – Gain included in discontinued operations relating to sale of Energy Management Consulting Services business
- F – Restructuring expense
- G – Other

Holding Company/Other – Third Quarter 2009



\$ in millions



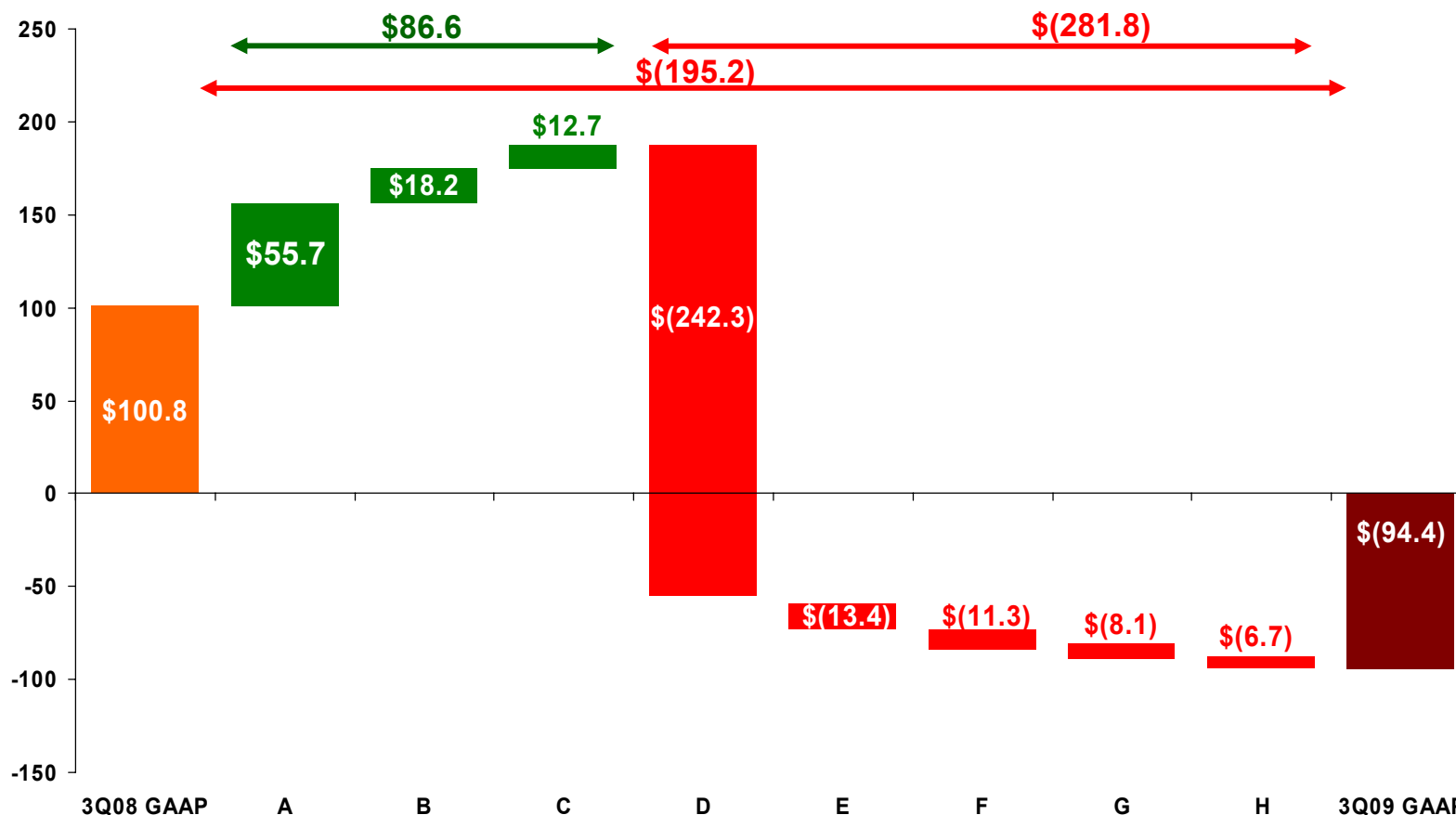
A – Change in effective tax rate

B – Earnings from ownership interest in American Transmission Company

Key Drivers – Year-to-Date 2009 Versus Year-to-Date 2008



\$ in millions



- A** – IntegrYS Energy Services – higher electric margin driven by derivative accounting requirements, timing of transaction settlements, and pricing changes
- B** – IntegrYS Energy Services – higher natural gas margin driven by derivative and inventory accounting requirements
- C** – Electric utility segment – higher operating income due to lower fuel and purchased power costs than were recovered in 2009 rates, higher volumes and rates related to wholesale customers

