

# *Focused on Performance*

## Investor Update: **August**

**One of America's Most Responsible Companies for 2020**
WEC Energy Group
*Newsweek*

**Most Reliable Utility in the Midwest**
We Energies
*PA Consulting*

**Outstanding Midsize Utility**
Wisconsin Public Service
*PA Consulting*

**Best in the U.S. in Large Customer Satisfaction (Top 2 Box)**
WEC Energy Group
*JD Power*

# Cautionary Statement Regarding Forward-Looking Information

Much of the information contained in this presentation is forward-looking information based upon management's current expectations and projections that involve risks and uncertainties. Forward-looking information includes, among other things, information concerning earnings per share, rate case activity, earnings per share growth, cash flow, sources of revenue, dividend growth and dividend payout ratios, sales volumes, capital plans, construction costs, investment opportunities, corporate initiatives (including any generation reshaping plan), rate base, and environmental matters (including emission reductions). Readers are cautioned not to place undue reliance on this forward-looking information. Forward-looking information is not a guarantee of future performance and actual results may differ materially from those set forth in the forward-looking information.

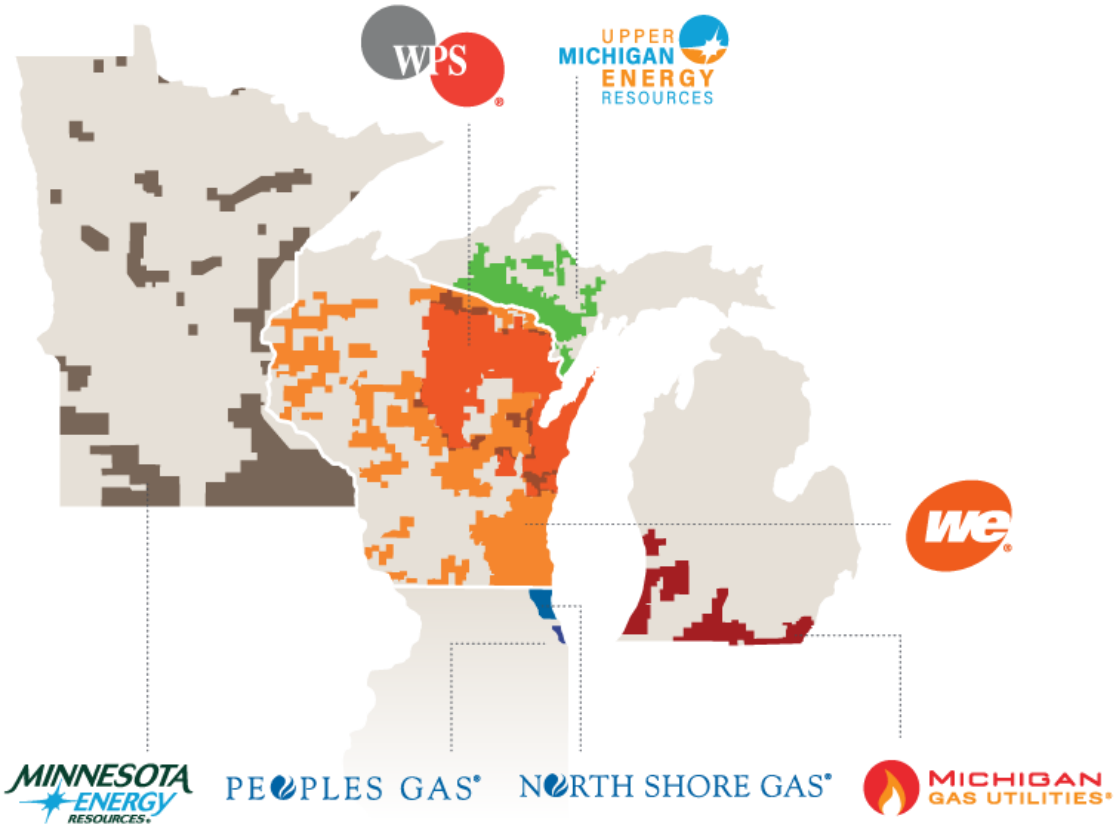
Factors that could cause actual results to differ materially from those contemplated in any forward-looking statements include, but are not limited to: general economic conditions, including business and competitive conditions in the company's service territories; timing, resolution and impact of rate cases and other regulatory decisions; the company's ability to continue to successfully integrate the operations of its subsidiaries; the impact of the COVID-19 pandemic; availability of the company's generating facilities and/or distribution systems; unanticipated changes in fuel and purchased power costs; key personnel changes; varying weather conditions; continued industry restructuring and consolidation; continued advances in, and adoption of, new technologies that produce power or reduce power consumption; energy and environmental conservation efforts; the company's ability to successfully acquire and/or dispose of assets and projects; cyber-security threats and data security breaches; construction risks; equity and bond market fluctuations; changes in the company's and its subsidiaries' ability to access the capital markets; the impact of tax reform and any other legislative and regulatory changes, including changes to environmental standards; political developments; current and future litigation and regulatory investigations, proceedings or inquiries; changes in accounting standards; the financial performance of American Transmission Co. as well as projects in which the company's energy infrastructure business invests; the ability of the company to obtain additional generating capacity at competitive prices; goodwill and its possible impairment; and other factors described under the heading "Factors Affecting Results, Liquidity and Capital Resources" in Management's Discussion and Analysis of Financial Condition and Results of Operations and under the headings "Cautionary Statement Regarding Forward-Looking Information" and "Risk Factors" contained in WEC Energy Group's Form 10-K for the year ended December 31, 2019, and in subsequent reports filed with the Securities and Exchange Commission. WEC Energy Group expressly disclaims any obligation to publicly update or revise any forward-looking information.

***Although we have estimated the economic impacts of the COVID-19 pandemic on our business and have factored such impacts into our projections, the extent to which the COVID-19 pandemic may affect us depends on factors beyond our knowledge or control. Therefore, the ultimate impact of the COVID-19 pandemic on our business plans and operations, liquidity, financial condition and results of operations could vary from our current projections.***

WEC Energy Group

## Company Statistics

- **$30.0** billion market cap*
- **1.6** million electric customers
- **2.9** million natural gas customers
- **60%** ownership of American Transmission Company
- **70,600** miles of electric distribution
- **49,500** miles of gas distribution
- **$35.0** billion of assets
- **9th** largest natural gas distribution utility in U.S. based on customers
- **10th** largest publicly traded utility in U.S. measured by market value*




* As of July 31, 2020

WEC Energy Group

"Delivering reliable, affordable energy to our customers. Reducing greenhouse gas emissions. Building and maintaining safe, resilient infrastructure. These imperatives continue to drive our decision-making, and the results are clear."

- Gale Klappa, WEC Energy Group Executive Chairman



**2019 Best CEO – Electricity and Natural Gas Industry**
Gale Klappa

*Business Worldwide Magazine*

# Office of the Chair

"Working together as a team, we will leverage the strengths of each individual as we write the next chapter of the company's growth, development and service to our customers."

