WEC Energy Group

Investor Update: **Mid-August 2021**

# *Our "ESG" Progress Plan:*

## *Investing in Efficiency, Sustainability and Growth*




**Best ESG Growth Strategy in the U.S.**
*Capital Finance International 2021 Energy Awards*

**Finalist for the S&P Global Energy Award in Corporate Social Responsibility**
*S&P Global Platts*

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

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

# Cautionary Statement Regarding Forward-Looking Information

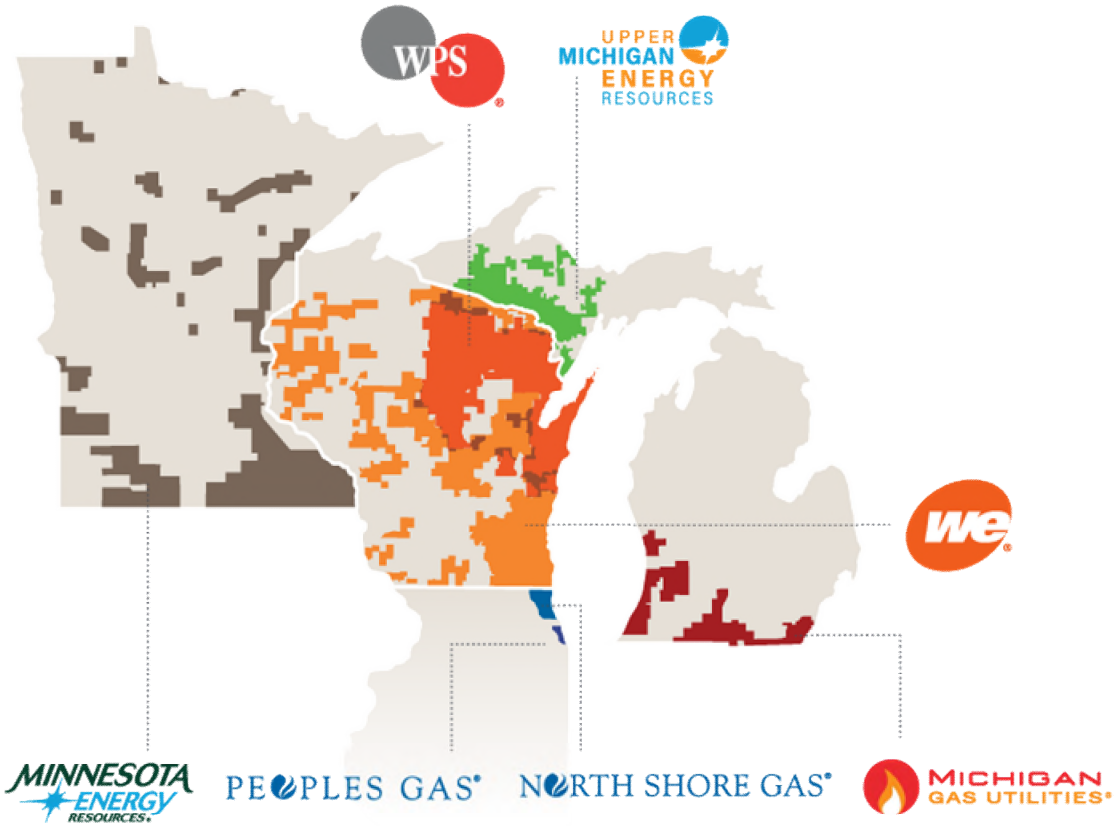
Much of the information contained in this presentation is forward-looking information based upon management's current expectations and projections that involve risks and uncertainties. Forward-looking information includes, among other things, information concerning earnings per share, rate case activity, 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 the ESG Progress 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; the extent, duration and impact of the COVID-19 pandemic or any future health pandemics; 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; 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, 2020, and in subsequent reports filed with the Securities and Exchange Commission. Except as may be required by law, WEC Energy Group expressly disclaims any obligation to publicly update or revise any forward-looking information.

WEC Energy Group

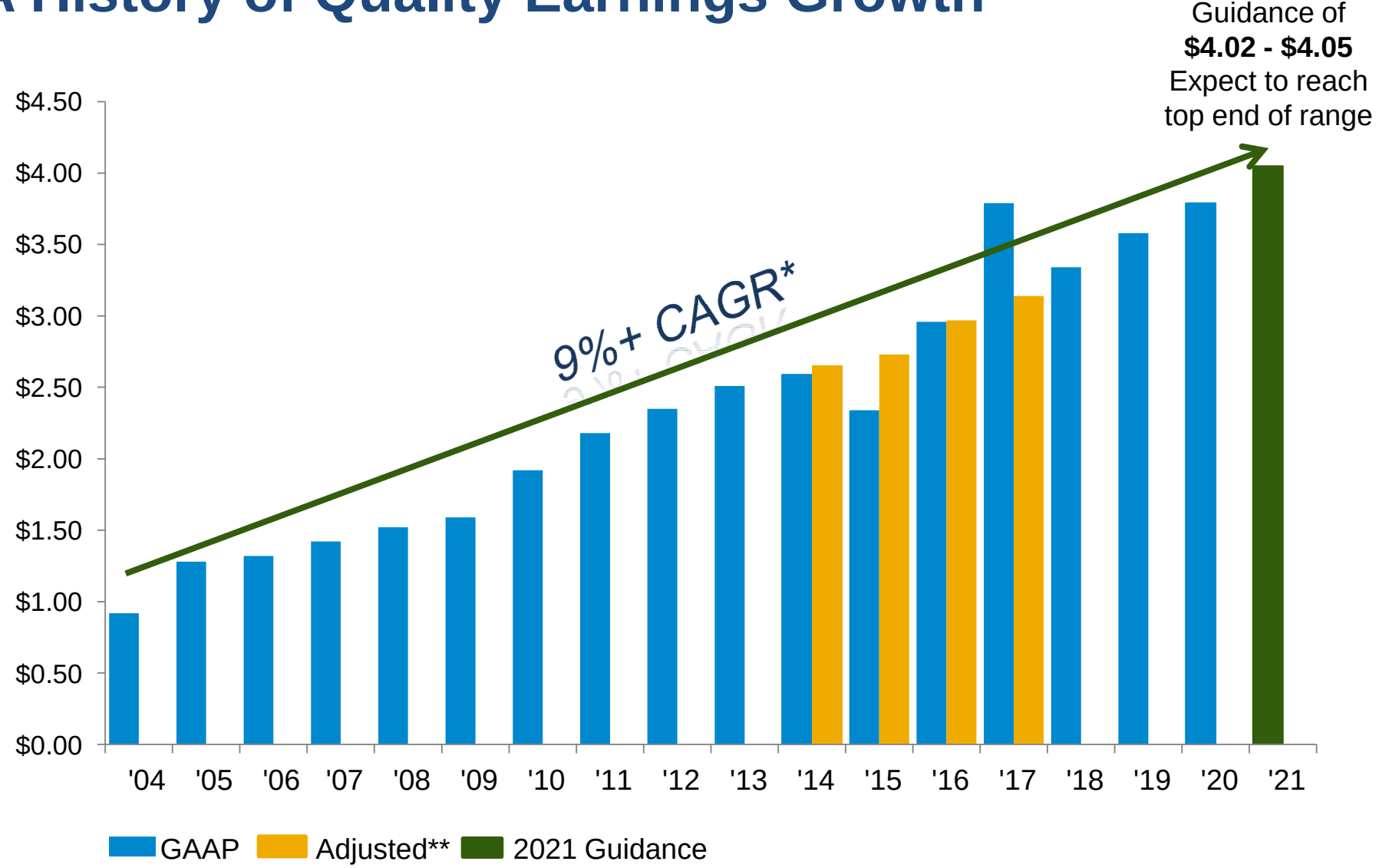
## Company Profile

- **$29.7** billion market cap*
- **4.6** million retail customers
- **60%** ownership of American Transmission Company
- **$37.8** billion of assets
- **10th** largest publicly traded utility in U.S. measured by market value*




* As of July 31, 2021

# A History of Quality Earnings Growth




* Estimated based on 2021 guidance $4.02 - $4.05 per share.
** See Appendix for reconciliation of adjusted amounts to GAAP amounts

# Consistent Performance Over Time



***The <u>only</u> utility to beat guidance every year for 17 years running***

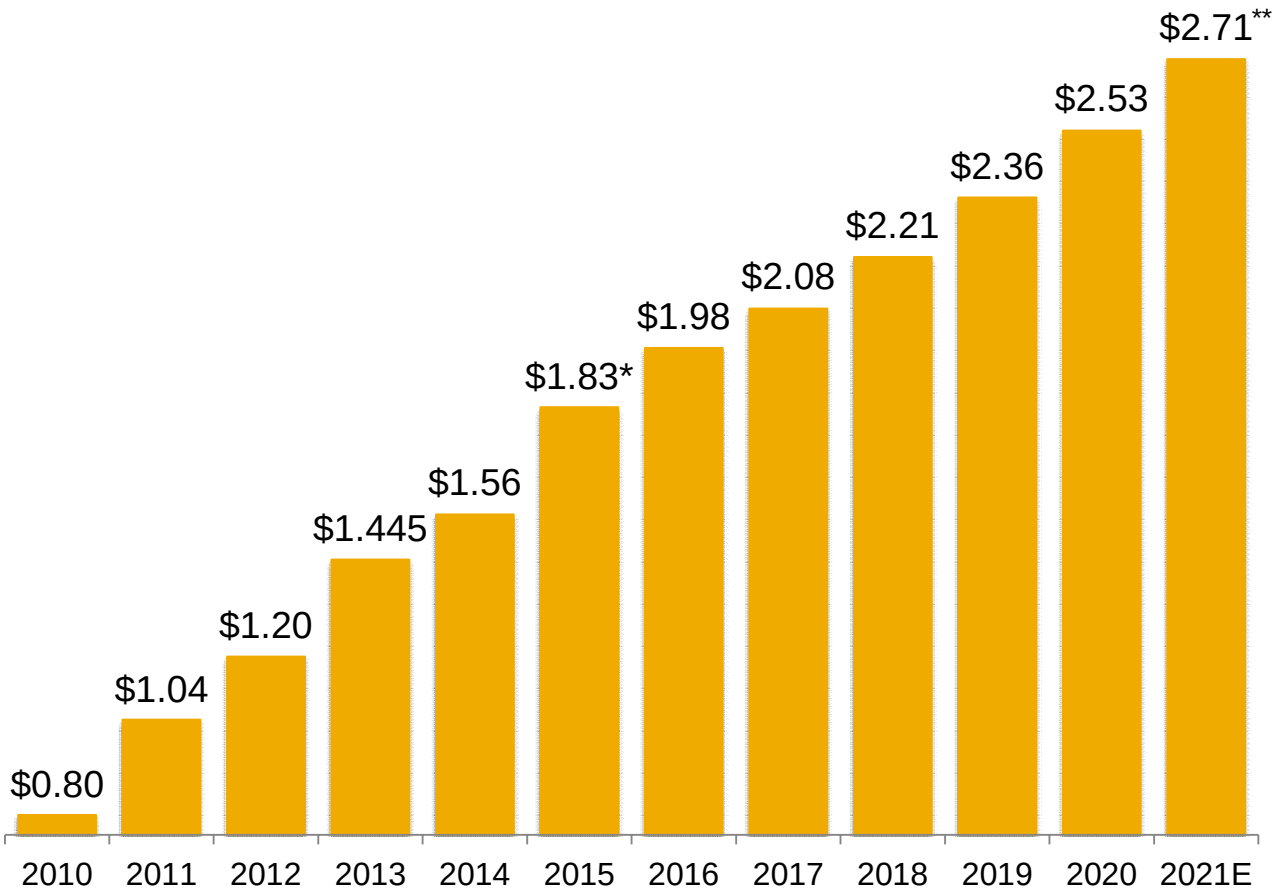
| EPS Guidance | | |
|---|---|---|
| 2020 | ***Exceeded*** | ✓ |
| 2019 | ***Exceeded*** | ✓ |
| 2018 | ***Exceeded*** | ✓ |
| 2017 | ***Exceeded*** | ✓ |
| 2016 | ***Exceeded*** | ✓ |
| 2015 | ***Exceeded*** | ✓ |
| 2014 | ***Exceeded*** | ✓ |
| 2013 | ***Exceeded*** | ✓ |
| 2012 | ***Exceeded*** | ✓ |
| 2011 | ***Exceeded*** | ✓ |
| 2010 | ***Exceeded*** | ✓ |
| 2009 | ***Exceeded*** | ✓ |
| 2008 | ***Exceeded*** | ✓ |
| 2007 | ***Exceeded*** | ✓ |
| 2006 | ***Exceeded*** | ✓ |
| 2005 | ***Exceeded*** | ✓ |
| 2004 | ***Exceeded*** | ✓ |

