

WEC ENERGY GROUP, INC.
 Consolidated
 Rate of Return Cost of Capital Schedules
 SUMMARY SCHEDULE
 (\$000'S)

<u>Line</u>	<u>Capitalization</u>	<u>Amount</u> (a)	<u>Hybrid Equity Adjustment</u> (b)	<u>Adjusted Amount</u> (c)	<u>Percent of Total Capitalization</u> (d)	<u>Cost of Capital</u> (e)	<u>Weighted Cost of Capital</u> (f)
<u>HISTORICAL YEAR ENDED 12/31/16</u>							
					[TRADE SECRET DATA BEGINS...]		
1	Long Term Debt	\$ 9,298,554	\$ (250,000)	\$ 9,048,554		4.26%	
2	Short Term Debt						
3	Long Term & Short Term Debt		\$ (250,000)				
4	Preferred Stock	30,450		30,450		3.95%	
5	Common Equity		250,000			9.11%	
6	Total Capitalization		\$ -		100.0%		

PROJECTED YEAR ENDED 12/31/17

[REDACTED]							
						9.11%	
						100.0%	

PROPOSED YEAR ENDED 12/31/18

[REDACTED]							
						10.30%	
						100.0%	

...TRADE SECRET DATA ENDS]

NOTES:

All are 13 month average balances except long term debt, which is based on average end of year balances
 Cost of Common Equity uses MERC's cost of equity.

Hybrid Equity Adjustment

Included in long-term debt on our balance sheets as of December 31, 2016, is \$500.0 million principal amount of 6.25% Junior Notes. The adjusted presentation attributes \$250.0 million of the 6.25% Junior Notes to common equity and \$250.0 million to long-term debt. This adjusted view is how the rating agencies view our capital structure.

WEC ENERGY GROUP, INC.
 Consolidated
 Rate of Return Cost of Capital Schedules
 Long-Term Debt
 (in thousands)
 PROPOSED YEAR ENDED 12/31/18

	Interest Rate	Year Due	Projected 2018	Projected 2017	2 Point Average	Interest 2018	Weighted Average Interest 2018
[TRADE SECRET DATA BEGINS...]							
<u>WEC Energy Group Senior Notes (unsecured)</u>	1.65%	2018					
	2.45%	2020					
	3.55%	2025					
	6.20%	2033					
<u>WEC Energy Group Junior Notes (unsecured)</u>	6.25%	2067					
<u>WE Debentures (unsecured)</u>	1.70%	2018					
	4.25%	2019					
	2.95%	2021					
	3.10%	2025					
	6.50%	2028					
	5.625%	2033					
	5.70%	2036					
	3.65%	2042					
	4.25%	2044					
	4.30%	2045					
	6.875%	2095					
<u>WPS Notes (unsecured)</u>	1.65%	2018					
	6.08%	2028					
	5.55%	2036					
	3.671%	2042					
	4.752%	2044					
<u>WG Debentures (unsecured)</u>	3.53%	2025					
	5.90%	2035					
	3.71%	2046					
<u>PGL First and Refunding Mortgage Bonds (secured) (1)</u>	8.00%	2018					
	4.63%	2019					
	3.90%	2030					
	1.875%	2033					
	4.00%	2033					
	3.98%	2042					
	3.96%	2043					
	4.21%	2044					
	3.65%	2046					
	3.65%	2046					
<u>NSG First Mortgage Bonds (secured) (2)</u>	3.43%	2027					
	3.96%	2043					
<u>We Power Subsidiary Notes (secured, nonrecourse)</u>	4.91%	2017-2030					
	5.209%	2017-2030					
	4.673%	2017-2031					
	6.00%	2017-2033					
	6.09%	2030-2040					
	5.848%	2031-2041					
<u>WECC Notes (unsecured)</u>	6.94%	2028					
<u>Integrus Senior Notes (unsecured)</u>	4.17%	2020					
<u>Integrus Junior Notes (unsecured)</u>	3.05%	2066					
	6.00%	2073					
<u>Other Notes (secured, nonrecourse)</u>	4.81%	2030					
<u>Michigan Gas Utilities</u>							
<u>Minnesota Energy Resources Corp</u>							
<u>Forecasted Debt Issuances</u>							

Obligations under capital leases
 Long-term debt, including current portion and capital lease

[Redacted]

...TRADE SECRET DATA ENDS]

WEC ENERGY GROUP, INC.
 Consolidated
 Rate of Return Cost of Capital Schedules
 Long-Term Debt
 (in thousands)
 PROPOSED YEAR ENDED 12/31/18