- **Gale Klappa**, Executive Chairman





**Scott Lauber**
Senior Executive Vice President and Chief Operating Officer

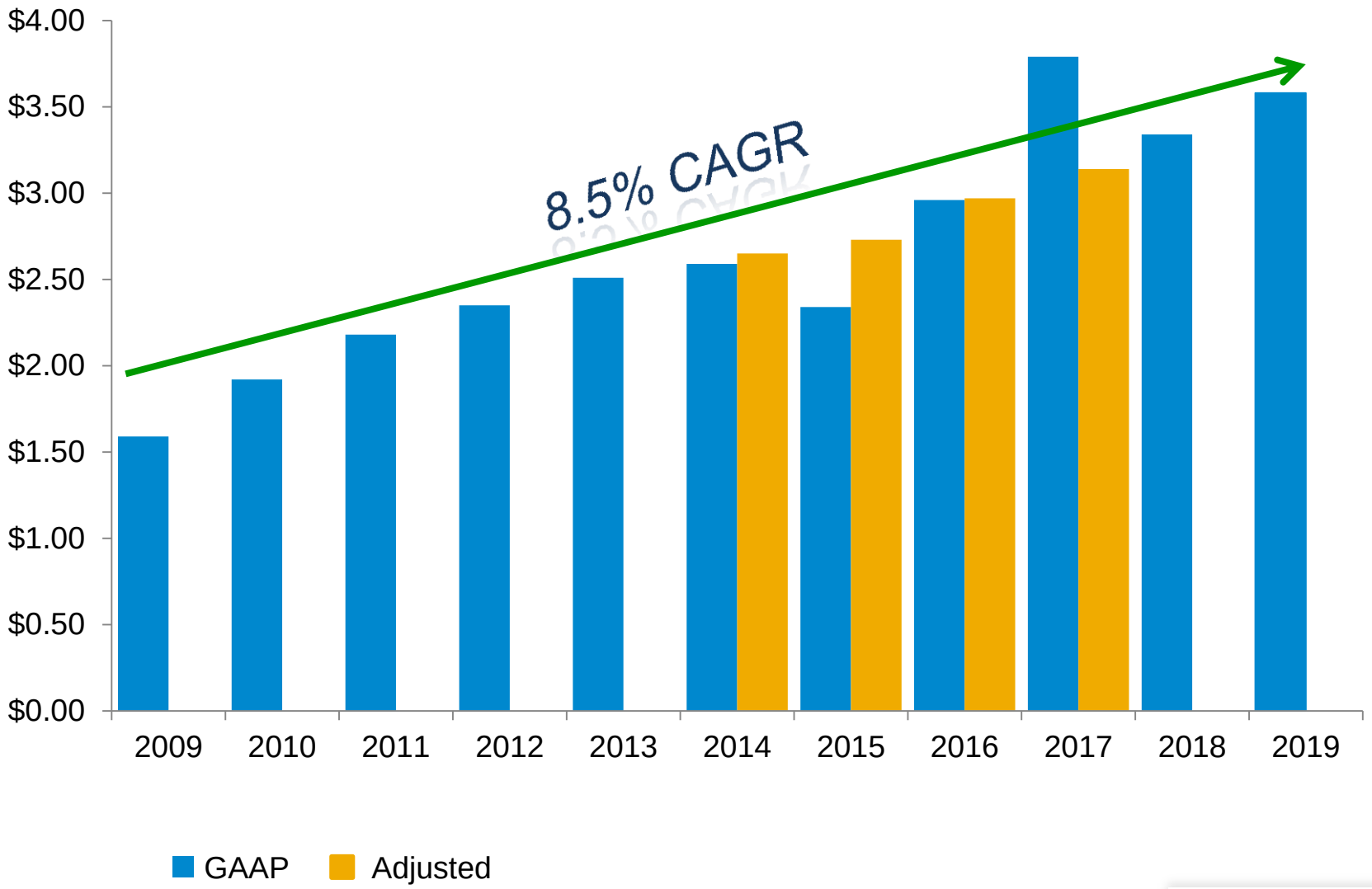


**Kevin Fletcher**
President and CEO



**Xia Liu**
Executive Vice President and Chief Financial Officer

# A Decade of EPS Growth



# Proven Track Record of Performance



***The <u>only</u> utility to beat guidance every year for 16 years running***

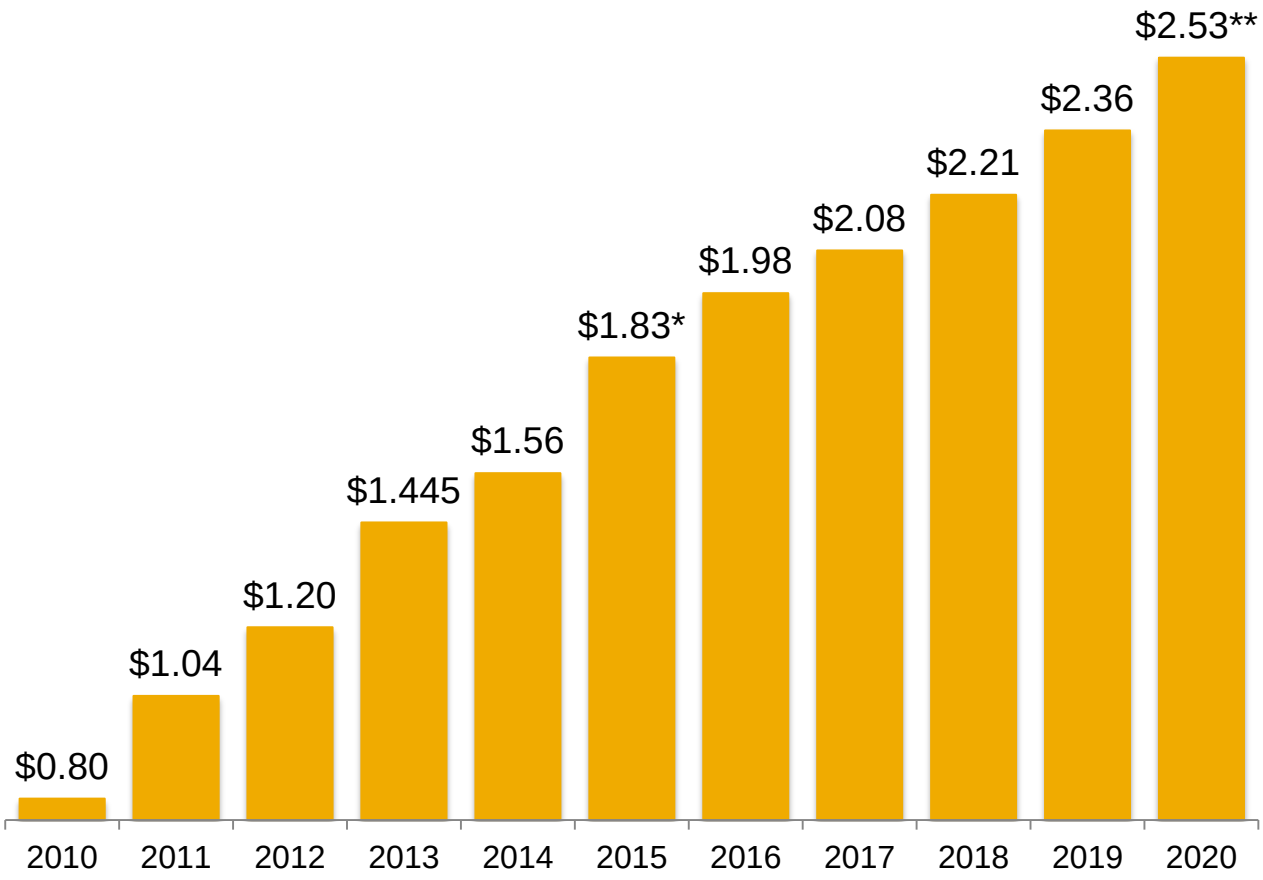
| EPS Guidance | | |
|---|---|---|
| 2019 | ***Exceeded*** | ✓ |
| 2018 | ***Exceeded*** | ✓ |
| 2017 | ***Exceeded*** | ✓ |
| 2016 | ***Exceeded*** | ✓ |
| 2015 | ***Exceeded*** | ✓ |
| 2014 | ***Exceeded*** | ✓ |
| 2013 | ***Exceeded*** | ✓ |
| 2012 | ***Exceeded*** | ✓ |
| 2011 | ***Exceeded*** | ✓ |
| 2010 | ***Exceeded*** | ✓ |
| 2009 | ***Exceeded*** | ✓ |
| 2008 | ***Exceeded*** | ✓ |
| 2007 | ***Exceeded*** | ✓ |
| 2006 | ***Exceeded*** | ✓ |
| 2005 | ***Exceeded*** | ✓ |
| 2004 | ***Exceeded*** | ✓ |

# Solid Dividend Growth Continues

In January, raised the dividend by **7.2%** to a new annual rate of **$2.53** per share

Targeting dividend payout of **65-70%** of earnings

Projecting dividend growth in line with earnings growth




*Annualized based on 4th quarter 2015 dividend of $0.4575
**Annualized based on 1st quarter 2020 dividend of $0.6325


What’s New?

*Positive indicators*

# Well Positioned for the Year

Q3 2020 Guidance: 74 to 76 cents per share

- **July weather and sales - better than projected**
- **Disciplined expense reductions in place**
- **Continue to project long-term EPS growth rate of 5-7%**

- Reaffirming annual guidance
- $3.71 - $3.75 per share
- Expectation of hitting top end of range

WEC Energy Group

# Facing Unprecedented Circumstances From a Position of Strength

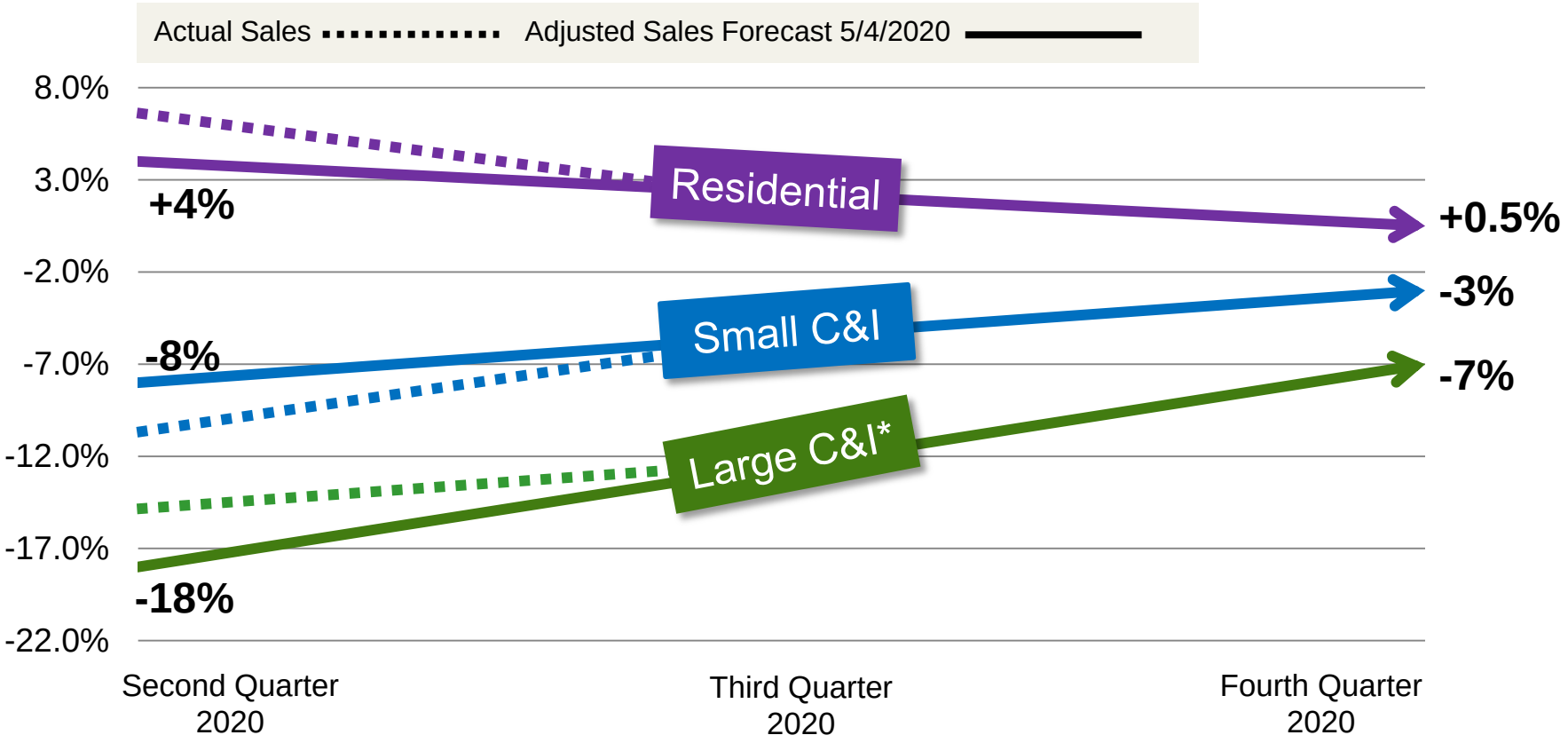
- **Strong balance sheet**
- **$1.9 billion of liquidity as of July 31, 2020**
- **Executable capital plan with no need to issue additional equity**
- **No open rate cases**
- **Recovery mechanisms for bad debt in place**
- **Pension well-funded as of Dec. 31, 2019**
  - 101% for qualified plans