# Strong Dividend Growth Continues

In January, raised the dividend by **7.1%** to a new annual rate of **$2.71** 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 2021 dividend of $0.6775

# What’s New?





# We Energies Named #1 Energy Company in America by Business Customers

**Escalent**

# Rate Case "Stay Out"

*We Energies & Wisconsin Public Service*

- On August 11, the PSCW approved – as filed – a one-year (2022) stay out and our requested accounting treatments
- Maintains current authorized return on equity:
  - Wisconsin Electric – 10.0%
  - Wisconsin Gas – 10.2%
  - Wisconsin Public Service – 10.0%
- Maintains current capital structure equity component at all three utilities: 50.0% – 55.0%
- Modifies earnings sharing mechanism for 2022 only:

| WE & WPS | WG | Treatment |
|---|---|---|
| 10.00% – 10.15% | 10.20% – 10.35% | No sharing |
| >10.15% – 10.75% | >10.35% – 10.95% | 50/50 sharing |
| >10.75% | >10.95% | 100% customer |

- Will file next rate reviews for test years 2023/2024 no later than May 1, 2022

*WEC Infrastructure Investment*

# Sapphire Sky Wind Energy Center

64 turbines with a capacity of ~250MW

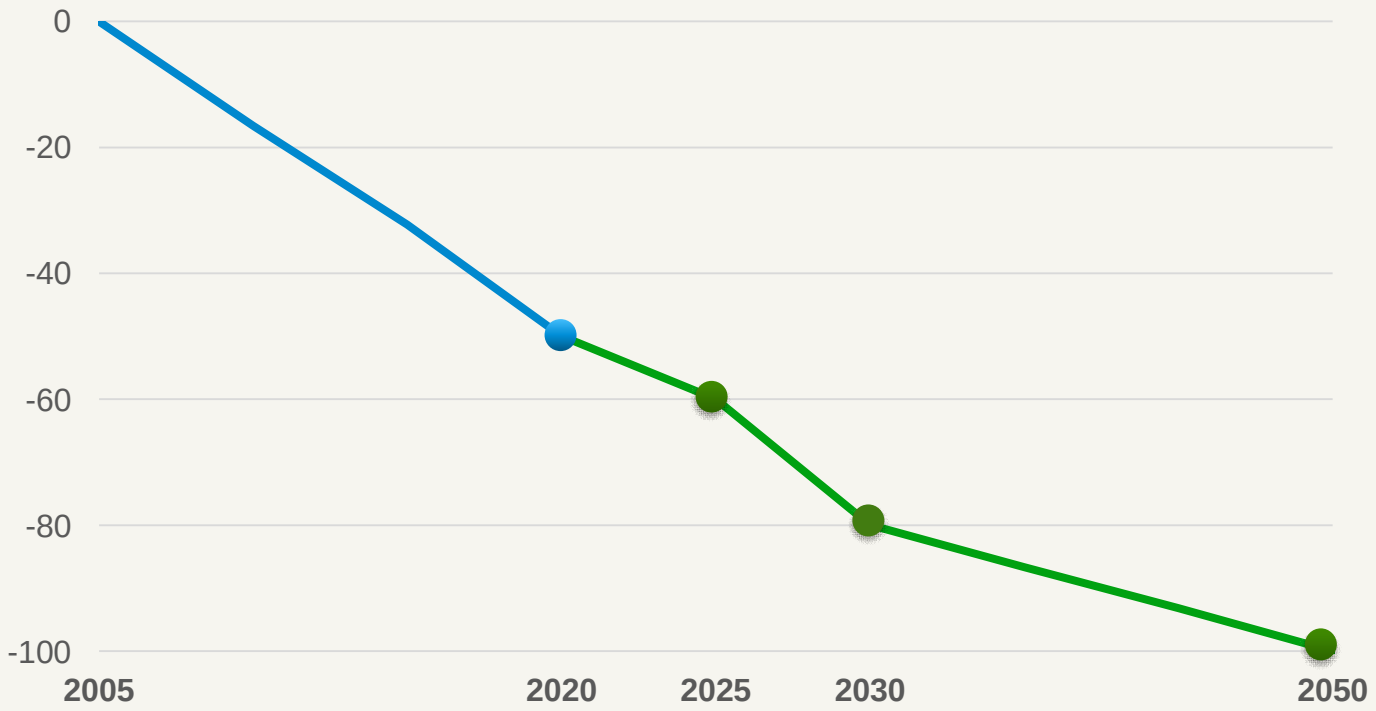


- Expected total investment: $412 million
  - 90% ownership interest
- Under development by Invenergy
- Located in McLean county, Illinois
- Expected returns are higher than those in our regulated business
- Long-term offtake agreement with Fortune 100 global, high-tech company
- Projected commercial operation: end of 2022
- Subject to necessary regulatory approvals

*Our ESG Progress Plan*

# New Carbon Reduction Goals – Electric Generation

**Achieved and anticipated $CO_2$ reductions** (net mass)*




**Reduction goals:**

**60%**
below 2005 levels by 2025

**80%**
below 2005 levels by the end of 2030

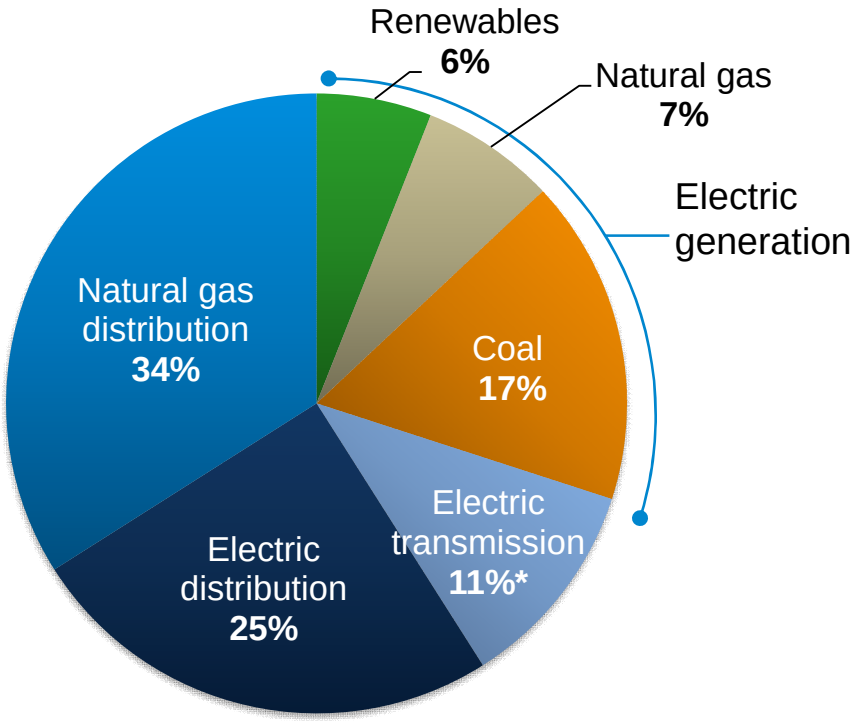
**Net carbon neutral**
by 2050

**Includes projection of potential carbon offsets by 2050*

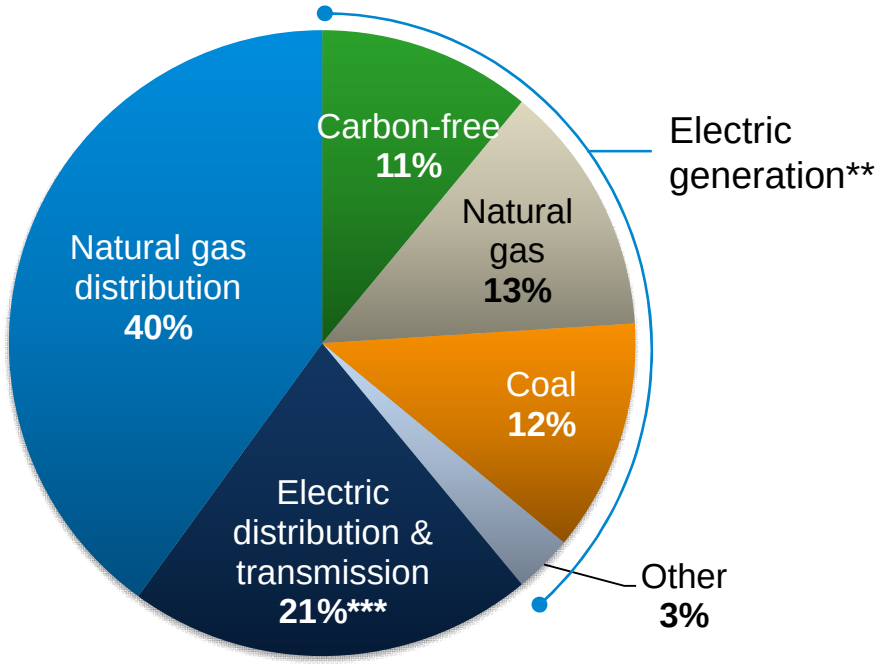
Goals aligned with the Paris Climate Accord

# Exposure to Coal - Significantly Reduced

*We expect the percentage of our revenue and asset base that is tied to coal will be less than 10% at the end of 2025.*