- D** – Natural gas utility segment – increase in goodwill impairment
- E** – IntegrYS Energy Services – restructuring expenses
- F** – IntegrYS Energy Services – increase in operating and maintenance expenses
- G** – Higher interest expense primarily to fund increased capital expenditures at the utilities
- H** – Other

Collateral Requirement Impact of Theoretical Credit Rating Change



Estimates as of September 30, 2009

(millions)	One Notch BBB- for IntegrYS Energy Group	Two Notches BB+ for IntegrYS Energy Group	Three Notches BB for IntegrYS Energy Group	Four Notches BB- for IntegrYS Energy Group	Total
Nonregulated	\$75	\$331	\$ 5	\$ 0	\$411
Regulated	3	9	15	3	30
Total	78	340	20	3	441
Cumulative	78	418	438	441	

Notes:

- These estimates are related to contracts that have specific ratings-based requirements relative to the posting of collateral.
- The amount of collateral to be posted at any point in time is dependent on a variety of factors, including but not limited to (1) notional amount of trading positions, (2) nature of counterparty agreements, and (3) changes in commodity prices.
- Procurement contract collateral requirements are a function of market prices. Collateral posting requirements for IntegrYS Energy Group will generally increase as forward market prices fall and decrease as forward market prices rise. Given the relationship to forward market prices, contract requirements can be volatile.
- This depicts anticipated incremental collateral postings for credit rating changes only. All other factors are held constant.

IntegrYS Energy Services – Margins



(\$ Millions)

	Three Months Ended September 30			Nine Months Ended September 30		
	2009	2008	Change	2009	2008	Change
Natural Gas						
Retail						
Realized margins (1)	\$ 4.9	\$ 0.1	\$ 4.8	\$ 53.5	\$ 40.2	\$ 13.3
Settlement of forward contracts sold (2)	9.2	-	9.2	9.2	-	9.2
Unrealized gain/(loss) (3)	(2.9)	73.7	(76.6)	(45.2)	26.2	(71.4)
Effect of purchase accounting on realized margins (4)	(0.3)	(0.5)	0.2	(1.6)	(4.9)	3.3
Effect of purchase accounting on unrealized margins (4)	0.1	-	0.1	(0.2)	(0.8)	0.6
	<u>11.0</u>	<u>73.3</u>	<u>(62.3)</u>	<u>15.7</u>	<u>60.7</u>	<u>(45.0)</u>
Wholesale						
Realized margins without lower of cost or market impact (1)	9.7	8.7	1.0	31.3	50.9	(19.6)
Settlement of inventory and forward contracts sold (2)	5.1	-	5.1	5.1	-	5.1
Lower of cost or market impact on realized margin (5)	69.0	(124.2)	193.2	134.0	(119.5)	253.5
Unrealized gain/(loss) (3)	(85.7)	127.4	(213.1)	(112.7)	53.8	(166.5)
Effect of purchase accounting on realized margins (4)	0.7	1.0	(0.3)	4.3	1.0	3.3
Effect of purchase accounting on unrealized margins (4)	0.5	0.6	(0.1)	(1.1)	(0.7)	(0.4)
	<u>(0.7)</u>	<u>13.5</u>	<u>(14.2)</u>	<u>60.9</u>	<u>(14.5)</u>	<u>75.4</u>
Total Natural Gas Margins	\$ 10.3	\$ 86.8	\$ (76.5)	\$ 76.6	\$ 46.2	\$ 30.4
Electric and Other						
Retail						
Realized margins (1)	20.0	23.0	(3.0)	66.8	53.4	13.4
Settlement of forward contracts sold (2)	7.2	-	7.2	7.2	-	7.2
Unrealized gain/(loss) (3)	18.8	(159.8)	178.6	(1.3)	(53.8)	52.5
Effect of purchase accounting on realized margins (4)	-	(0.7)	0.7	(0.4)	(6.4)	6.0
Effect of purchase accounting on unrealized margins (4)	-	(0.3)	0.3	(0.8)	(0.1)	(0.7)
	<u>46.0</u>	<u>(137.8)</u>	<u>183.8</u>	<u>71.5</u>	<u>(6.9)</u>	<u>78.4</u>
Wholesale Trading and Structured Origination (6)						
Realized margins (1)	9.8	2.2	7.6	53.7	35.9	17.8
Unrealized gain/(loss) (3)	24.7	(50.1)	74.8	9.8	13.2	(3.4)
	<u>34.5</u>	<u>(47.9)</u>	<u>82.4</u>	<u>63.5</u>	<u>49.1</u>	<u>14.4</u>
Total Electric and Other Margins	80.5	(185.7)	266.2	135.0	42.2	92.8
Total Gross Margin	\$ 90.8	\$ (98.9)	189.7	\$ 211.6	\$ 88.4	123.2
Realized margins without lower of cost or market impact (1)	\$ 44.4	\$ 34.0	\$ 10.4	\$ 205.3	\$ 180.4	\$ 24.9
Settlement of inventory and forward contracts sold (2)	21.5	-	21.5	21.5	-	21.5
Lower of cost or market impact on realized margin (5)	69.0	(124.2)	193.2	134.0	(119.5)	253.5
Unrealized gain/(loss) (3)	(45.1)	(8.8)	(36.3)	(149.4)	39.4	(188.8)
Effect of purchase accounting on realized margins (4)	0.4	(0.2)	0.6	2.3	(10.3)	12.6
Effect of purchase accounting on unrealized margins (4)	0.6	0.3	0.3	(2.1)	(1.6)	(0.5)
Total Gross Margin	\$ 90.8	\$ (98.9)	\$ 189.7	\$ 211.6	\$ 88.4	\$ 123.2