# COVID-19 Regulatory Actions

| Type | Wisconsin | Illinois | Michigan | Minnesota |
|---|---|---|---|---|
| Incremental Bad Debt / Uncollectibles | Res. – Escrow<br>C&I – Defer | Existing Rider | Defer | Defer |
| Incremental O&M | Defer | Special Use Rider | Track* | Defer |
| Foregone Late Payment Fees | Defer | Special Use Rider | Track* | Defer |
| Carry Cost on Deferrals | Short-Term Debt Rate | No | Track* | No |
| Dockets | 5-AF-105<br>5-UI-120 | 20-0309 | U-20757 | 20-427 |

*Commission has allowed tracking of these costs and for utilities to seek recovery in their next rate case

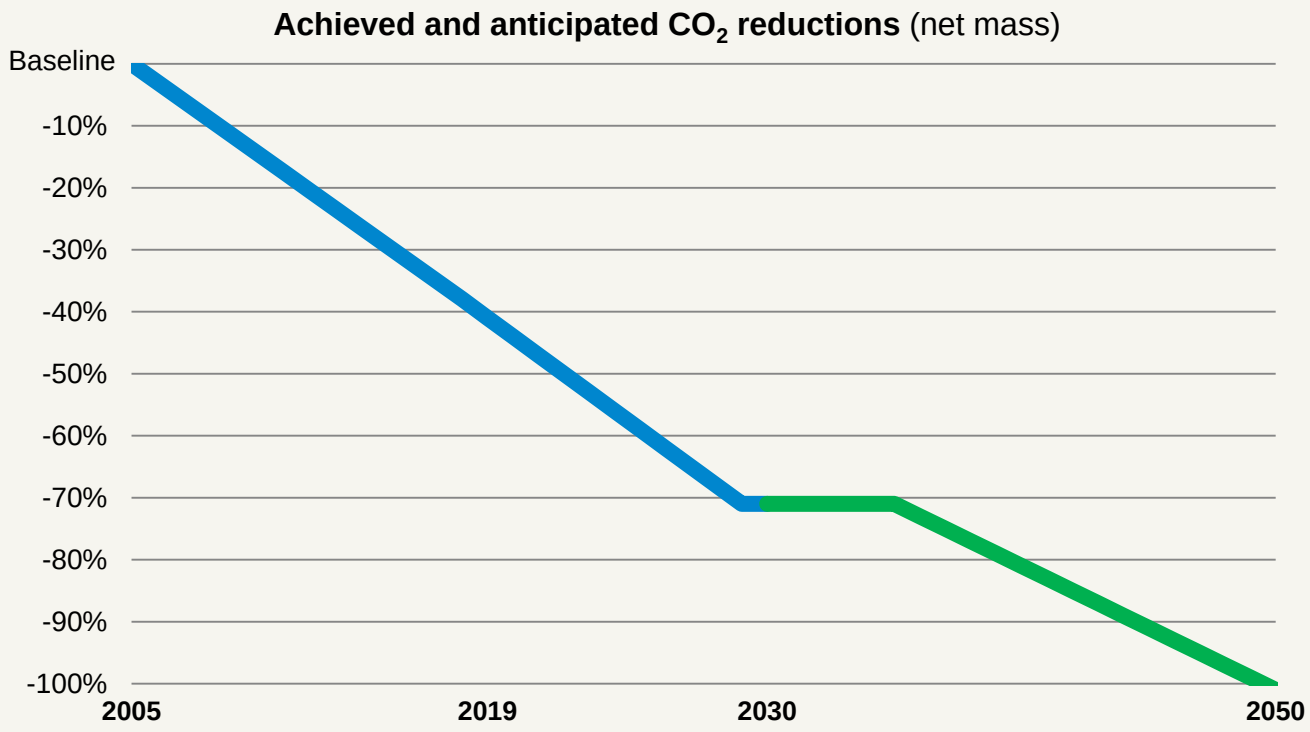
# Electric Sales Volume Assumptions




**We are forecasting total retail electric volumes* to decrease by approximately 4% for the remaining six months of 2020, compared to our original weather-normalized forecast.**

**Excludes iron ore mine*

# New Carbon Reduction Goals – Electric Generation



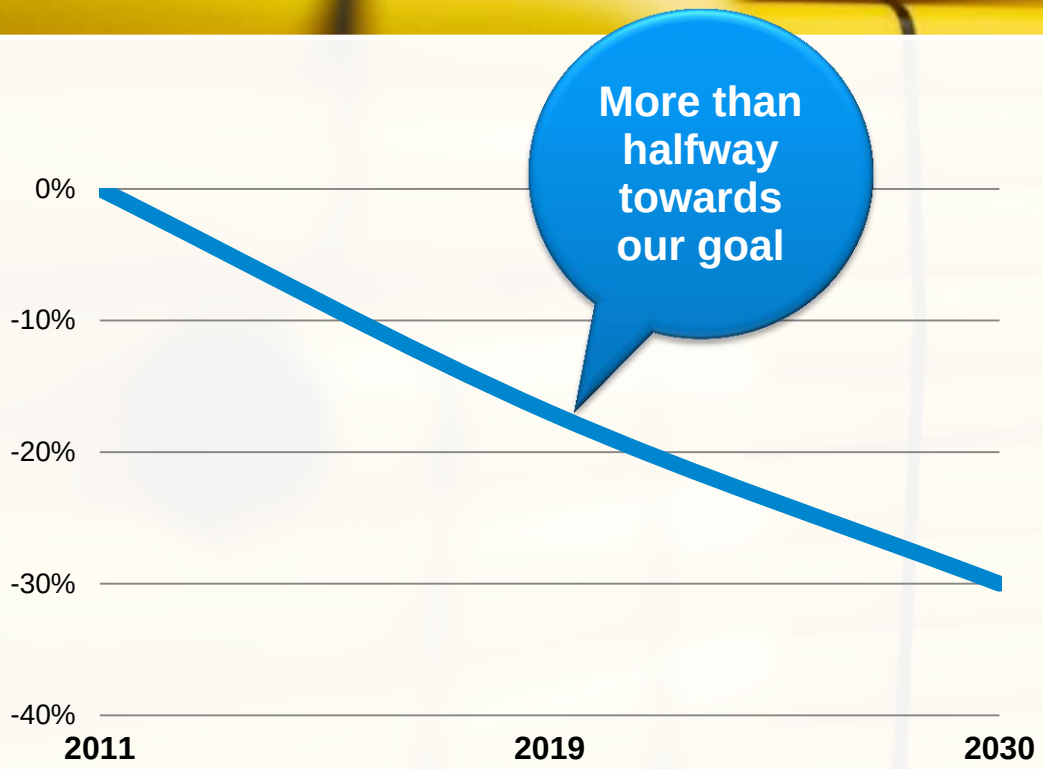

**Reduction goals:**

**70%**
below 2005
levels by 2030

**Net carbon neutral**
by 2050

- In 2019, met and exceeded our 2030 goal of reducing carbon emissions from our power plants by 40% below 2005 levels.
- Retired 40% of our coal generation since 2014.

# Methane Reduction Goal




**Reduction Goal:***

**30%**

by the year 2030
from a 2011 baseline

*This goal represents a decrease in the rate of methane emissions from the natural gas distribution lines in our network of 30% per mile by the year 2030 from a 2011 baseline.

WEC Energy Group

*Infrastructure Investment*

# Tatanka Ridge Wind Farm

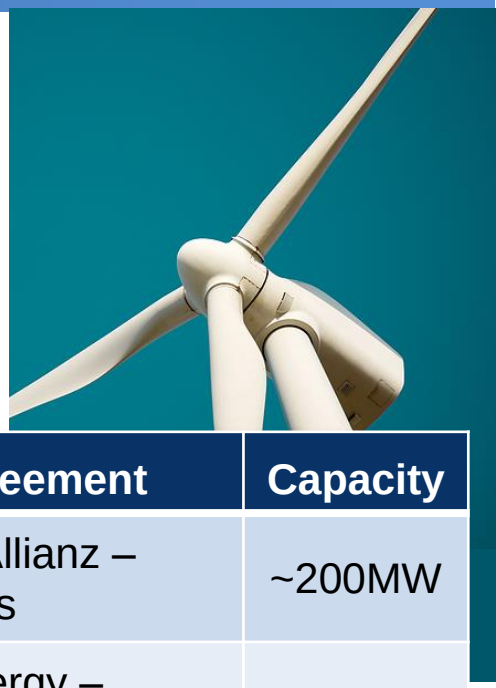
56 GE wind turbines with a capacity of ~155MW



- Under development. Located in Deuel County, South Dakota
- Expected total investment: $235 million for an 85% ownership interest and substantially all of the tax benefits
- Expected returns are higher than those in our regulated business
- Expected to qualify for 100% bonus depreciation
- Long-term offtake agreements with Google Energy and Dairyland Power Cooperative for 100% of the energy produced
- Projected in service date: Early 2021

# Infrastructure Portfolio Investments

- Returns projected to be higher than regulated business
- Expected to qualify for 100% bonus depreciation



| Project | Investment | Offtake Agreement | Capacity |
|---|---|---|---|
| Upstream Wind Energy Center | $307M for 90% ownership | Affiliate of Allianz – 10-yrs | ~200MW |
| Bishop Hill III Wind Energy Center | $166M for 90% ownership | WPPI Energy – 22-yrs | ~132MW |
| Coyote Ridge Wind Farm | $145M for 80% ownership and 99% of tax benefits | Google Energy – 12-yrs | ~97MW |
| Thunderhead Wind Energy Center* | $381M expected for 90% ownership | AT&T – 12-yrs | ~300MW |
| Blooming Grove Wind Farm* | $389M expected for 90% ownership | Verizon and Saint-Gobain North America – 12-years | ~250MW |
| Tatanka Ridge Wind Farm* | $235M expected for 85% ownership and 99% of tax benefits | Google Energy – 12 years<br>Dairyland Power – 10 years | ~155MW |