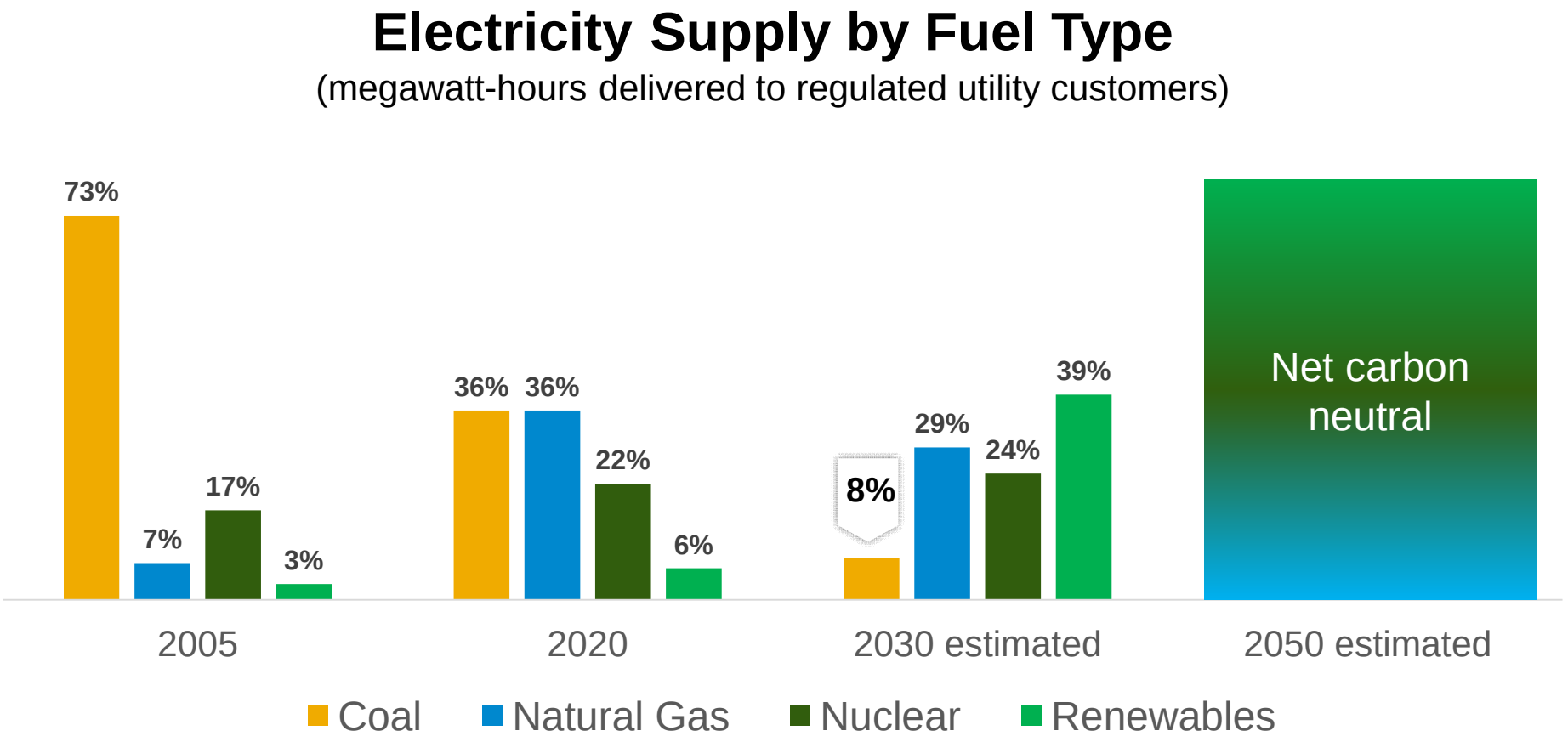

**2020 Assets by Business Type**




**2020 Revenue Contribution by Source**

*ATC is accounted for using the equity method; this represents WEC's portion of the asset base
**Includes purchased power
***Includes electric distribution revenue and transmission expense that we are authorized to collect in rates

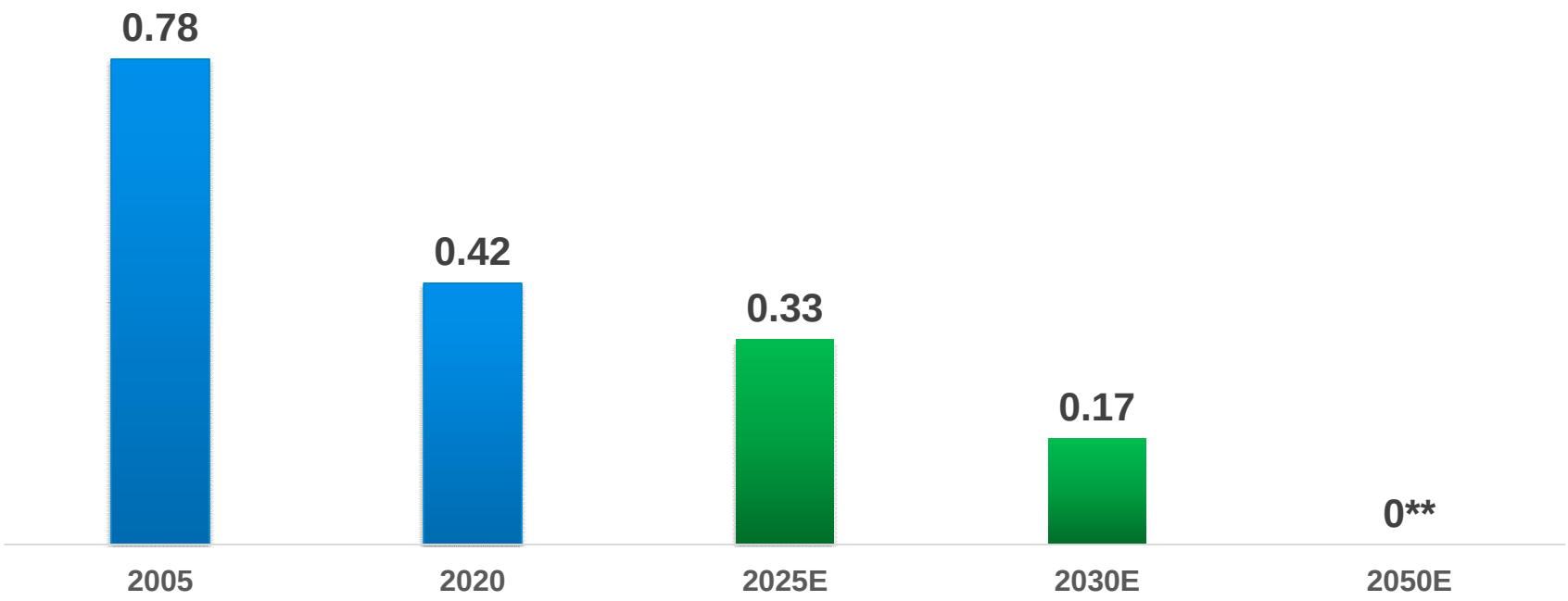
# Exposure to Coal - Significantly Reduced



# Reducing Greenhouse Gas Emissions

**Greenhouse gas intensity***

*(metric tons $CO_2e$/MWh)*




**Includes owned electric generation, purchased power and WEC Infrastructure (WECI). The environmental attributes of the WECI renewable facilities are or may be the property of third parties. As such, these third parties are solely entitled to the reporting rights and ownership of the environmental attributes such as renewable energy credits, offsets, allowances and the avoided emissions of greenhouse gases.*

***Includes projection of potential carbon offsets by 2050.*

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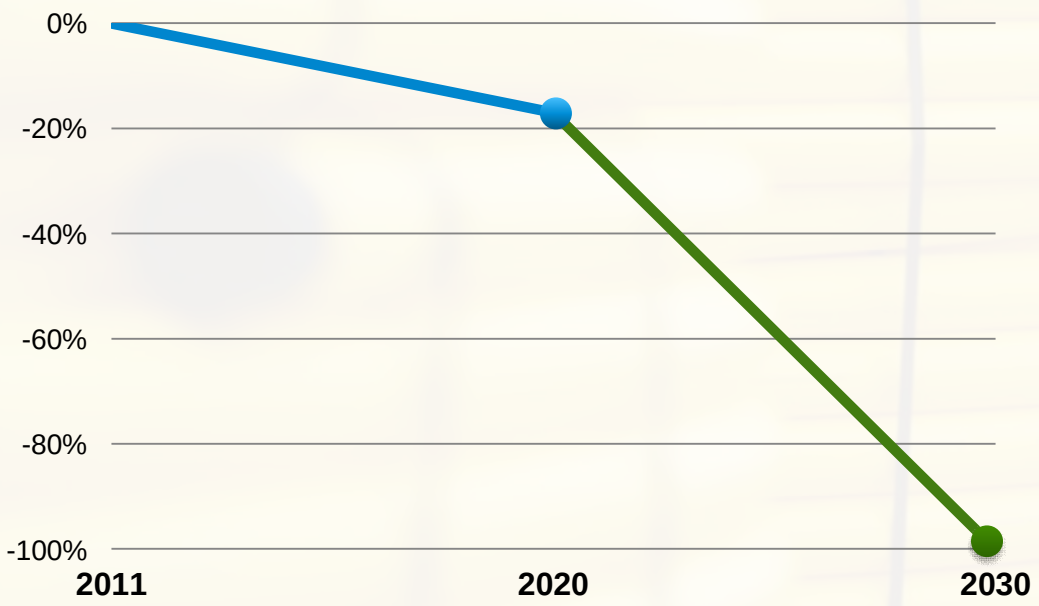
*Our ESG Progress Plan*

# New Methane Reduction Goal

**Achieved* and anticipated methane emissions reduction from distribution**




**Reduction goal:**

**Net zero**

by the year 2030**

*Represents a decrease in the rate of methane emissions, per mile, from the natural gas distribution lines in our network from a 2011 baseline.
**This goal applies to emissions from WEC Energy Group natural gas distribution companies calculated in accordance with EPA's 40 Code of Federal Regulations Part 98, Subpart W reporting rule.

# Investment in Regulated Renewables

*Progress on plan to build 1,800MW of solar, wind and battery storage*

| Project | Utility | WEC Ownership** | WEC Investment ($M) | WEC Capacity (MWs) | In-Service or Target |
|---|---|---|---|---|---|
| Two Creeks Solar Project | WPS | 66.7% | $130 | 100 | Nov. 2020 |
| Badger Hollow I Solar Park | | | 130 | 100 | Q4 2021 |
| Badger Hollow II Solar Park | WE | | 130 | 100 | Q4 2022 |
| Red Barn Wind Park* | WPS | 90% | 140 | 82 | 2022 |
| Paris Solar-Battery Park* | WE | 75% | 385 | 279 | 2023 |
| Darien Solar-Battery Park* | WPS | 15% | 400 | 293 | |
| Koshkonong Solar-Battery Park* | | 90% | 585 | 419 | 2024 |
| | | **Total** | **$1,900** | **1,373** | |



**Solar Total**
$1.32B
975MW



**Battery Storage Total**
$440M
316MW



**Wind Total**
$140M
82MW

**Grand Total**
$1.9B
1,373MW

*Projects seeking PSCW approval
**Madison Gas & Electric will own a minority interest at each site

WEC Energy Group



# ESG Progress Plan

# Our ESG Progress Plan

## Investing $16.1 billion for:

Efficiency

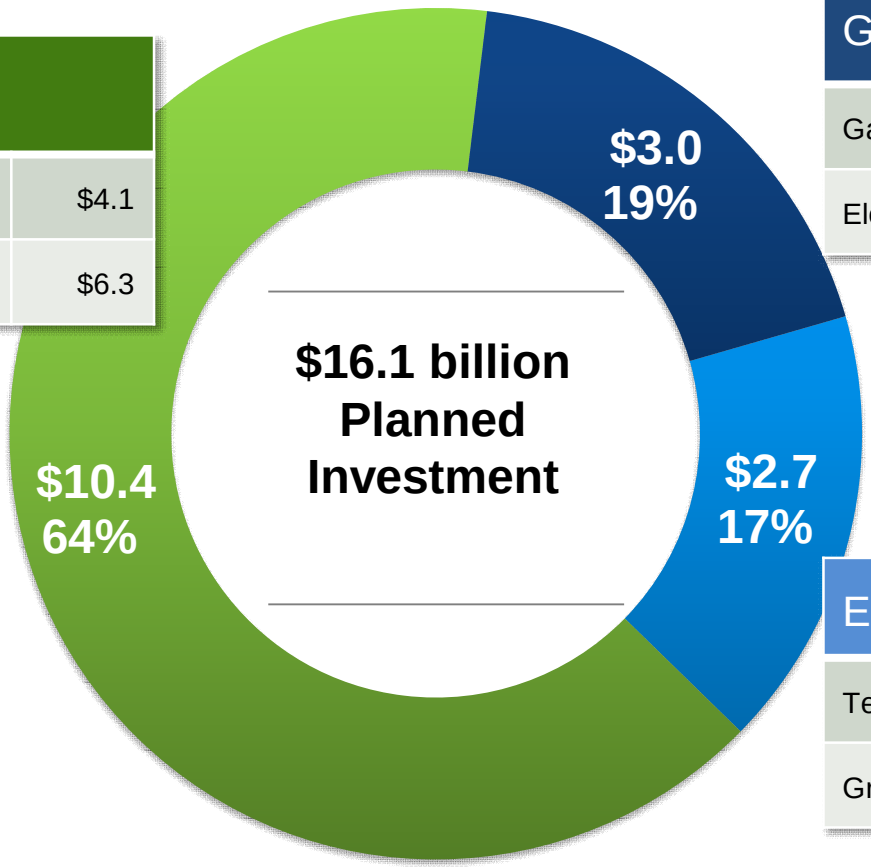
Sustainability

Growth

*2021-2025 Capital Plan ($ in billions)*

# Investing in Efficiency, Sustainability and Growth

| Sustainability | |
|---|---|
| Renewables | $4.1 |
| Grid and fleet reliability | $6.3 |