	Interest Rate	Year Due	Projected 2018	Projected 2017	2 Point Average	Interest 2018	Weighted Average Interest 2018
Integrus acquisition fair value adjustment			[TRADE SECRET DATA BEGINS...]	[TRADE SECRET DATA BEGINS...]	[TRADE SECRET DATA BEGINS...]		
Unamortized debt issuance costs			[TRADE SECRET DATA BEGINS...]	[TRADE SECRET DATA BEGINS...]	[TRADE SECRET DATA BEGINS...]		
Unamortized discount, net and other			[TRADE SECRET DATA BEGINS...]	[TRADE SECRET DATA BEGINS...]	[TRADE SECRET DATA BEGINS...]		
Long-term debt, net			[TRADE SECRET DATA BEGINS...]	[TRADE SECRET DATA BEGINS...]	[TRADE SECRET DATA BEGINS...]		
Hybrid Equity Adjustment			[TRADE SECRET DATA BEGINS...]	[TRADE SECRET DATA BEGINS...]	[TRADE SECRET DATA BEGINS...]		
Total long-term debt adjusted for hybrid equity credit			[TRADE SECRET DATA BEGINS...]	[TRADE SECRET DATA BEGINS...]	[TRADE SECRET DATA BEGINS...]		

...TRADE SECRET DATA ENDS]

NOTES:

Interest includes debt discount, debt expense and loss on reacquired debt

Minnesota Energy Resources Corp debt was issued after this forecast was assembled, Exhibit ___LIG-1 uses the actual terms & rates

Hybrid Equity Adjustment

The adjusted presentation attributes \$250.0 million of the WEC Energy Group Junior Notes (unsecured) to common equity and \$250.0 million to long-term debt. This adjusted view is how the rating agencies view our capital structure.

WEC ENERGY GROUP, INC.
 Consolidated
 Rate of Return Cost of Capital Schedules
 Long-Term Debt
 (in thousands)
 PROJECTED YEAR ENDED 12/31/17

	Interest Rate	Year Due	[TRADE SECRET DATA BEGINS...]		[TRADE SECRET DATA BEGINS...]		Weighted Average Interest 2017
			Proposed 2017	Actual 2016	2 Point Average	Interest 2017	
<u>WEC Energy Group Senior Notes (unsecured)</u>	1.65%	2018		300,000			
	2.45%	2020		400,000			
	3.55%	2025		500,000			
	6.20%	2033		200,000			
<u>WEC Energy Group Junior Notes (unsecured)</u>	6.25%	2067		500,000			
<u>WE Debentures (unsecured)</u>	1.70%	2018		250,000			
	4.25%	2019		250,000			
	2.95%	2021		300,000			
	3.10%	2025		250,000			
	6.50%	2028		150,000			
	5.625%	2033		335,000			
	5.70%	2036		300,000			
	3.65%	2042		250,000			
	4.25%	2044		250,000			
	4.30%	2045		250,000			
	6.875%	2095		100,000			
<u>WPS Notes (unsecured)</u>	5.65%	2017		125,000			
	1.65%	2018		250,000			
	6.08%	2028		50,000			
	5.55%	2036		125,000			
	3.671%	2042		300,000			
	4.752%	2044		450,000			
<u>WG Debentures (unsecured)</u>	3.53%	2025		200,000			
	5.90%	2035		90,000			
	3.71%	2046		200,000			
<u>PGL First and Refunding Mortgage Bonds (secured) (1)</u>	8.00%	2018		5,000			
	4.63%	2019		75,000			
	3.90%	2030		50,000			
	1.875%	2033		50,000			
	4.00%	2033		50,000			
	3.98%	2042		100,000			
	3.96%	2043		220,000			
	4.21%	2044		200,000			
	3.65%	2046		50,000			
	3.65%	2046		150,000			
<u>NSG First Mortgage Bonds (secured) (2)</u>	3.43%	2027		28,000			
	3.96%	2043		54,000			
<u>We Power Subsidiary Notes (secured, nonrecourse)</u>	4.91%	2017-2030		106,669			
	5.209%	2017-2030		204,818			
	4.673%	2017-2031		170,886			
	6.00%	2017-2033		126,142			
	6.09%	2030-2040		275,000			
	5.848%	2031-2041		215,000			
<u>WECC Notes (unsecured)</u>	6.94%	2028		50,000			
<u>IntegrYS Senior Notes (unsecured)</u>	4.17%	2020		250,000			
<u>IntegrYS Junior Notes (unsecured)</u>	3.05%	2066		114,920			
	6.00%	2073		400,000			
<u>Other Notes (secured, nonrecourse)</u>	4.81%	2030		2,001			
<u>Michigan Gas Utilities</u>			[TRADE SECRET DATA BEGINS...]	-			
<u>Minnesota Energy Resources Corp</u>			[TRADE SECRET DATA BEGINS...]	-			
<u>Forecasted Debt Issuances</u>			[TRADE SECRET DATA BEGINS...]	-			
			[TRADE SECRET DATA BEGINS...]	-			
			[TRADE SECRET DATA BEGINS...]	-			
			[TRADE SECRET DATA BEGINS...]	-			
Obligations under capital leases			...TRADE SECRET DATA ENDS]	29,619			
Long-term debt, including current portion and capital leases				9,352,055			
IntegrYS acquisition fair value adjustment				33,280			
			...TRADE SECRET DATA ENDS]		...TRADE SECRET DATA ENDS]		