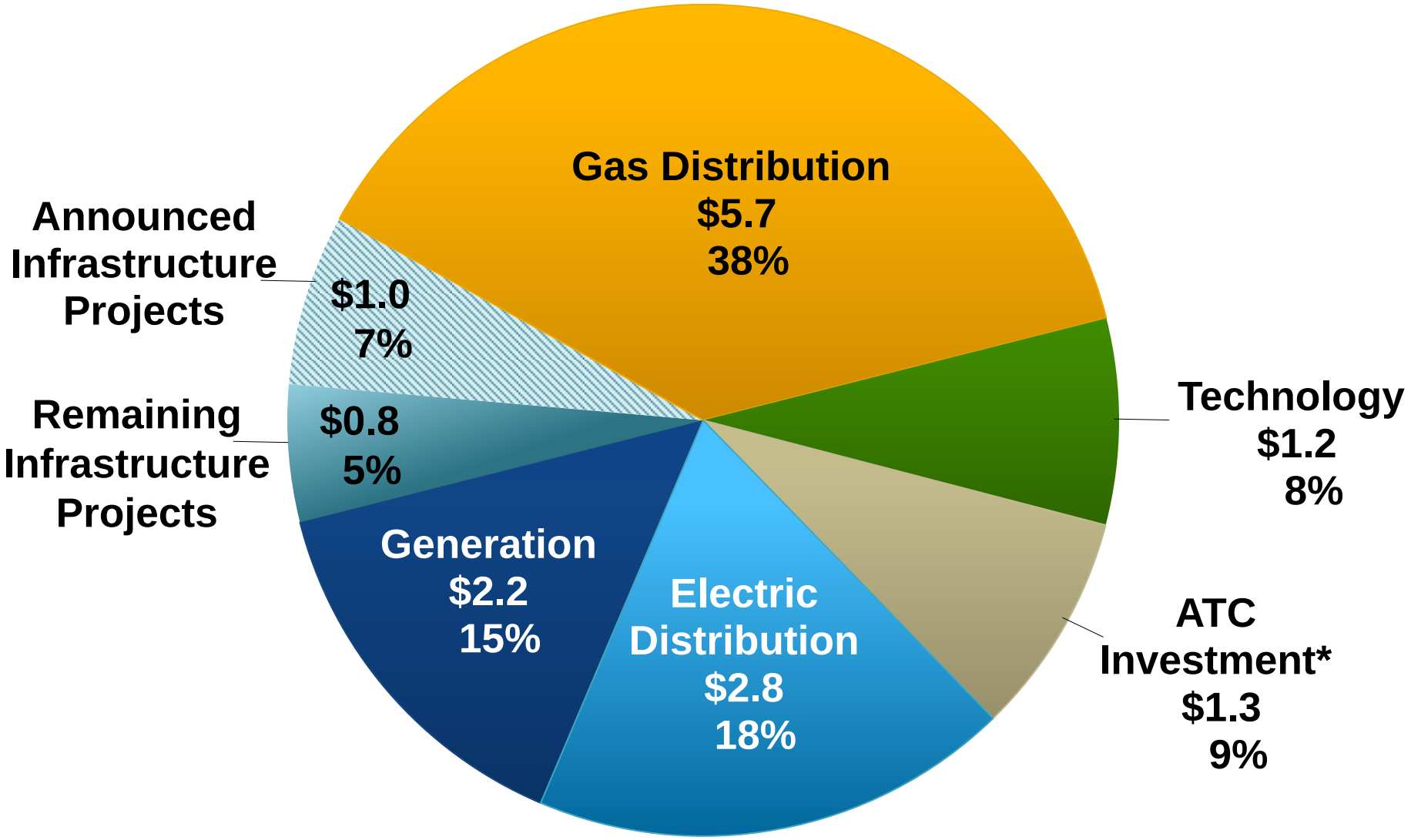
*Blooming Grove is expected in-service at the end of 2020, and Thunderhead and Tatanka Ridge expected 2021

# Five-Year Capital Plan



# 2020-2024 Capital Plan *($ in billions)*

***Total of $15.0 billion***




* ATC is accounted for using the equity method; this represents WEC's portion of the investment

# Greater Opportunities in Natural Gas and Energy Infrastructure

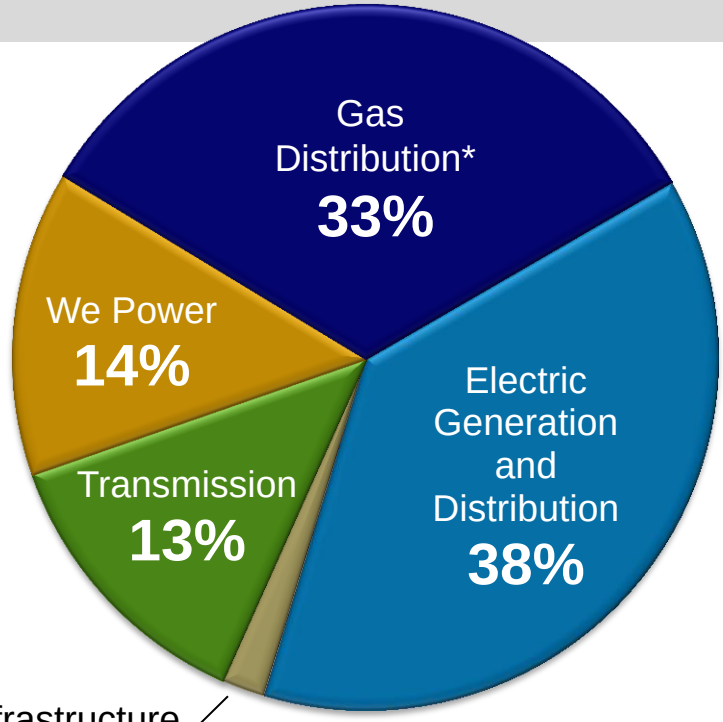
**Average Asset Base**
12/31/2019

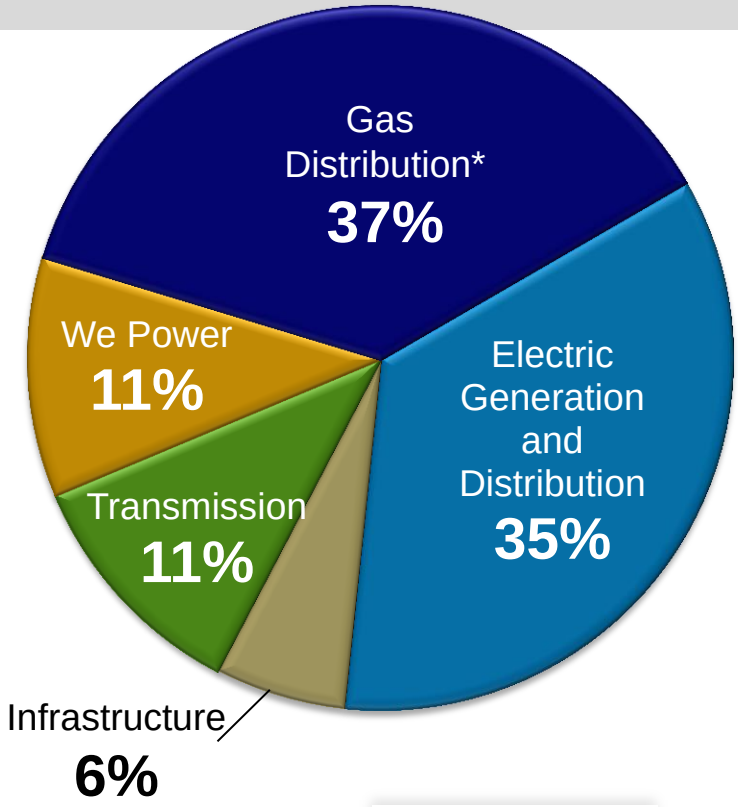
**$21.4 billion**

**7%**
**Growth**

**Projected Asset Base**
12/31/2024

**$30.2 billion**




* Includes Bluewater Gas Storage

# New Liquefied Natural Gas (LNG) Facilities

Taking steps to maintain reliable and affordable service for our customers

**These LNG facilities provide a solution for Southeastern Wisconsin to meet peak customer demand on the coldest days of the year**



- We Energies is seeking approval for two LNG facilities to address the need for additional natural gas supply in Wisconsin
- Total expected investment: $370 million
- If approved, construction is expected to begin summer of 2021
- Targeted in-service date: Late 2023

# Investing in Zero-Carbon Generation



- Solar generation technology has improved in efficiency, become more cost-effective and complements our summer demand curve.
- Wisconsin Electric, Wisconsin Public Service and Madison Gas & Electric are partnering on major solar initiatives.
- In addition, Wisconsin Electric is moving forward on two innovative renewable pilot programs for 185 MW of carbon-free generation.

| Project | Utility | Location | Investment | Capacity* | Timing |
|---|---|---|---|---|---|
| Two Creeks Solar Project | WPS | Two Rivers, WI | $130M | 100MW | Targeted in-service: December, 2020 |
| Badger Hollow Solar Park | WPS | Iowa County, WI | $130M | 100MW | Targeted in-service: April, 2021 |
| Badger Hollow II Solar Park | WE | Iowa County, WI | $130M | 100MW | Targeted in-service: December, 2022 |

*Madison Gas & Electric will own an additional 50 MW at each site

# Regional Economy



# Powering Industry Leaders in our Region

FOXCONN®

HARIBO

Milwaukee®

ULINE

amazon

FINCANTIERI
MARINETTE MARINE

Kroger

FRESENIUS
KABI
caring for life

MOLSON Coors

NEXUS

KOMATSU

# Key Takeaways for WEC Energy Group

- Track record of exceptional performance
- Portfolio of premium businesses
- Investment opportunities support 5-7% EPS growth with minimal impact on base rates
- 100% of capital allocated to regulated businesses or contracted renewables/gas storage
- Dividend growth projected to be in line with earnings growth
- No need to issue additional equity through forecast period
- Poised to deliver among the best risk-adjusted returns in the industry