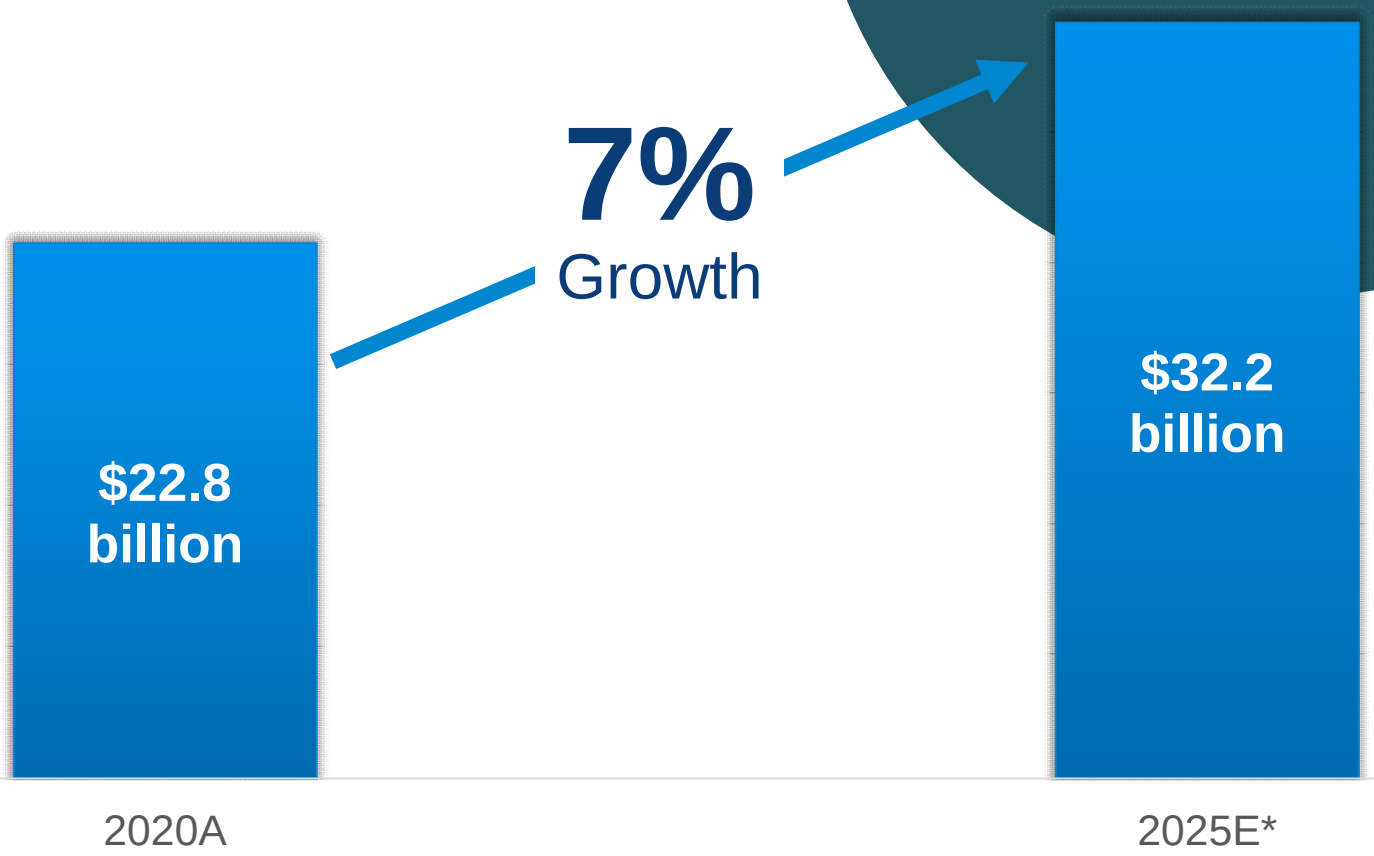



| Growth | |
|---|---|
| Gas distribution | $1.6 |
| Electric (G,T&D) | $1.4 |

| Efficiency | |
|---|---|
| Technology | $1.0 |
| Grid and fleet modernization | $1.7 |

# Robust Growth in Asset Base

Expect long-term EPS growth of **5-7%** per year, with a strong bias toward the top half of the range




*Estimated year-end average asset base

*Reducing 100MW of Capacity*

# Modernizing Our Gas-Fueled Generation Fleet

## Retiring

- 400 MW of older, less-efficient gas generation expected

## Building

- Weston RICE units
  - 128 MW
  - Expected investment: $170 million
  - Targeted in-service: 2023, pending regulatory approval

## Investing

- West Riverside Energy Center combined cycle (now operational)*
  - Options on 200 MW
  - Expected investment: $180 million
  - 2023 – 2024

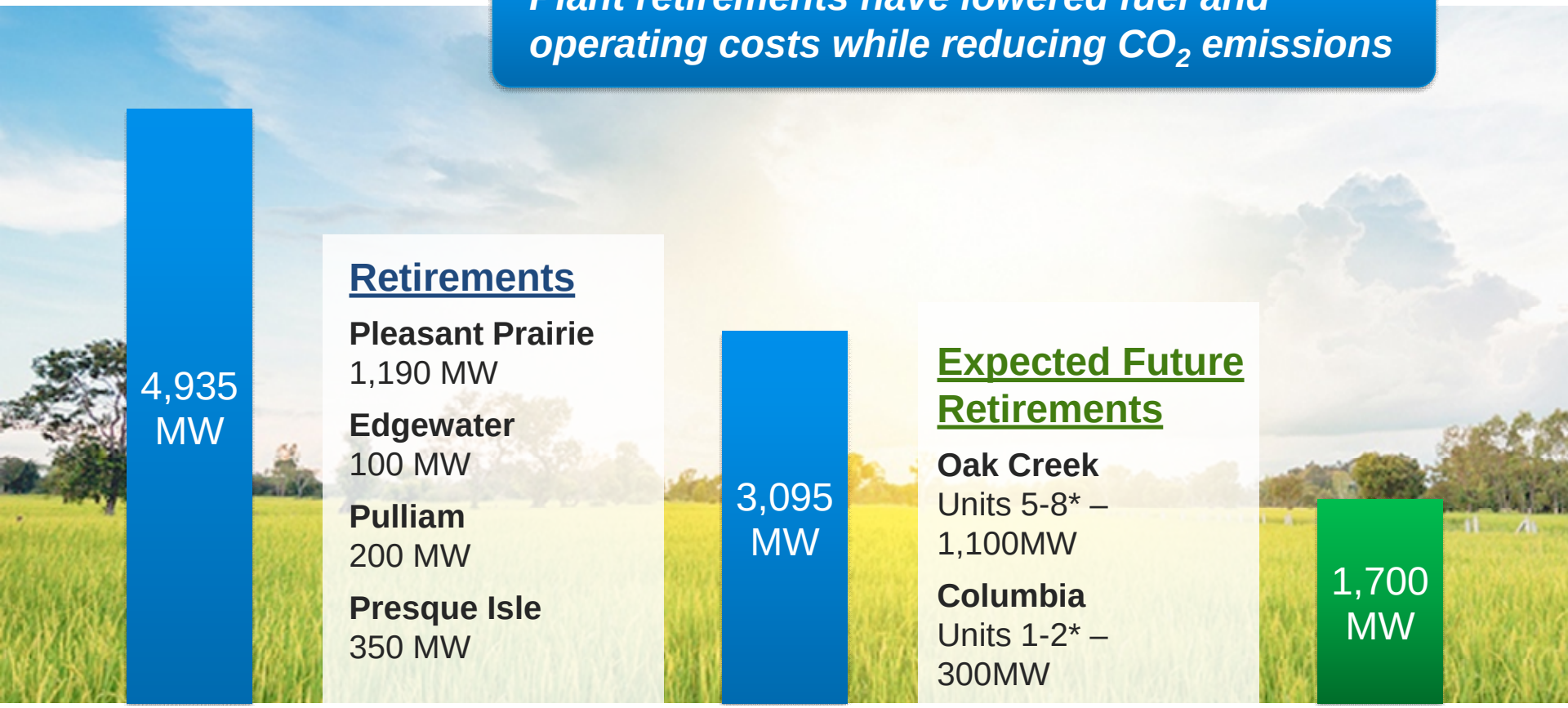


Reciprocating Internal Combustion Engines (RICE) are modular, run on natural gas and allow for reliable and flexible operations.

* Pending due diligence and regulatory approval

# Aggressively Reducing Coal-Fueled Generation

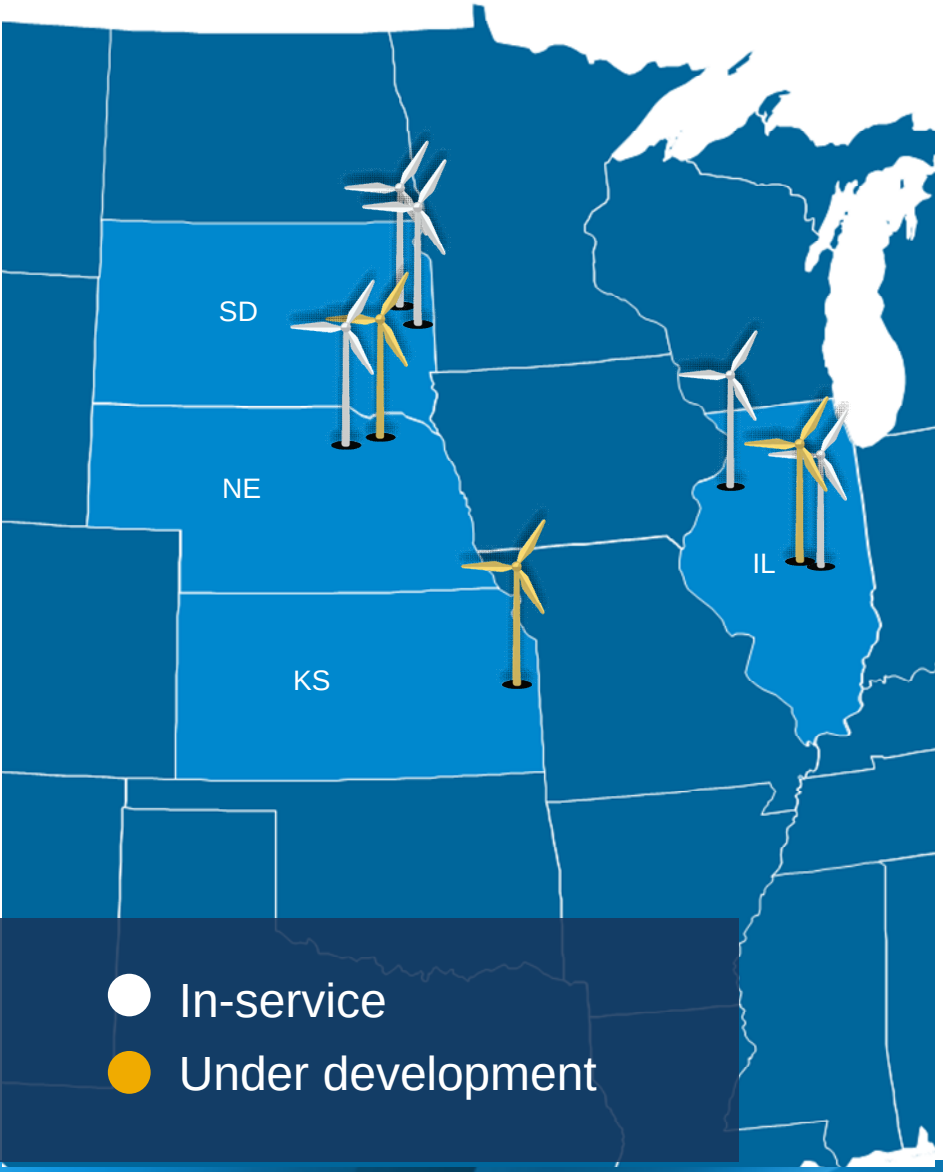
***Plant retirements have lowered fuel and operating costs while reducing $CO_2$ emissions***