(Note - Pre-tax dollars in millions, except for per-unit margins; definitions are listed on next slide)

Integrys Energy Services – Definitions Related to Margin Exhibit



	Three Months Ended September 30			Nine Months Ended September 30		
	2009	2008	Change	2009	2008	Change
Volumes Delivered (includes only transactions settled physically for the periods shown)						
Retail Natural Gas (in billion cubic feet)	45.6	71.1	(25.5)	197.5	252.0	(54.5)
Realized per unit margins (\$ per dekatherm)	\$ 0.11	\$ -	\$ 0.11	\$ 0.27	\$ 0.16	\$ 0.11
Retail Electric (in kilowatt-hours)	3,967.0	4,552.9	(585.9)	11,683.6	12,542.3	(858.7)
Realized per unit margins (\$ per megawatt-hour)	\$ 5.04	\$ 5.05	\$ (0.01)	\$ 5.72	\$ 4.26	\$ 1.46

Definitions (These definitions should be used in conjunction with the previous slide.)

- (1) Realized margins - Represents physical sales, net of physical purchases and the cash settlement of financial contracts (i.e., forwards, futures, and swaps).
- (2) Settlement of inventory and forward contracts sold - Upon sale of the Canadian wholesale and retail portfolios, the forward derivative contract values were transferred from unrealized gain/(loss) to realized margins. This had no impact on gross margins or net income. In conjunction with the sale of the Canadian wholesale contracts, gas inventory was sold, resulting in realized margin. The impact is shown separately and has been removed from the calculation of realized per unit margins.
- (3) Unrealized gain/(loss) - Represents the non-cash change in fair value of the portfolio of contracts deemed to be derivative instruments as defined by Financial Accounting Standards Board Statement No. 133 "Accounting for Derivative Instruments." In addition to the change in the value of currently outstanding contracts, this amount is impacted when contracts are settled. The value is taken out of unrealized gain/loss and the actual settlement gain/loss and the actual settlement amount are reflected in realized margins.
- (4) Effect of purchase accounting - Represents the attribution of purchase price related to the contracts acquired via the Peoples Energy merger. The value of the contracts (calculated as of the merger date) is reversed through gross margin in the month of settlement. A portion of this impact runs through unrealized gains and loss and another portion runs through realized margins. Both are noncash impacts that are broken out above in order to help reconcile to the year-over-year variance discussion within Item 2 of the Form 10-Q, Management's Discussion and Analysis of the Financial Condition and Results of Operations. This schedule excludes the amortization of intangibles identified as part of the merger (i.e., customer list) which is included in operating expenses.
- (5) Lower of cost or market - As required by GAAP, natural gas inventory is to be valued at the lower of acquired price or current market price. For the year ended December 31, 2008, Integrys Energy Services realized a negative lower of cost or market impact of \$167.3. For the period ended September 30, 2009, a portion of the inventory that had been written down in 2008 was delivered, resulting in a partial reversal of the impact of the non-cash losses.
- (6) Wholesale Trading and Structured Origination - Captures our proprietary trading activity, structured origination activity and optimization of our plants and customer load. Variance explanations are captured in two line items in the Form 10-Q: (1) Realized gains on structured origination contracts and (2) All other realized wholesale electric margin.