# Appendix

WEC Energy Group




Electric Generation

Electric Distribution

Natural Gas Distribution

we power

We

WPS

UPPER MICHIGAN ENERGY RESOURCES

PEOPLES GAS

MINNESOTA ENERGY RESOURCES

NORTH SHORE GAS

MICHIGAN GAS UTILITIES

Energy Infrastructure

WEC Infrastructure LLC

Bluewater Gas Storage LLC

Electric Transmission

60% ownership

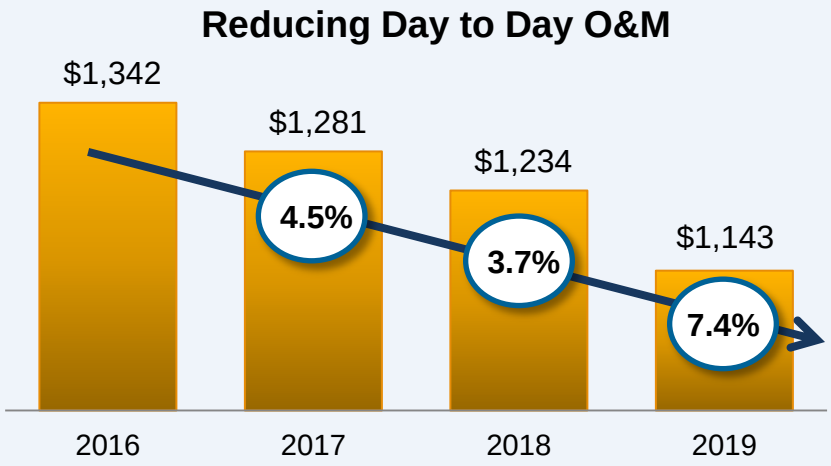
ATC

# Environmental, Social & Governance Focus

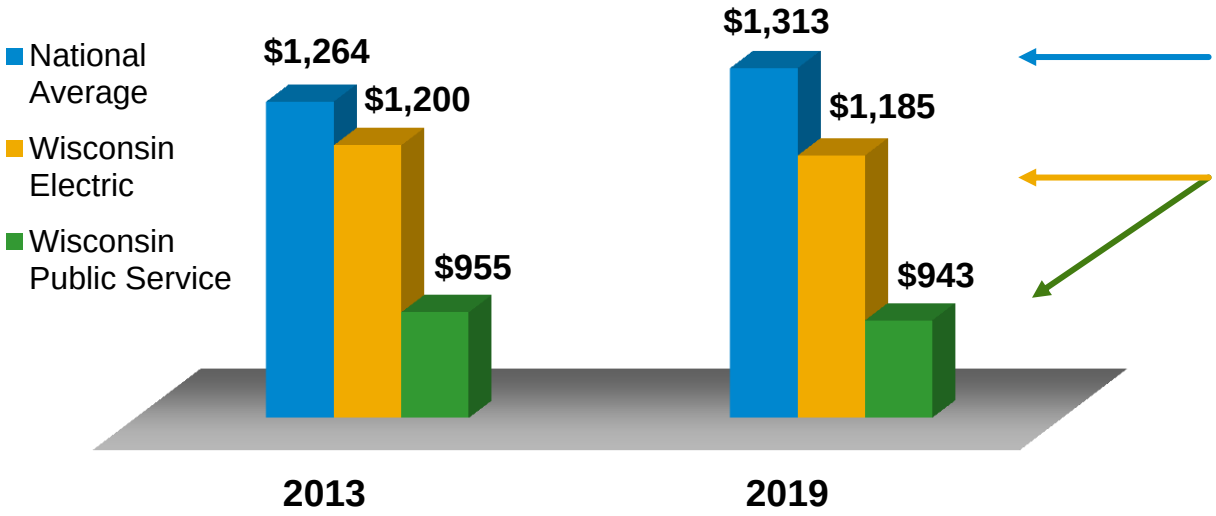
| | |
|---|---|
| Carbon Goals | Met and exceeded our 2030 target in 2019. Set new goals to reduce carbon dioxide emissions from electric generation by 70% below 2005 levels by 2030 and to be net carbon neutral by 2050. |
| Methane Reduction Goal | Reduce the rate of methane emissions by 30% per mile from a 2011 baseline by 2030 |
| 15.7 million metric tons | Amount of combustion products for beneficial use provided over the past two decades |
| $0.9 billion | Planned utility renewable investments (2020-2024) |
| $1.8 billion | Planned investment in contracted energy infrastructure (2020-2024) |
| $20 million | Contributed by our companies and foundations to nonprofit organizations in 2019 |
| 42% diversity | Board of directors who are diverse based on gender and/or race |
| $282.6 million | Spent with certified minority-, women-, service disabled- and veteran-owned businesses in 2019 |
| $124.4 million | Spent on energy efficiency and conservation in 2019 |

# Focused on Efficiency

- Competitive excellence
- Productivity through technology
- Generation reshaping
- Delivering the future




## Electric Residential Bills below National Average




**National average**
up 4% (from 2013-2019)

**WEPCO** & **WPS**
down 1%

*Source: SNL data for average annual residential bills*

*Infrastructure Investment*

# Thunderhead Wind Energy Center

108 GE wind turbines with a capacity of ~300MW



- Under development by Invenergy and located in Antelope and Wheeler Counties, Nebraska
- Expected total investment: $381 million for a 90% ownership interest
- Expected returns are higher than those in our regulated business
  - Approximately mid-8% unlevered internal rate of return
- Expected to qualify for 100% bonus depreciation and production tax credits
- 12-year offtake agreement with AT&T for 100% of the energy produced
- Projected in service date: 2021

*Infrastructure Investment*

# Blooming Grove Wind Farm

94 GE wind turbines with a capacity of ~250MW

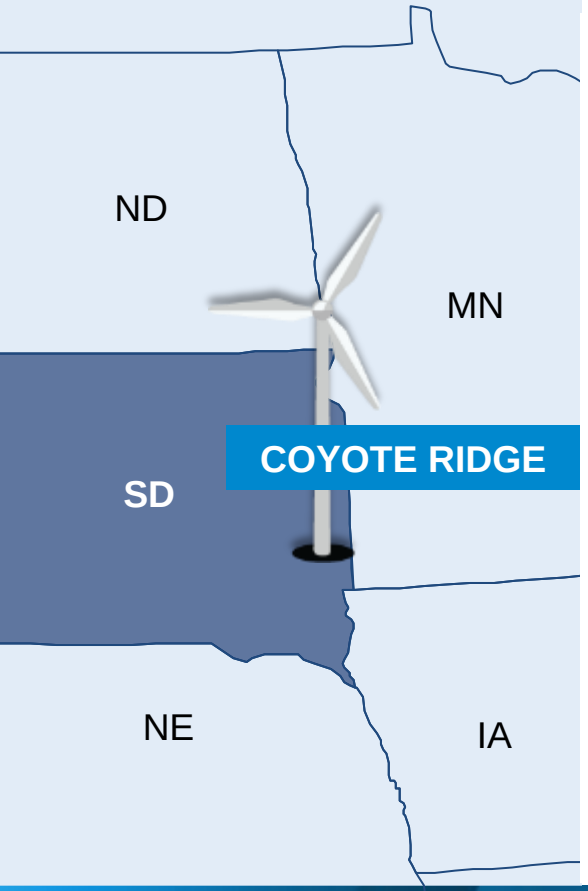


- Under development by Invenergy and located in McLean County, Illinois
- Expected total investment: $389 million for a 90% ownership interest
- Expected returns are higher than those in our regulated business
  - Approximately mid-8% unlevered internal rate of return
- Expected to qualify for 100% bonus depreciation and production tax credits
- 12-year offtake agreements with Verizon and Saint-Gobain North America for 100% of the energy produced
- Subject to FERC approval
- Projected in service date: End of 2020

*Infrastructure Investment*

# Coyote Ridge Wind Farm

39 GE wind turbines with a capacity of ~97 MW




- Built by Avangrid Renewables in Brookings County, South Dakota, within MISO footprint
- Total investment: $145 million for an 80% ownership interest and substantially all of the tax benefits
- Expected returns are higher than those in our regulated business
  - Approximately mid-8% unlevered internal rate of return
- Expected to qualify for 100% bonus depreciation and production tax credits
- 12-year offtake agreement with Google Energy LLC for 100% of the energy produced
- Commercial operation was achieved on December 20, 2019

*Infrastructure Investment*

# Upstream Wind Energy Center

81 GE wind turbines with a capacity of ~200 MW



- Built by Invenergy and located in Antelope County, Nebraska
- Total Investment: $307 million for a 90% ownership interest
- Expected to provide returns that are higher than those in our regulated business
  - Approximately mid-8% unlevered internal rate of return
- Qualifies for 100% bonus depreciation and production tax credits
- 10-year offtake agreement with affiliate of an A-rated publicly traded company (Allianz)
- Acquisition of the initial 80% interest closed on January 10, 2019
- Incremental 10% ownership interest closed on April 8, 2020

*Infrastructure Investment*

# Bishop Hill III Wind Energy Center

53 GE wind turbines with a capacity of ~132 MW



- Developed by Invenergy and placed into service in May 2018
- Located in Henry County, Illinois
- Total investment: $166 million for a 90% ownership interest
- Expected to provide returns that are higher than those in our regulated business
  - Approximately mid-8% unlevered internal rate of return
- Expected to qualify for 100% bonus depreciation and production tax credits
- 22-year offtake agreement with a current wholesale customer, WPPI Energy
- Acquisition of the initial 80% interest closed on August 31, 2018
- Incremental 10% ownership interest closed on December 5, 2018

# “Delivering” the Future

*Project Highlights*



## Electric Redesign/ Resilience

- Major investments planned to address aging infrastructure
- Expect to spend $2.8 billion over the next 5 years on electric delivery
- Committed to delivering the future with infrastructure that will enhance efficiencies and reduce operating costs
- Installing 2,200 miles of underground circuits to replace troublesome overhead lines, and adding distribution automation equipment through our System Modernization and Reliability Project at WPS



## Natural Gas System Modernization

**Illinois**

- Modernizing Chicago’s natural gas infrastructure with expected replacement of 2,000 miles of piping for safety and reliability
- Project $280-300 million annual average investment
- Illinois law authorizes rider through 2023

**Wisconsin**

- Increasing quantity and reliability of natural gas service in Southeastern Wisconsin




## Technology Enhancements

- Advanced metering program uses integrated system of smart meters to enable two-way communication between utilities and customers
- Upgrading We Energies customer information system
- Project to spend ~ $1.2 billion (2020 – 2024) across our service territory