* Expected retirements in 2023 - 2024

*$2.2 Billion 2021-2025*

# WEC Infrastructure Portfolio – Green and Growing




| In-Service | Capacity (MW) | Investment (in millions) |
|---|---|---|
| Upstream | 200 | $307 |
| Bishop Hill III | 132 | $166 |
| Coyote Ridge | 97 | $145 |
| Blooming Grove | 250 | $389 |
| Tatanka Ridge | 155 | $240 |
| **Total** | **834** | **$1,247** |

| Under Development | Capacity | Investment |
|---|---|---|
| Thunderhead* | 300 | $381 |
| Jayhawk* | 190 | $302 |
| Sapphire Sky* | 250 | $412 |
| **Total** | **740** | **$1,095** |

Expect to invest an additional $1.1 billion (2021-2025)

*Investment part of the 2021-2025 capital plan

# Regional Economy



# Powering Industry Leaders in our Region



*Wisconsin Segment*

# Broad Ranging Growth Driving Longer-Term Sales Forecast

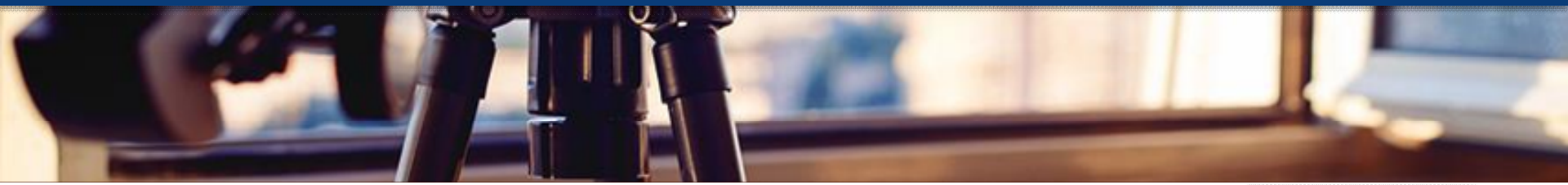


## Sales Growth Forecast

*(weather-normalized)*

**Year-over-Year**

| | 2022 - 2025 |
|---|---|
| Electric | 1.0% - 1.3% |
| Gas | 1.0% - 1.3% |



# Key Takeaways for WEC Energy Group

- ESG Progress Plan supports 5-7% EPS growth with minimal impact on customer rates
  - Strong bias toward the top half of the 5-7% range
  - No need to issue additional equity through forecast period
  - 100% of capital allocated to regulated businesses or contracted renewables
- Dividend growth projected to be in line with earnings growth
- Strong and improving ESG profile
  - By the end of 2025, we expect that less than 10% of our revenue and asset base will be tied to coal
- 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

Electric Transmission

60% ownership

WEC Infrastructure LLC

Bluewater Gas Storage LLC

ATC

# 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



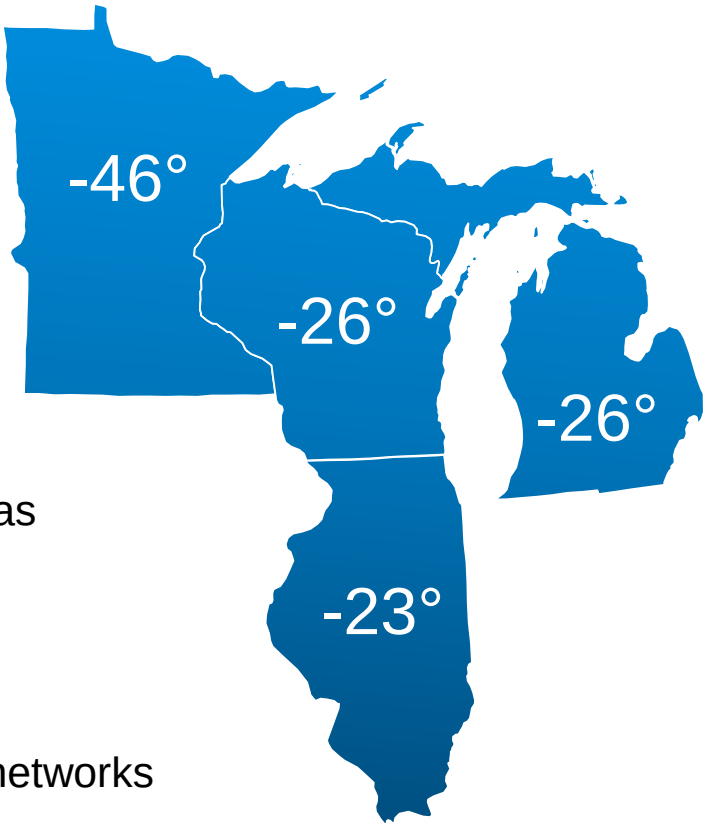
**Xia Liu**
Executive Vice President and Chief Financial Officer

# Environmental, Social & Governance Focus

| | |
|---|---|
| Carbon Goals | Reduce carbon dioxide emissions from electric generation 60% by 2025 and 80% by the end of 2030 – both from a 2005 baseline. Long-term goal of net-zero carbon emissions from our generating fleet by 2050 |
| Methane Reduction Goal | Targeting net-zero methane emissions by the end of 2030 |
| 15.7 million metric tons | Amount of combustion products for beneficial use provided over the past two decades |
| $1.9 billion | Planned utility renewable investments (2021-2025) |
| $2.2 billion | Planned investment in contracted energy infrastructure (2021-2025) |
| $20 million | Contributed by our companies and foundations to nonprofit organizations in 2020 |
| $303.4 million | Spent with certified minority-, women-, service disabled- and veteran-owned businesses in 2020 |
| $119.4 million | Spent on energy efficiency and conservation in 2020 |

*Today and Tomorrow*

# Why Our Natural Gas Distribution Networks Matter




## Our Service Area

- 65-78% of homes use natural gas for heating
- Growth continues as customers convert to natural gas

## Hydrogen opportunities post 2030+

- Potential to blend
- Investment potential to convert existing distribution networks

## Electric Conversion Debate

- Today, electric heat pumps in our region are 4-5x more costly than natural gas heating*
  - Potential cost effective option after 2055?*
- Natural hedge in Wisconsin since we serve both electric and natural gas customers

*Weather in the map reflects (in Fahrenheit) actual temperatures reported by NOAA during the January 2019 polar vortex*

* Based on independent research for the region we serve

# New Liquefied Natural Gas (LNG) Storage Facilities

Taking steps to maintain reliable and affordable service for our customers

**LNG provides 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 fall of 2021
- Targeted in-service date: Late 2023

WEC Energy Group

*Project Highlights*

# Efficiency, Growth and Sustainability Progress








## Electric Delivery Redesign / Resilience

- Addressing aging infrastructure
- Enhancing efficiencies and reducing operating costs
- Expect to spend $2.9 billion (2021-2025)

## Natural Gas System Modernization

**Illinois**

- Expected replacement of 2,000 miles of piping for safety and reliability in Chicago
- 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

- Implementing advanced metering
- Installing new customer information system
- Project to spend $1.0 billion (2021 – 2025)

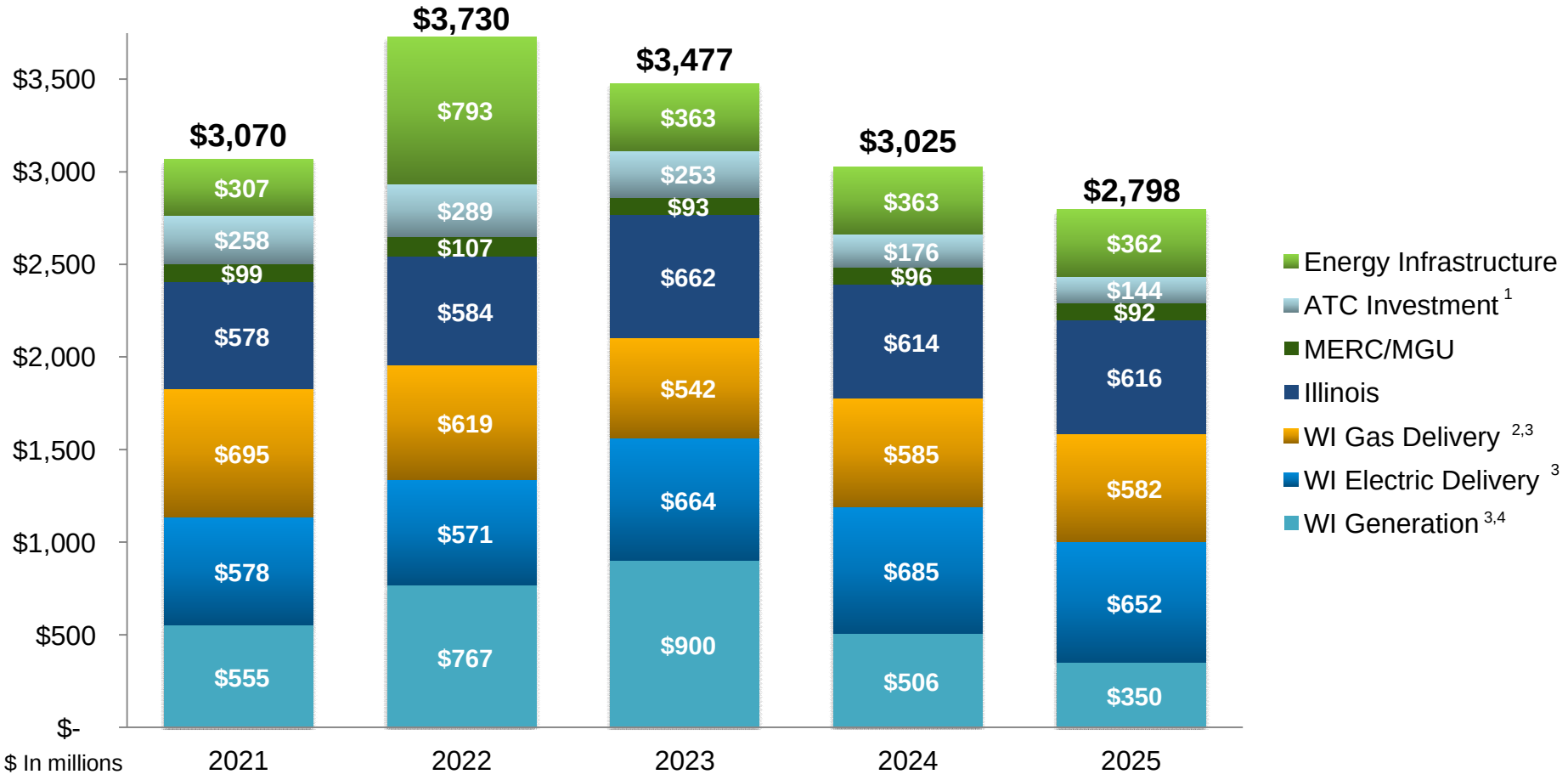
*Projected Returns Higher than Regulated Business*