Future Integrys Energy Services Accounting Recognition



As of September 30, 2009
(Pre-tax dollars in millions)

Settlement Years	Gross Forward Book Value	Amount Recognized To Date In GAAP Gross Margin	Amount Yet To Be Recognized In GAAP Gross Margin In Future Periods	Purchase Accounting Amortization To Be Recognized In Future Periods	GAAP Gross Margin To Be Recognized In Future Periods
	A	B	C=A-B	D	E=C+D
2009	\$ 33.4	\$ (23.8)	\$ 57.2	\$ 0.5	\$ 57.7
2010	116.9	(47.9)	164.8	2.7	167.5
2011	43.8	5.4	38.4	2.0	40.4
2012	19.2	11.7	7.5	0.3	7.8
2013 and Beyond	30.2	15.2	15.0	(0.1)	14.9
	<u>\$ 243.5</u>	<u>\$ (39.4)</u>	<u>\$ 282.9</u>	<u>\$ 5.4</u>	<u>\$ 288.3</u>

Refer to Slide 48 for a reconciliation of the non-GAAP financial metrics to the GAAP financial statements.

2009 Integrys Energy Services Value Creation



**Integrys Energy Services
Managerial Gross Margin Summary
Year-to-Date September 2009
(Pretax dollars in millions)**

	Natural Gas			Electric and Other			Total Natural Gas and Electric
	Retail	Wholesale	Total	Retail	Wholesale	Total	
MANAGERIAL GROSS MARGIN							
Forward Book Value (a non-GAAP financial measure) ⁽¹⁾							
As of September 30, 2009	\$ 36.6	\$ 9.4	\$ 46.0	\$ 98.9	\$ 98.6	\$ 197.5	\$ 243.5
As of December 31, 2008	56.1	39.1	95.2	89.7	102.7	192.4	287.6
Change in Forward Book Value	(19.5)	(29.7)	(49.2)	9.2	(4.1)	5.1	(44.1)
Total Realized Gross Margin ⁽²⁾	60.1	36.5	96.6	66.6	53.7	120.3	216.9
Year-to-Date September 2009 Managerial Gross Margin	\$ 40.6	\$ 6.8	\$ 47.4	\$ 75.8	\$ 49.6	125.4	\$ 172.8
Year-to-Date September 2008 Managerial Gross Margin	\$ 47.0	\$ 58.8	\$ 105.8	\$ 61.0	\$ 87.4	\$ 148.4	\$ 254.2
Change from Prior Year	\$ (6.4)	\$ (52.0)	\$ (58.4)	\$ 14.8	\$ (37.8)	\$ (23.0)	\$ (81.4)

Refer to Slide 48 for a reconciliation of the non-GAAP financial metrics to the GAAP financial statements.

- (1) Forward Book Value – Represents the estimated value that will be realized upon settlement of the contract portfolio based on industry standard valuation approaches and assumptions. Derivative and non-derivative contracts are included in managerial gross margin.
- (2) Realized Gross Margin – This is a GAAP-based measure that represents physical sales, net of physical purchases and the cash settlement of financial contracts (i.e., forwards, futures, options, and swaps). Realized margins associated with the nonregulated generation fleet are included herein, although the change in value of the physical plants is not included in the forward book value section. Purchase accounting amortization has been excluded from this line item. The year-to-date natural gas lower of cost or market adjustment of +\$134.0 million pretax has also been excluded from this schedule and impacts the wholesale natural gas and total realized gross margin amounts above.