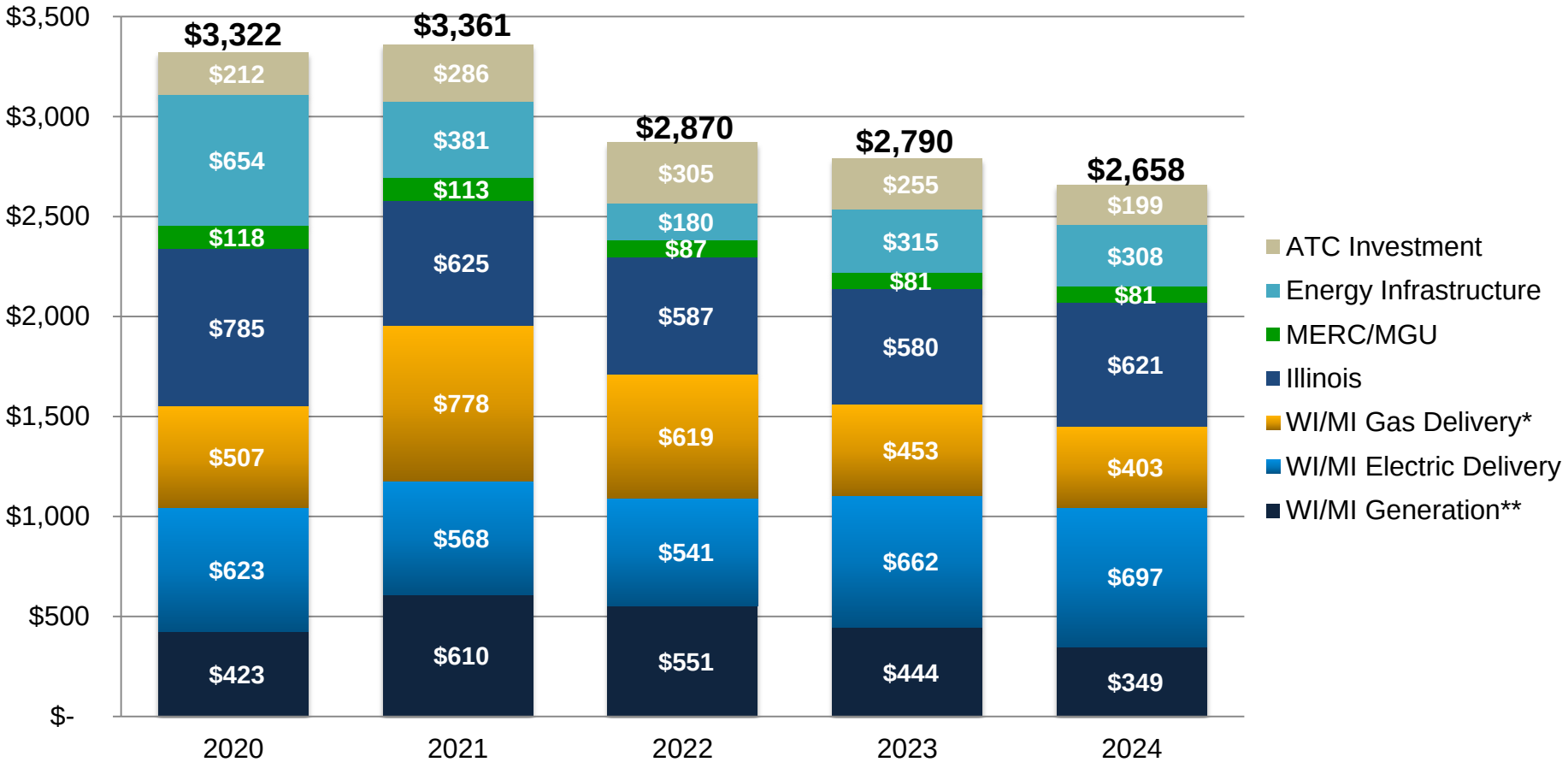
# Power the Future Investments[1]

| | Natural Gas | Coal |
|---|---|---|
| Capacity | 1,090 MW | 1,030 MW [2] |
| Investment | $664 million | $2 billion [2] |
| ROE | 12.7% | 12.7% |
| Equity | 53% | 55% |
| In Service Dates | Unit 1 – July 2005<br>Unit 2 – May 2008 | Unit 1 – February 2010<br>Unit 2 – January 2011 |
| Lease Terms | 25 years | 30 years |
| Cost Per Unit of Capacity | $609/kW | $1,950/kW |

1. PTF provides approximately $200 million in positive cash flow annually.
2. All capacity and investment amounts reflect WEC ownership only.
   Demonstrated capacity for the coal units is 1,056 MW – value shown in table is amount guaranteed in lease agreement.

*$15.0 billion projected capital spend from 2020-2024*

# Capital Plan Drives 5% to 7% EPS Growth




Depreciation at the utilities expected to average $1 billion annually, and $127 million at ATC, over the 2020-2024 period

* Gas Delivery includes capital spend at Bluewater
** Generation includes capital spend at We Power

*By Company*

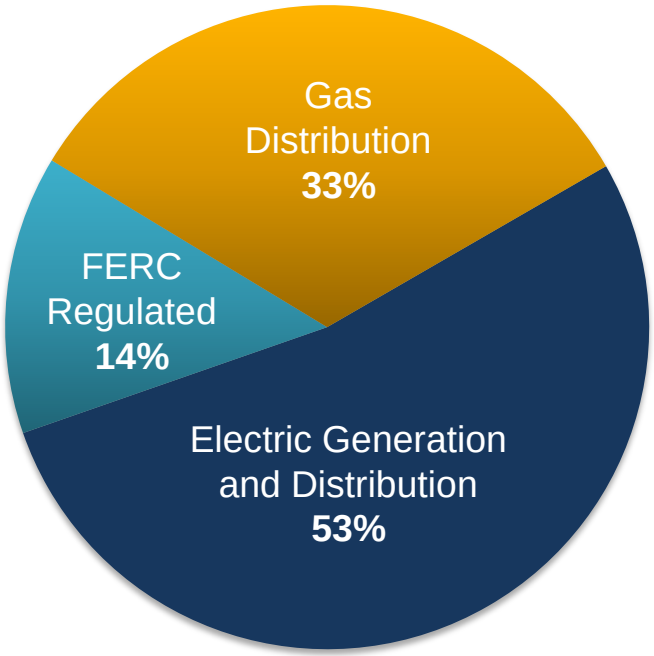
# Capital Plan Projections *($ in millions)*

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| Wisconsin Electric | $701.9 | $1,189.5 | $926.7 |
| Wisconsin Gas | 184.8 | 267.7 | 268.2 |
| Wisconsin Public Service | 579.3 | 405.1 | 409.1 |
| Upper Michigan Energy Corp | 16.0 | 18.8 | 26.5 |
| **Wisconsin Segment** | **1,482.0** | **1,881.1** | **1,630.5** |
| Peoples Gas | 721.0 | 563.4 | 523.4 |
| North Shore Gas | 58.0 | 56.0 | 63.3 |
| **Illinois Segment** | **779.0** | **619.4** | **586.7** |
| Minnesota Energy Resources Corp | 73.0 | 56.6 | 50.4 |
| Michigan Gas Utilities | 44.4 | 55.0 | 37.0 |
| **Other States Segment** | **117.4** | **111.6** | **87.4** |
| WE Power | 25.4 | 40.9 | 75.8 |
| Infrastructure Investments* | 681.1 | 399.8 | 182.2 |
| **Nonutility Energy Infrastructure** | **706.5** | **440.7** | **258.0** |
| **Corporate and Other** | **24.6** | **22.7** | **2.7** |
| **Total** | **$3,109.5** | **$3,075.5** | **$2,565.3** |

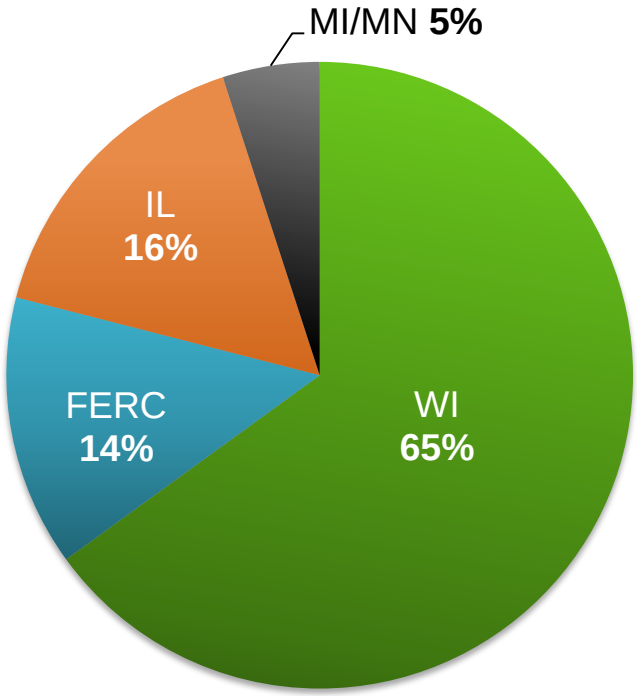
* Infrastructure investments include capital spend at Bluewater as reported in form 10-K

# Diverse Portfolio of Regulated Businesses

## By Business




## By Jurisdiction




Based on 2019 average asset base.
Excludes wind investments in our Energy Infrastructure segment