# Wind Infrastructure Investment Summary

| Project | Developer | Location | Investment | Offtake Agreement | WEC Commercial Operations | Capacity |
|---|---|---|---|---|---|---|
| Bishop Hill III Wind Energy Center | Invenergy | Henry County, IL | $166M for 90% ownership | WPPI Energy 22 years | 80% on 8/31/18 Incremental 10% on 12/5/18 | 132MW |
| Upstream Wind Energy Center | Invenergy | Antelope County, NE | $307M for 90% ownership | Affiliate of Allianz 10 years | 80% on 1/10/19 10% on 4/8/20 | 200MW |
| Coyote Ridge Wind Farm | Avangrid Renewables | Brookings County, SD | $145M for 80% ownership and 99% of tax benefits | Google Energy LLC 12 years | 12/20/19 | 97MW |
| Blooming Grove Wind Farm | Invenergy | McLean County, IL | $389M for 90% ownership | Verizon and Saint-Gobain North America 12 years | 12/8/2020 | 250MW |
| Tatanka Ridge Wind Farm | Avangrid Renewables | Deuel County, SD | $240M for 85% ownership and 99% of tax benefits | Google Energy 12 years Dairyland Power 10 years | 1/5/2021 | 155MW |
| Thunderhead Wind Energy Center | Invenergy | Wheeler and Antelope Counties, NE | $381M expected for 90% ownership | AT&T 12 years | Projected: First half 2022 | 300MW |
| Jayhawk Wind Farm | Apex Clean Energy | Bourbon & Crawford Counties, KS | $302M expected for 90% ownership and 99% of tax benefits | Facebook 10 years | Projected: By early 2022 | 190MW |
| Sapphire Sky Wind Energy Center | Invenergy | McLean County, IL | $412M for 90% ownership | Long-term Agreement | Projected: End of 2022 | 250MW |

*$16.1 billion projected capital spend from 2021-2025*

# Low-Risk Capital Plan Drives 5% to 7% EPS Growth




Depreciation at the utilities expected to average $1.1 billion annually, and $132 million at ATC, over the 2021-2025 period

1) ATC is accounted for using the equity method; this represents WEC's portion of the investment
2) Gas delivery includes capital spend at Bluewater
3) Includes UMERC
4) Generation includes capital spend at We Power

*By Company*

# Capital Plan Projections *($ in millions)*

| | 2021 | 2022 | 2023 |
|---|---|---|---|
| Wisconsin Electric | $933.5 | $1,032.0 | $1,375.3 |
| Wisconsin Gas | $234.4 | $256.2 | $234.4 |
| Wisconsin Public Service | $578.8 | $537.6 | $443.8 |
| Upper Michigan Energy Corp | $16.7 | $18.8 | $16.7 |
| **Wisconsin Segment** | **$1,763.4** | **$1,844.6** | **$2,070.2** |
| Peoples Gas | $509.5 | $517.2 | $598.6 |
| North Shore Gas | $64.4 | $64.6 | $62.3 |
| **Illinois Segment** | **$573.9** | **$581.8** | **$660.9** |
| Minnesota Energy Resources Corp | $58.8 | $49.2 | $48.3 |
| Michigan Gas Utilities | $39.6 | $57.6 | $44.2 |
| **Other States Segment** | **$98.4** | **$106.8** | **$92.5** |
| WE Power | $26.1 | $99.2 | $32.2 |
| Infrastructure Investments* | $332.9 | $798.7 | $364.9 |
| **Nonutility Energy Infrastructure** | **$359.0** | **$897.9** | **$397.1** |
| **Corporate and Other** | **$17.1** | **$10.1** | **$3.7** |
| **Total** | **$2,811.8** | **$3,441.2** | **$3,224.4** |

* Infrastructure investments include capital spend at Bluewater

# Composition of Asset Base

**Total 2020 Average Asset Base of $22.8 billion**

| Company | Asset Base - $B | % of Total |
|---|---|---|
| Wisconsin Electric | $6.5 | 28.5% |
| Wisconsin Gas | 1.6 | 7.0 |
| Wisconsin Public Service | 3.7 | 16.2 |
| Upper Michigan Energy Resources | 0.4 | 1.8 |
| Peoples Gas | 3.4 | 14.9 |
| North Shore Gas | 0.3 | 1.3 |
| Minnesota Energy Resources | 0.4 | 1.8 |
| Michigan Gas Utilities | 0.3 | 1.3 |
| We Power | 3.0 | 13.1 |
| Bluewater | 0.2 | 0.9 |
| WEC Infrastructure | 0.5 | 2.2 |
| American Transmission Company | 2.5 | 11.0 |
| **Total** | **$22.8** | **100%** |

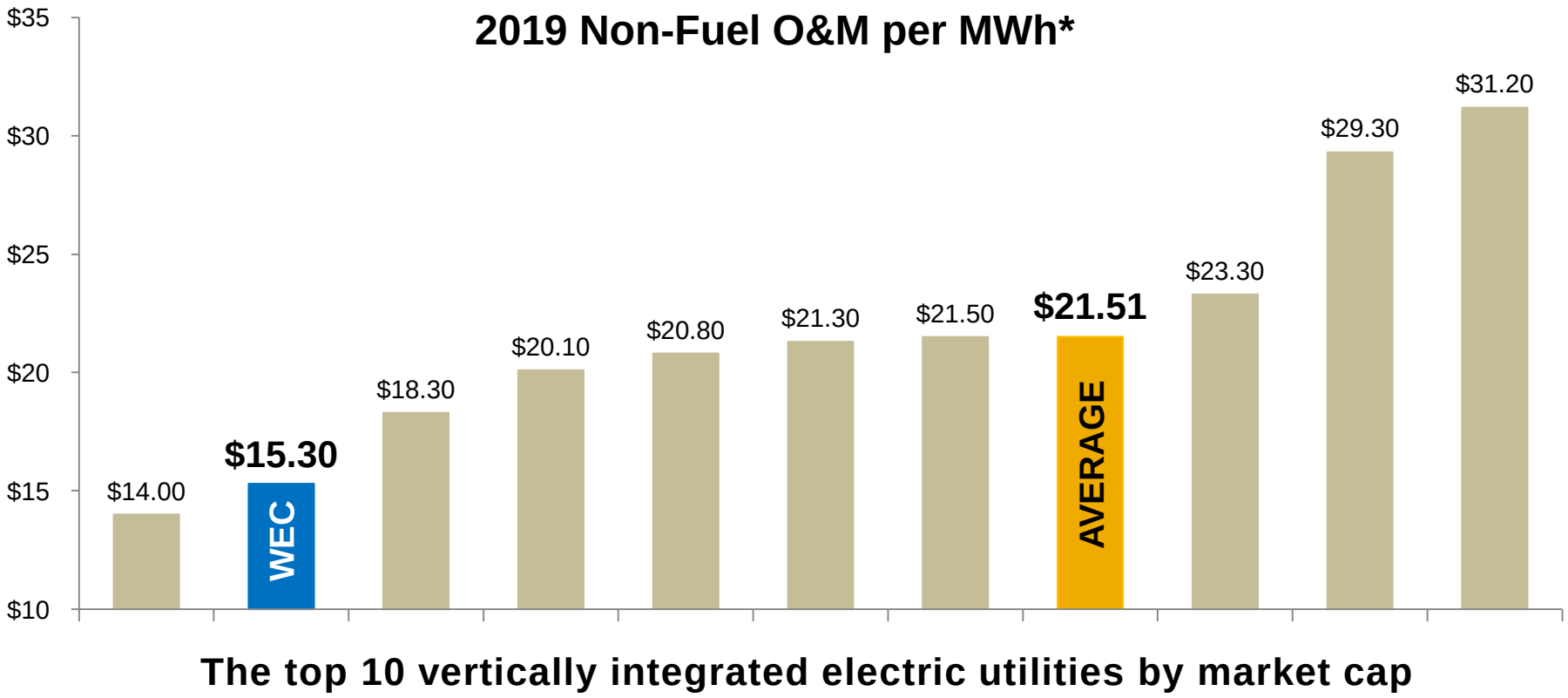
*Note: We Power value represents investment book value*

# 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.

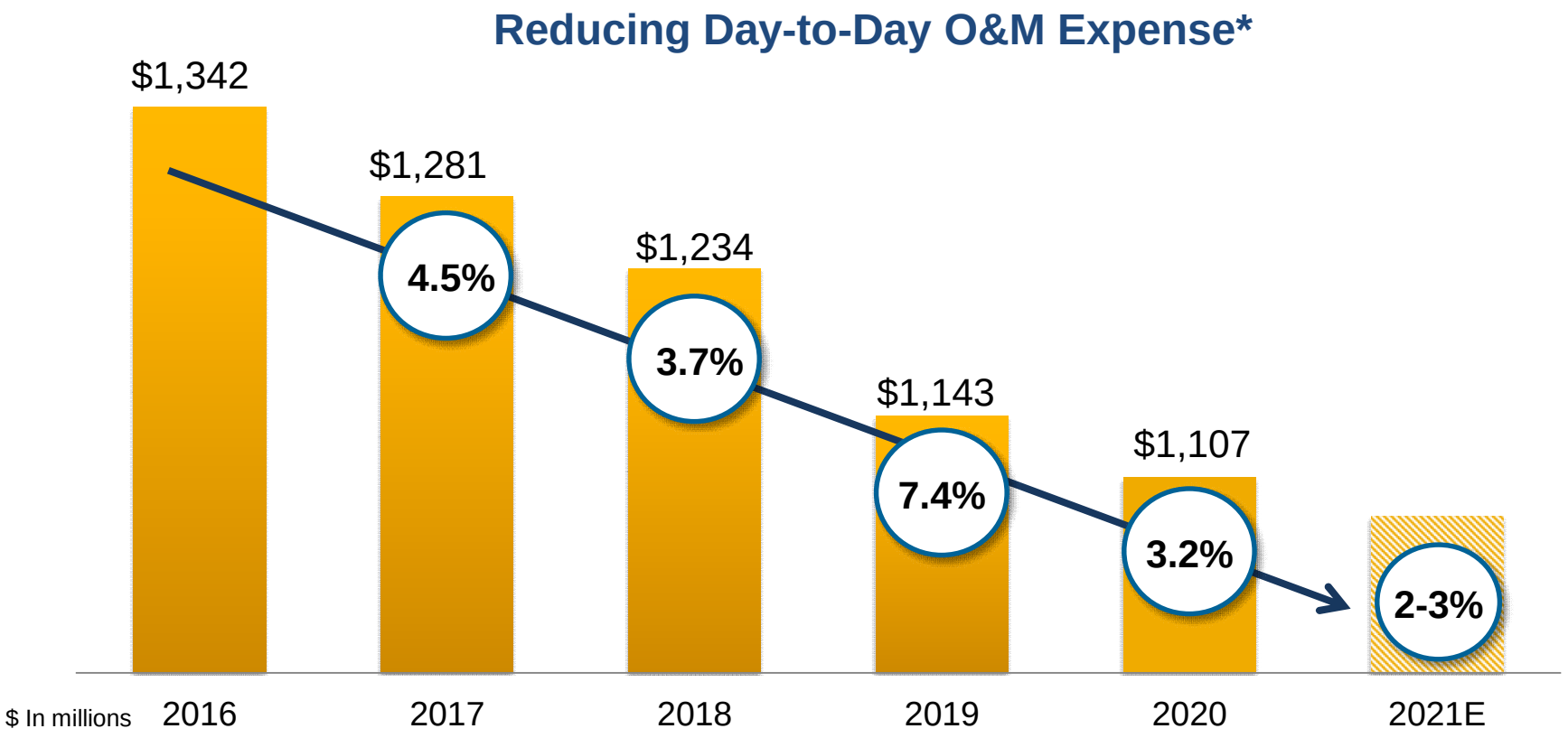
# One of the Top Performers in Operating Efficiency