Reconciliation of Integrys Energy Services' Forward Book Value to GAAP



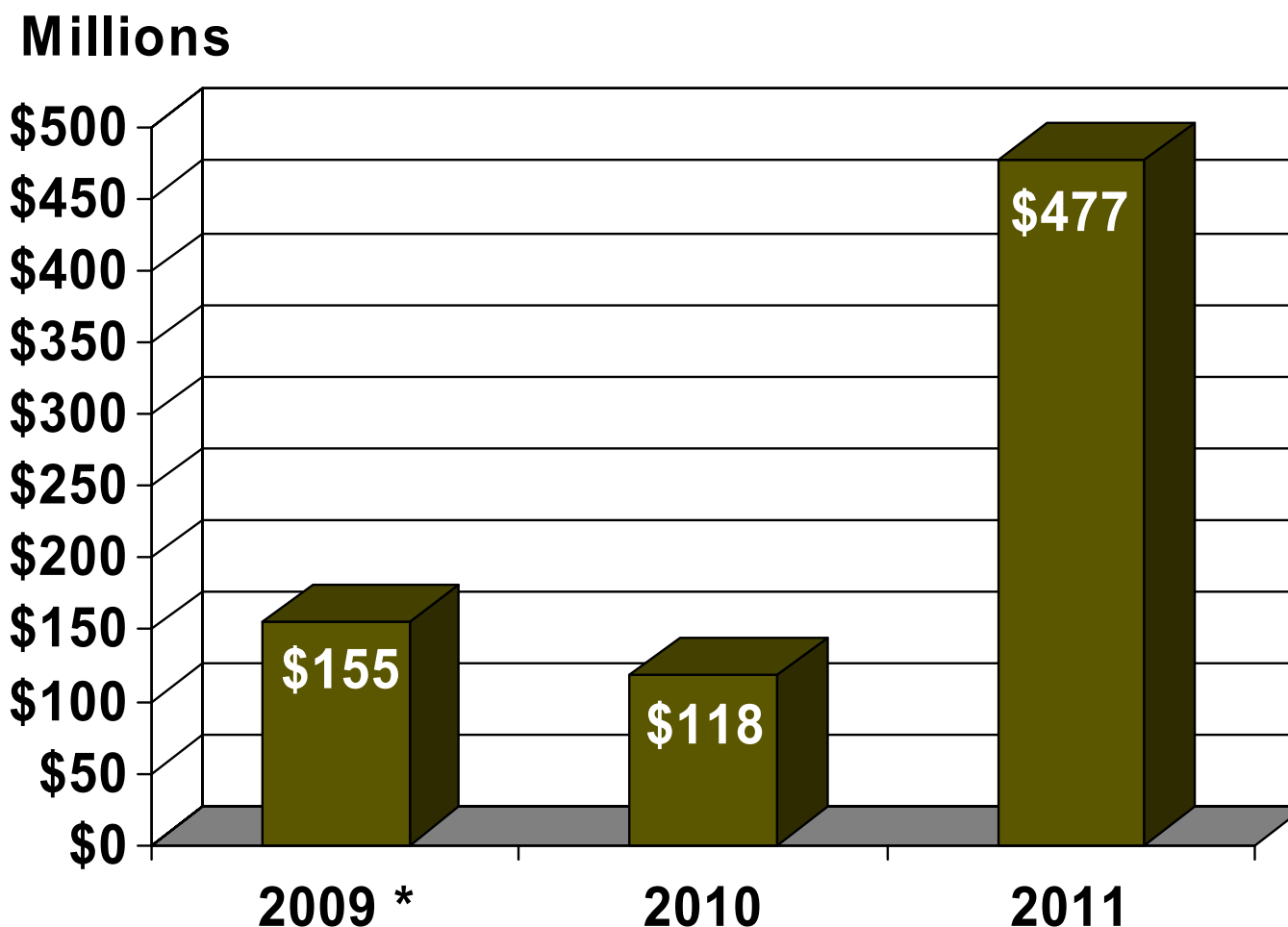
Year-to-Date September 2009
(Pre-tax dollars in millions)

	Natural Gas			Electric and Other			Total Natural Gas and Electric
	Retail	Wholesale	Total	Retail	Wholesale	Total	
Forward Book Value (a Non-GAAP financial measure)							
As of September 30, 2009	\$ 36.6	\$ 9.4	\$ 46.0	\$ 98.9	\$ 98.6	\$ 197.5	\$ 243.5
Plus: Unamortized electric and gas option premiums (1)	0.4	3.5	3.9	5.5	3.5	9.0	12.9
Less: Fair value of nonderivative contracts, derivative contracts designated as normal purchase and sales, portfolio valuation reserves, elimination, and other (2)	(43.1)	7.5	(35.6)	223.9	112.0	335.9	300.3
Net Risk Management Assets and Liabilities per GAAP Balance Sheet	\$ 80.1	\$ 5.4	\$ 85.5	\$ (119.5)	\$ (9.9)	\$ (129.4)	\$ (43.9)

(1) Option premiums are included in the GAAP balance sheet until expiration of the associated options. The forward book value line item of managerial gross margin only includes the net difference between the premium and the fair value of the option. Upon option expiration, premium amortization is included in the total realized gross margin line in the managerial gross margin analysis. A positive number represents an option premium paid (future expense), while a negative number represents an option premium received (future income).

(2) Represents the estimated fair value of contracts that either do not meet the criteria for derivative accounting treatment under SFAS 133 or contracts that have been excluded from mark-to-market accounting under the normal purchase and sale exception. Contract types include full requirements sales contracts, natural gas storage and transport capacity contracts, among others. A positive number represents positive value, while a negative number represents negative value.

Future Long-Term Debt Maturities



* \$150 million of IntegrYS Energy Group Unsecured Senior Notes matured on November 1, 2009; \$1 million payment on Upper Peninsula Power Company's long-term debt was paid in November 2009; \$2 million of other term note was paid in May 2009 with another \$2 million due on same prior to December 31, 2009.