# Composition of Asset Base

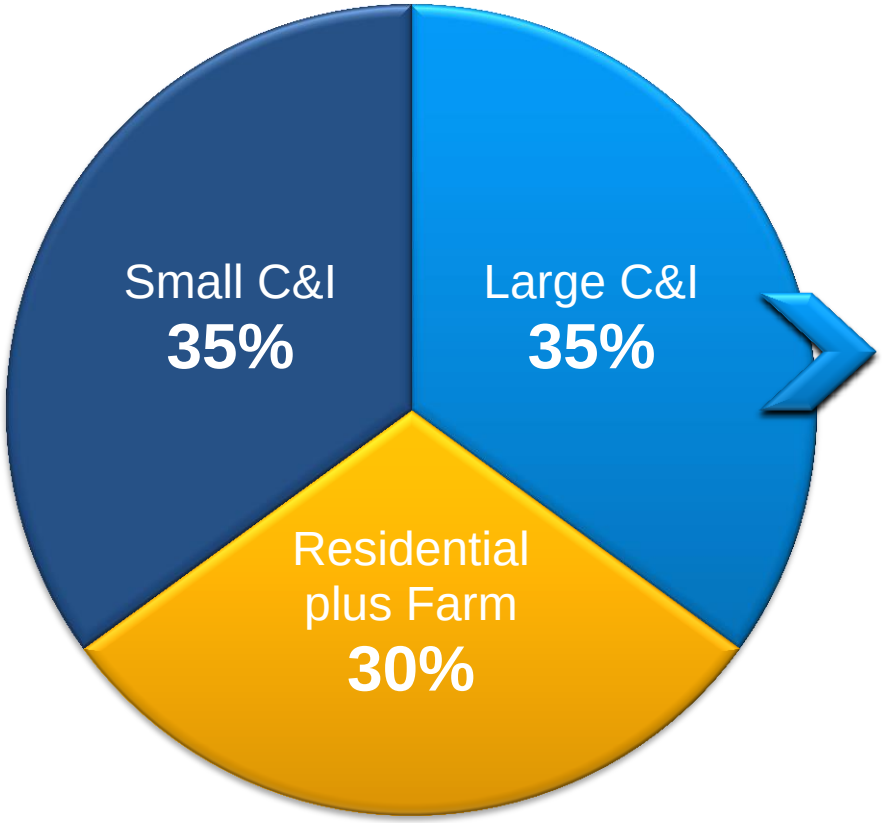
**Total 2019 Average Asset Base of $21.4 billion**

| Company | Asset Base - $B | % of Total |
|---|---|---|
| Wisconsin Electric | $6.3 | 29.4% |
| Wisconsin Gas | 1.5 | 7.0 |
| Wisconsin Public Service | 3.4 | 15.9 |
| Upper Michigan Energy Resources | 0.4 | 1.9 |
| Peoples Gas | 3.0 | 14.0 |
| North Shore Gas | 0.3 | 1.4 |
| Minnesota Energy Resources | 0.3 | 1.4 |
| Michigan Gas Utilities | 0.3 | 1.4 |
| We Power | 3.0 | 14.0 |
| Bluewater | 0.2 | 1.0 |
| WEC Infrastructure | 0.4 | 1.9 |
| American Transmission Company | 2.3 | 10.7 |
| **Total** | **$21.4** | **100%** |

*Note: We Power value represents investment book value*

# Balanced Sales Mix

2019 Retail MWh Deliveries Mix*




| 35% Large C&I by Segment | |
|---|---|
| Paper | 23% |
| Foundry (SIC 33) | 11% |
| Mining/Minerals | 11% |
| Food/Agriculture | 9% |
| Other Manufacturing | 8% |
| Metal (SIC 34,35,37) | 7% |
| Medical | 5% |
| Education | 4% |
| Chemical | 4% |
| Printing | 3% |
| Office | 2% |
| Other | 13% |

*Wisconsin segment includes Michigan electric and retail choice customers in the Upper Peninsula

*Wisconsin Segment*

# Longer-Term Sales Forecast Benefits from Regional Economic Growth



## Sales Growth Forecast

*(weather-normalized)*

**Year-over-Year**

| | 2022 - 2024 |
|---|---|
| Electric | 1.2% - 1.5% |
| Gas | 1.2% - 1.5% |



# Foxconn in Wisconsin

Foxconn announced July 26, 2017, Wisconsin's largest economic development project and largest corporate attraction project in U.S. history, as measured by jobs.

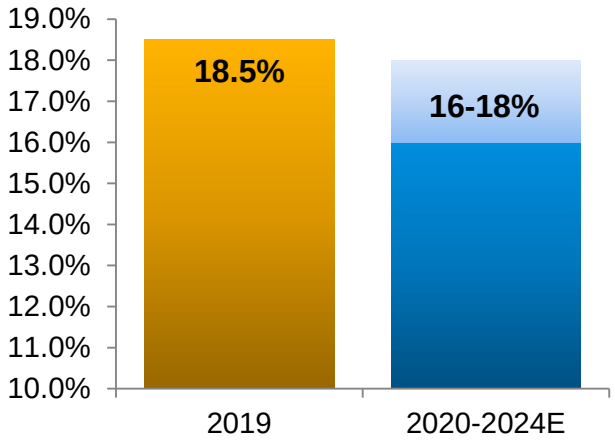


- Expected capital investment by Foxconn of **$10 billion** dollars
- Goal of creating **13,000 jobs**, and an estimated **22,000 indirect jobs** created throughout Wisconsin
- Largest greenfield investment by a foreign-based company in U.S. history as measured by jobs
- One of the largest manufacturing campuses in the world
- Significant construction is underway
- North American headquarters in Milwaukee, and innovation centers in Green Bay, Eau Claire and Racine
- Operations expected to begin in 2020, ramping up through 2023

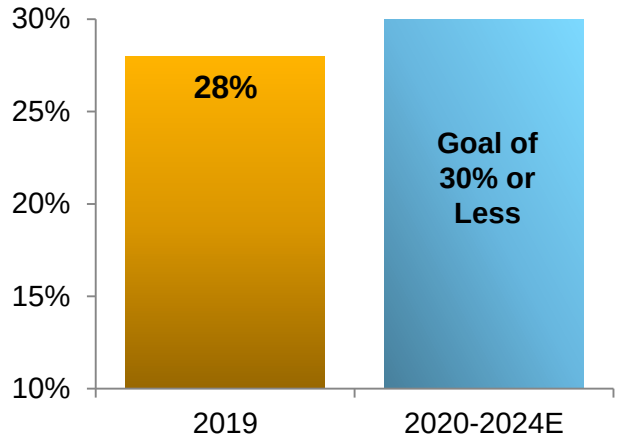
*Source: inWisconsin.com*

# Balance Sheet Remains Strong

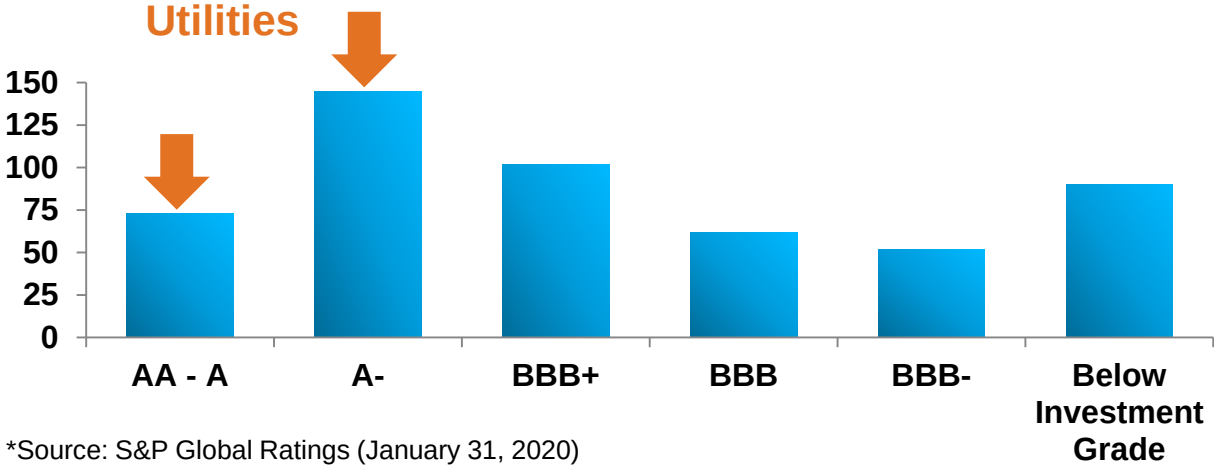
## Funds from Operations/Debt




## Holding Company Debt to Total Debt



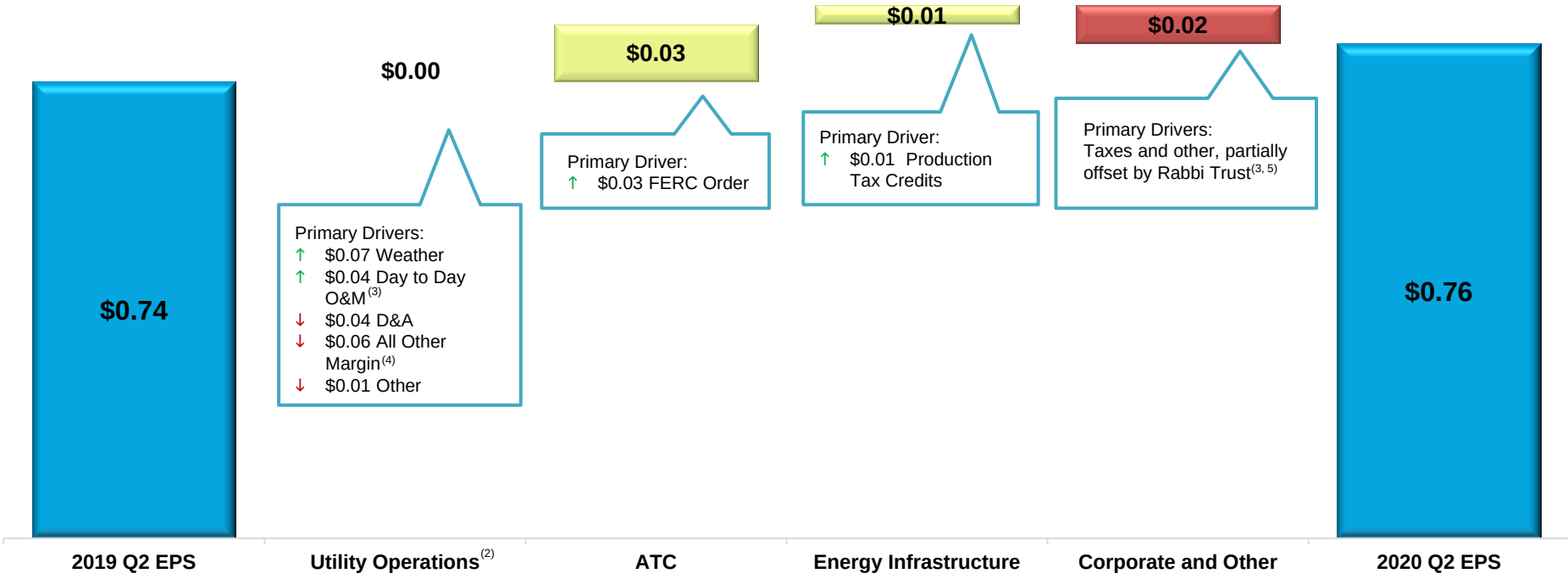

## Electric and Gas Utilities Credit Ratings Distribution*




| Utility | Rating |
|---|---|
| Wisconsin Electric | A- |
| Wisconsin Gas | A |
| Wisconsin Public Service | A- |
| Peoples Gas | A- |

*Source: S&P Global Ratings (January 31, 2020)

# Quarterly EPS Earnings Drivers [1]




(1) All amounts (other than actual quarter-end EPS results) are presented on an after tax basis assuming a statutory effective tax rate.
(2) Includes aggregate results across our Wisconsin, Illinois, Michigan and Minnesota utilities.
(3) O&M expense related to deferred compensation liabilities at the utilities substantially offset Rabbi Trust variance.
(4) Primarily includes rate relief and additional capital investment of $0.03, fuel of ($0.03), sales impacts from the COVID-19 pandemic of ($0.05), and other margin of ($0.01).
(5) Primarily includes Rabbi Trust performance of $0.02, tax items of ($0.03), and other of ($0.01).