Source: FERC Form 1 Reports

*For all companies, excluded 1) pensions and other employee benefits, 2) costs reported as “transmission of electricity by others” to neutralize differences in ownership of the transmission utilized by each utility, and 3) costs reported as “rents” within the production section to control for difference in how power plants are owned and financed

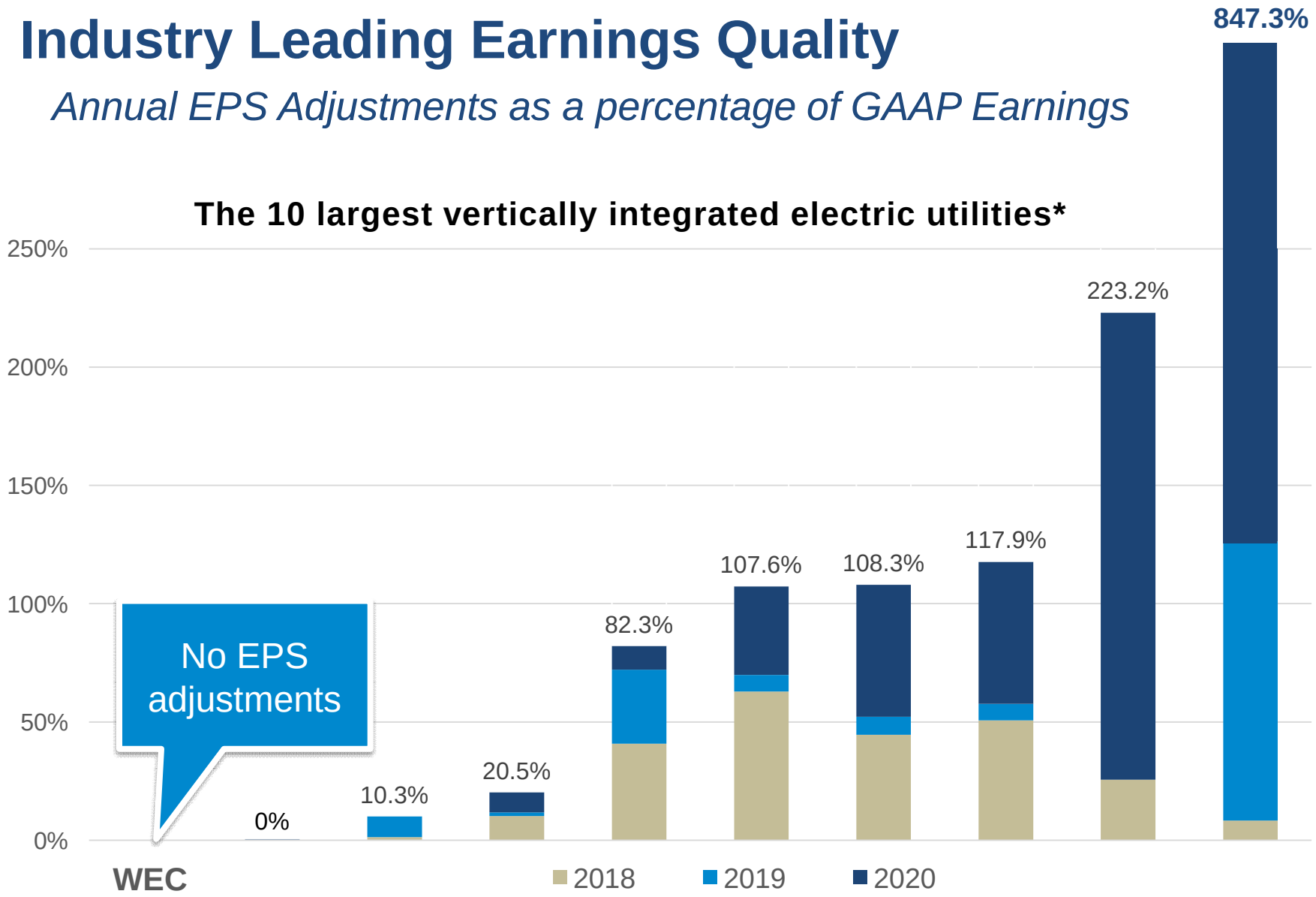
# Focused on Efficiency




*Excludes costs that have a revenue offset such as operation and maintenance costs associated with the We Power generation units, transmission expenses that are collected in rates, regulatory amortizations, riders, and other pass through expenses.

# Industry Leading Earnings Quality

*Annual EPS Adjustments as a percentage of GAAP Earnings*

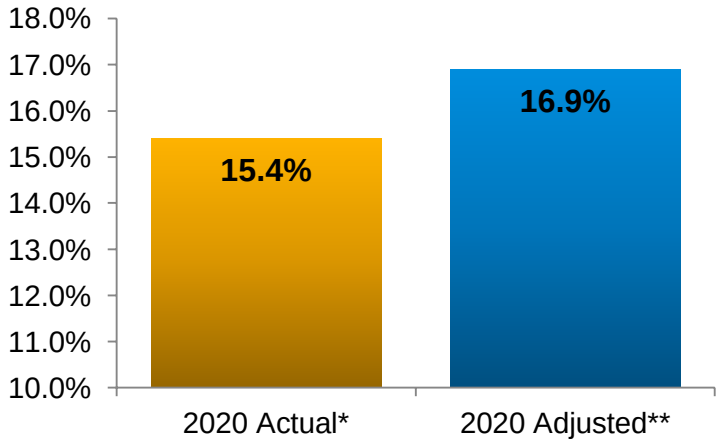



*Note: Percent changes are in absolute values*

*Measured by market cap

# Balance Sheet Remains Strong

## Funds from Operations/Debt

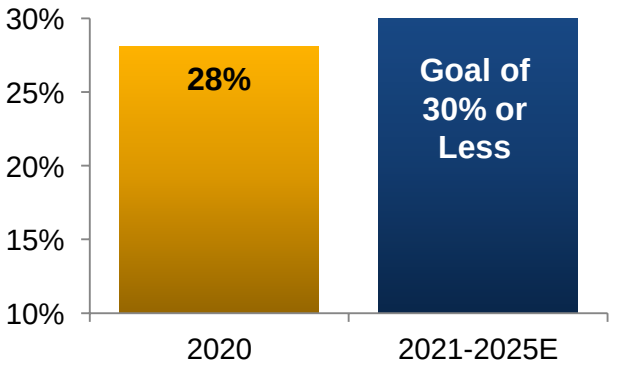



| WEC Energy Group | Target 2020-2025 |
|---|---|
| **S&P** FFO to Debt | ≥15% |
| **Moody's** CFO Pre-WC/Debt | ≥16% |

## Issuer Credit Ratings

| Entity | S&P Rating | Moody's Rating |
|---|---|---|
| WEC Energy Group | A- | Baa1 |
| Wisconsin Electric | A- | A2 |
| Wisconsin Gas | A | A3 |
| Wisconsin Public Service | A- | A2 |
| Peoples Gas | A- | A2 |

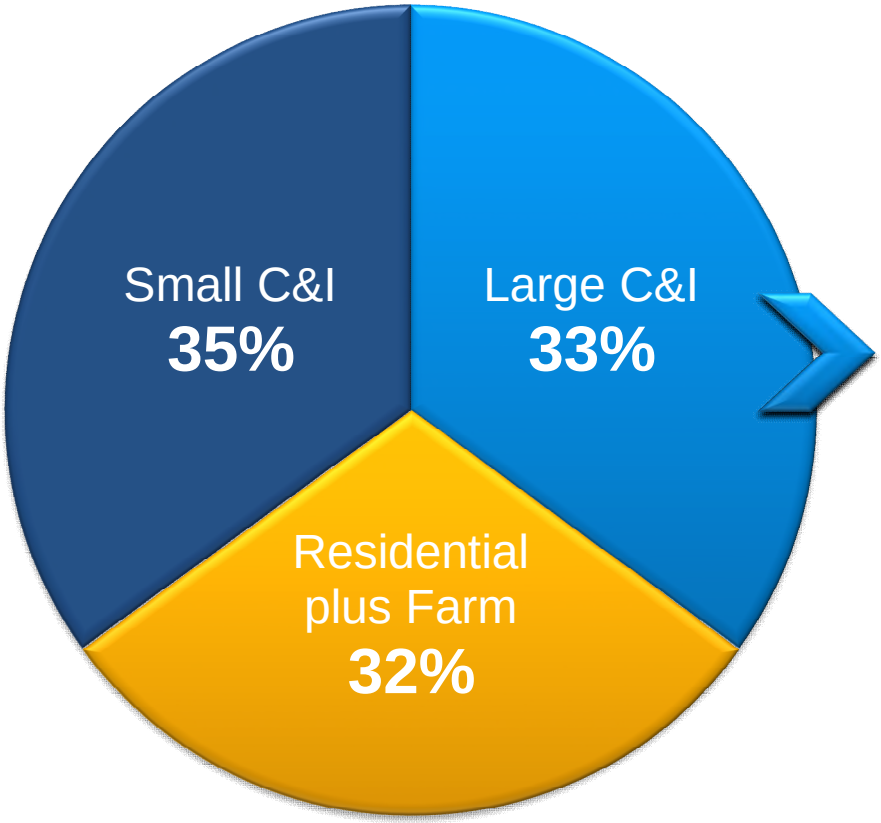
## Holding Company Debt to Total Debt




*FFO to debt ratio using GAAP operating cash flow and debt balance
**See reconciliation on last page of presentation