# Rate-Making Parameters by Company

| Utility | Equity Layer [1] | Authorized ROE |
|---|---|---|
| Wisconsin Electric | 50.0%-55.0% | 10.0% |
| Wisconsin Public Service | 50.0%-55.0% | 10.0% |
| Wisconsin Gas | 50.0%-55.0% | 10.2% |
| Peoples Gas | 50.33% | 9.05% |
| North Shore Gas | 50.48% | 9.05% |
| Minnesota Energy Resources | 50.9% | 9.7% |
| Michigan Gas Utilities | 52% | 9.9% |
| We Power | 53%-55% | 12.7% |
| American Transmission Company | 50% | 10.52%[2] |

- Constructive regulatory environments
- Earnings sharing mechanism at all Wisconsin utilities

[1] Represents the equity component of capital; rates are set at the midpoint of any range
[2] Raised from 10.38% pursuant to FERC decision on May 21, 2020

# Electric and Gas Rate Case Settlements

*We Energies & Wisconsin Public Service*

- PSCW approved the rate settlements in a final written order on December 19
- Authorized return on equity:
  - Wisconsin Electric – 10.0%
  - Wisconsin Gas – 10.2%
  - Wisconsin Public Service – 10.0%
- Capital structure equity component at all three utilities: 50.0% – 55.0%
  - Rates set using 52.5%
- Updated earnings sharing mechanism:

| WE & WPS | WG | Treatment |
|---|---|---|
| 10.00% – 10.25% | 10.20% – 10.45% | No sharing |
| 10.25% – 10.75% | 10.45% – 10.95% | 50/50 sharing |
| >10.75% | >10.95% | 100% customer |

- Wisconsin Electric, on July 20, 2020, filed an application for a financing order to securitize $100 million of the remaining book balance of the Pleasant Prairie Power Plant
- New rates were effective January 1, 2020

# Key Rate Making Components

| Area | Illinois–Gas | Minnesota–Gas | Michigan–Electric & Gas | Wisconsin–Gas | Wisconsin–Electric |
|---|---|---|---|---|---|
| Gas Pipeline Replacement Rider | PGL | | | | |
| Bad Debt Rider | ✓ | | | | |
| Bad Debt Escrow Accounting | | | | Residential | Residential |
| Decoupling | ✓ | ✓ | | | |
| Fuel Cost Recovery | 1 for 1 recovery of prudent fuel costs | | | | +/- 2% band |
| Manufactured Gas Plant Site Clean Up Recovery | ✓ | ✓ | ✓ | ✓ | N/A |
| Invested Capital Tax Rider | ✓ | | | | |
| Forward-looking test years | ✓ | ✓ | ✓ | 2 years | 2 years |
| Gas Utility Infrastructure Cost Rider Surcharge | | ✓ | | | |
| Earnings sharing | | | | No sharing on first 25 bp above allowed ROE, 50/50 on next 50bp, 100% to customers beyond 75 bp | |

# Regulatory Environment

## Wisconsin

- Governor Tony Evers (D)
- Commission
  - Gubernatorial appointment, Senate confirmation
  - Chairman: Gubernatorial appointment
  - 6-year staggered terms

## Illinois

- Governor J.B. Pritzker (D)
- Commission
  - Gubernatorial appointment, Senate confirmation
  - Chairman: Gubernatorial appointment
  - 5-year staggered terms

**Wisconsin Commissioners**

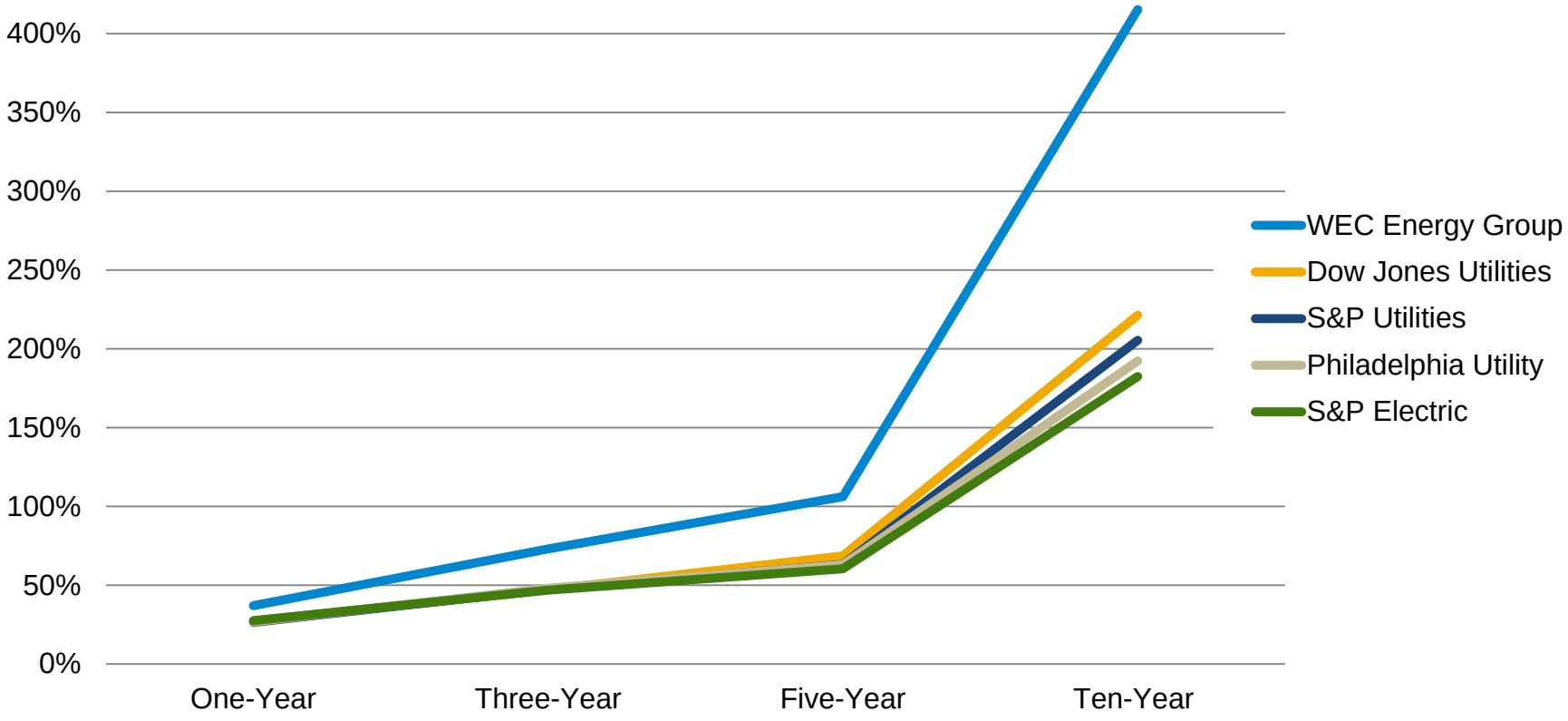
| Name | Party | Began Serving | Term Ends |
|---|---|---|---|
| **Rebecca Valcq** *Chair* | D | 01/2019 | 03/2025 |
| **Ellen Nowak** | R | 12/2018 | 03/2023 |
| **Tyler Huebner** | D | 03/2020 | 03/2021 |

**Illinois Commissioners**

| Name | Party | Began Serving | Term Ends |
|---|---|---|---|
| **Carrie Zalewski** *Chair* | D | 03/2019 | 01/2024 |
| **Sadzi Martha Oliva** | R | 01/2017 | 01/2022 |
| **D. Ethan Kimbrel** | D | 01/2018 | 01/2023 |
| **Maria Soledad Bocanegra** | I | 04/2019 | 01/2023 |
| **Michael Carrigan** | D | 01/2020 | 01/2025 |

# Industry Leading Total Shareholder Returns*

Over the past decade, WEC Energy Group has consistently delivered among the best total returns in the industry




* Total return including reinvested dividends for the periods ended December 31, 2019

*Source: Bloomberg*

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WEC Energy Group

# Reconciliation of Reported EPS (GAAP) to Adjusted EPS (Non-GAAP)

| | 2017 | 2016 |
|---|---|---|
| Reported EPS – GAAP basis | $ 3.79 | $ 2.96 |
| Tax benefit related to Tax Cuts and Jobs Act of 2017 | $ (0.65) | – |
| Acquisition Costs | – | $ 0.01 |
| Adjusted EPS – Non-GAAP basis* | $ 3.14 | $ 2.97 |

* WEC Energy Group has provided adjusted earnings per share (non-GAAP earnings per share) as a complement to, and not as an alternative to, reported earnings per share presented in accordance with GAAP. Adjusted earnings per share exclude a one-time reduction in income tax expense related to a revaluation of our deferred taxes as a result of the Tax Cuts and Jobs Act of 2017 as well as costs related to the acquisition of Integrys, neither of which is indicative of WEC Energy Group's operating performance. Therefore, WEC Energy Group believes that the presentation of adjusted earnings per share is relevant and useful to investors to understand the company's operating performance. Management uses such measures internally to evaluate the company's performance and manage its operations.