# Balanced Sales Mix

2020 Retail MWh Deliveries Mix*

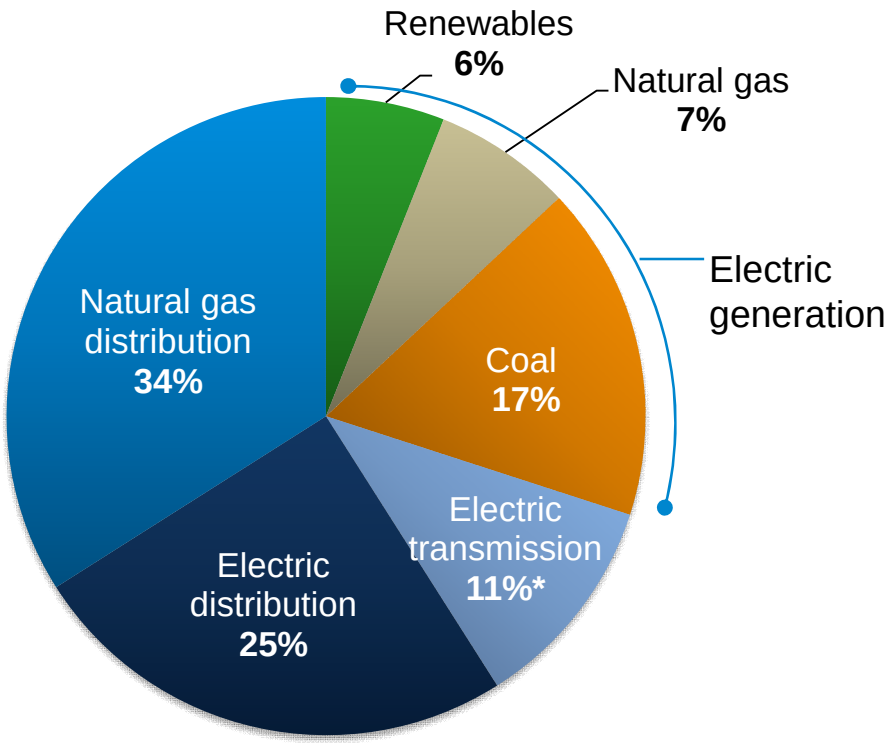



| 33% Large C&I by Segment | |
|---|---|
| Paper/Packaging | 27% |
| Foundry (SIC 33) | 10% |
| Mining/Minerals | 9% |
| Food/Agriculture | 9% |
| Other Manufacturing | 8% |
| Metal (SIC 34,35,37) | 7% |
| Medical | 6% |
| Education | 3% |
| Chemical | 4% |
| Printing | 3% |
| Office | 2% |
| Other | 12% |

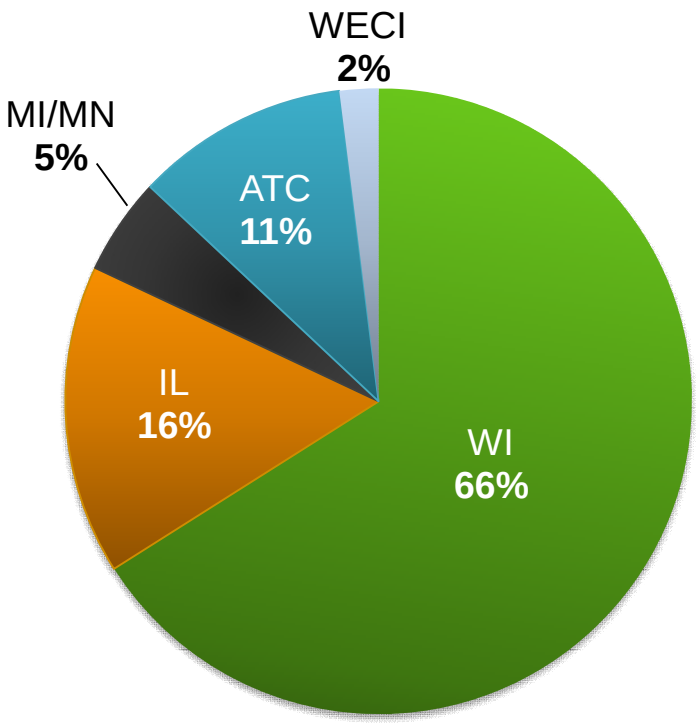
*Wisconsin segment includes Michigan electric and retail choice customers in the Upper Peninsula

# Diverse Portfolio of Businesses

## By Business




## By Jurisdiction




Based on 2020 average asset base.

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

# Open Regulatory Matters



| | Estimated Key Dates |
|---|---|
| **Wisconsin** (apps.psc.wi.gov) | |
| ▪ Decision on 2022 Rate Case "Stay Out" | ✓ |
| ▪ Decision on Koshkonong Solar and Battery Storage (Docket: 5-BS-258 filed 4/30/2021) | 2022 |
| ▪ Decision on Weston RICE units (Docket: 5-CE-153 filed 4/16/2021) | 2021 |
| ▪ Decision on Red Barn Wind Park (Docket: 5-BS-256 filed 3/29/2021) | 2021 |
| ▪ Decision on Darien Solar and Battery Storage (Docket: 5-BS-255 filed 3/16/2021) | 2022 |
| ▪ Decision on Paris Solar and Battery Storage (Docket: 5-BS-254 filed 2/16/2021) | 2022 |
| ▪ Decision on LNG project (Docket: 5-CG-106 filed 11/1/2019) | Q4 2021 |
| **Illinois** (icc.illinois.gov) | |
| ▪ Decision on NSG proposed base rate increase of $7.6 million or 8.5% (Docket: 20-0810 filed 10/15/2020) | Q3 2021 |
| ▪ Decision on 2016 Rider QIP Reconciliation (Docket: 17-0137 filed 3/20/17) | 2021 |
| **Michigan** (michigan.gov/mpsc) | |
| ▪ Decision on MGU proposed settlement of $9.25 million revenue increase, 9.85% ROE and 51.5% equity component | Q3 2021 |
| **Minnesota** (mn.gov/puc) | |
| ▪ Validation of cold weather gas costs (Docket: C-21-611) | 2022 |







# 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 | 03/2027 |

**Illinois Commissioners**

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

* Pending confirmation

# Rate-Making Parameters by Company

| Utility | Equity Layer* | 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% |

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

*Represents the equity component of capital; rates are set at the midpoint of any range

# Key Rate Making Components

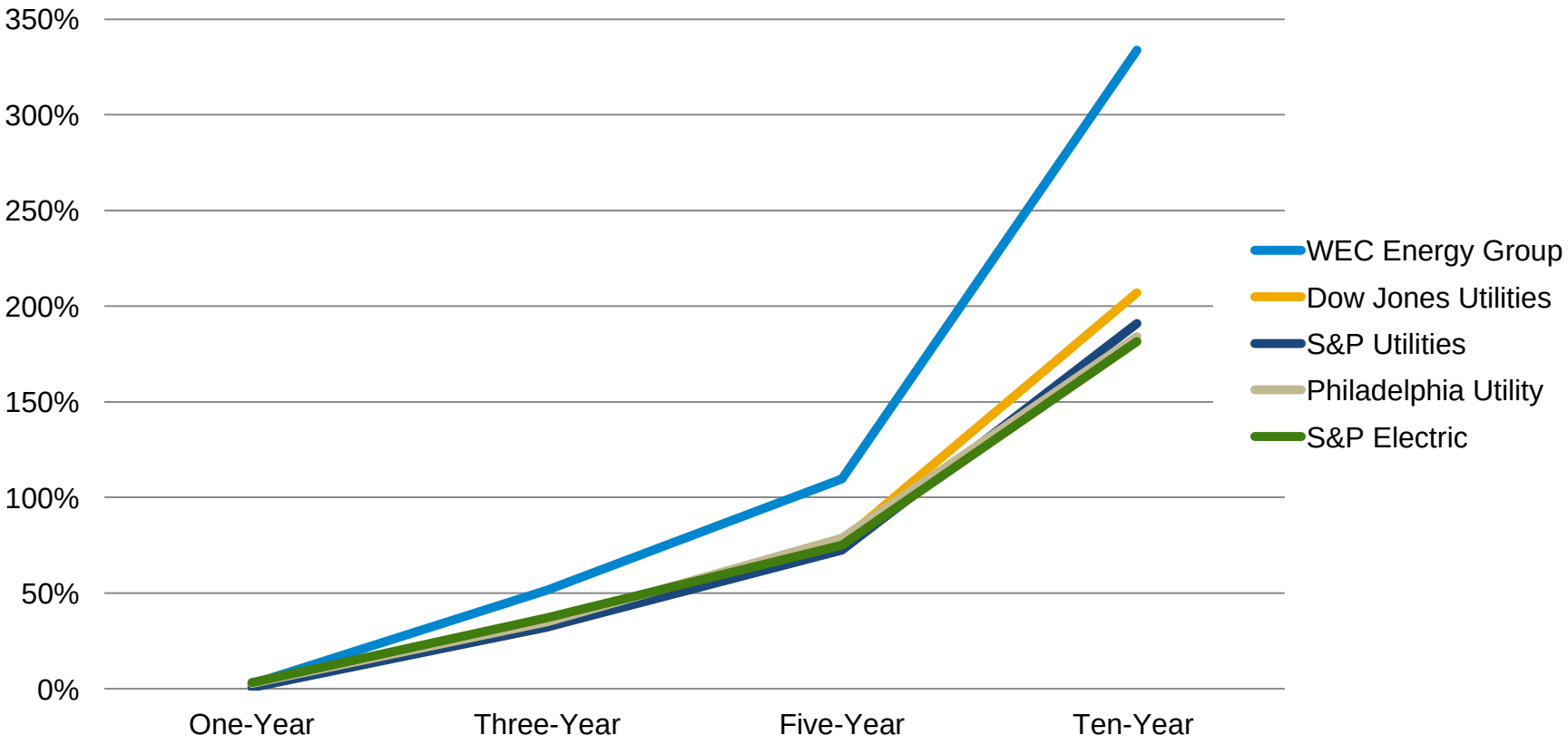
| Area | Illinois–Gas | Minnesota–Gas | Michigan–Electric & Gas | Wisconsin–Gas | Wisconsin–Electric |
|---|---|---|---|---|---|
| Gas Pipeline Replacement Rider | PGL | | | | |
| Bad Debt Rider | ✓ | | | | |
| Bad Debt Escrow Accounting | | | | Residential | Residential |
| Decoupling | ✓ | ✓ | | | |
| 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 | |

*Sharing mechanism will be updated for 2022 as follows:
No sharing on first 15 bp above allowed ROE, 50/50 on next 60bp, 100% to customers beyond 75 bps

WEC Energy Group

# 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, 2020

*Source: Bloomberg*

# Contact Information

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414-221-4639


WEC Energy Group

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

| | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| Reported EPS – GAAP basis | $2.34 | $2.59 | $ 2.96 | $ 3.79 |
| Acquisition Costs | $0.39 | $0.06 | $ 0.01 | – |
| Integrys Earnings | | $(0.47) | | |
| Impact of Additional Shares | | $0.47 | | |
| Tax benefit related to Tax Cuts and Jobs Act of 2017 | – | – | – | $ (0.65) |
| Adjusted EPS – Non-GAAP basis* | $2.73 | $2.65 | $ 2.97 | $ 3.14 |

* 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, as applicable, (1) 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; (2) costs related to the acquisition of Integrys Energy Group; (3) the results of operations of Integrys and its subsidiaries; and (4) the additional shares of WEC Energy Group common stock that were issued as part of the acquisition. None of these items are 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.

# Ratio of FFO to Debt

*(in millions, except percent)*

| Ratio of FFO to Debt | 2020 |
|---|---|
| Net cash provided by operating activities | $2,196.0 |
| Total Debt | $14,290.8 |
| **Ratio of FFO to Debt** | **15.4%** |

| Ratio of FFO to Debt - Adjusted | 2020 |
|---|---|
| Net cash provided by operating activities | $2,196.0 |
| Add: Employer contributions to qualified pension plans | 100.0 |
| Add: Accounts receivable arrears attributed to COVID-19 | 85.0 |
| **Net cash provided by operating activities – adjusted** | **$2,381.0** |
| Total Debt | $14,290.8 |
| Less: Employer contributions to qualified pension plans | 100.0 |
| Less: Accounts receivable arrears attributed to COVID-19 | 85.0 |
| **Total Debt - Adjusted** | **$14,105.8** |
| **Ratio of FFO to Debt - Adjusted** | **16.9%** |