Unamortized debt issuance costs
 Unamortized discount, net and other
Long-term debt, net

Hybrid Equity Adjustment

Total long-term debt adjusted for hybrid equity credit

	[TRADE SECRET DATA BEGINS...]	(38,172)	[TRADE SECRET DATA BEGINS...]	
		(31,800)		
		9,315,363		
		(250,000)		
		9,065,363		
	...TRADE SECRET DATA ENDS]		...TRADE SECRET DATA ENDS]	

NOTES:

Interest includes debt discount, debt expense and loss on reacquired debt

Minnesota Energy Resources Corp debt was issued after this forecast was assembled, Exhibit ___LIG-1 uses the actual terms & rates

Hybrid Equity Adjustment

The adjusted presentation attributes \$250.0 million of the WEC Energy Group Junior Notes (unsecured) to common equity and \$250.0 million to long-term debt. This adjusted view is how the rating agencies view our capital structure.

WEC ENERGY GROUP, INC.
Consolidated
Rate of Return Cost of Capital Schedules
Long-Term Debt
(in thousands)
HISTORICAL YEAR ENDED 12/31/16

	Interest Rate	Year Due	Actual 2016	Actual 2015	2 Point Average	Interest 2016	Weighted Average Interest 2016
<u>WEC Energy Group Senior Notes (unsecured)</u>	1.65%	2018	300,000	300,000	300,000		
	2.45%	2020	400,000	400,000	400,000		
	3.55%	2025	500,000	500,000	500,000		
	6.20%	2033	200,000	200,000	200,000		
<u>WEC Energy Group Junior Notes (unsecured)</u>	6.25%	2067	500,000	500,000	500,000		
<u>WE Debentures (unsecured)</u>	1.70%	2018	250,000	250,000	250,000		
	4.25%	2019	250,000	250,000	250,000		
	2.95%	2021	300,000	300,000	300,000		
	3.10%	2025	250,000	250,000	250,000		
	6.50%	2028	150,000	150,000	150,000		
	5.625%	2033	335,000	335,000	335,000		
	5.70%	2036	300,000	300,000	300,000		
	3.65%	2042	250,000	250,000	250,000		
	4.25%	2044	250,000	250,000	250,000		
	4.30%	2045	250,000	250,000	250,000		
	6.875%	2095	100,000	100,000	100,000		
<u>WPS Notes (unsecured)</u>	5.65%	2017	125,000	125,000	125,000		
	1.65%	2018	250,000	250,000	250,000		
	6.08%	2028	50,000	50,000	50,000		
	5.55%	2036	125,000	125,000	125,000		
	3.671%	2042	300,000	300,000	300,000		
	4.752%	2044	450,000	450,000	450,000		
<u>WG Debentures (unsecured)</u>	3.53%	2025	200,000	200,000	200,000		
	5.90%	2035	90,000	90,000	90,000		
	3.71%	2046	200,000	-	100,000		
<u>PGL First and Refunding Mortgage Bonds (secured) (1)</u>	2.21%	2016	-	50,000	25,000		
	8.00%	2018	5,000	5,000	5,000		
	4.63%	2019	75,000	75,000	75,000		
	3.90%	2030	50,000	50,000	50,000		
	1.875%	2033	50,000	50,000	50,000		
	4.00%	2033	50,000	50,000	50,000		
	4.30%	2035	-	50,000	25,000		
	3.98%	2042	100,000	100,000	100,000		
	3.96%	2043	220,000	220,000	220,000		
	4.21%	2044	200,000	200,000	200,000		
	3.65%	2046	50,000	-	25,000		
	3.65%	2046	150,000	-	75,000		
<u>NSG First Mortgage Bonds (secured) (2)</u>	3.43%	2027	28,000	28,000	28,000		
	3.96%	2043	54,000	54,000	54,000		
<u>We Power Subsidiary Notes (secured, nonrecourse)</u>	4.91%	2017-2030	106,669	112,063	109,366		
	5.209%	2017-2030	204,818	215,062	209,940		
	4.673%	2017-2031	170,886	178,300	174,593		
	6.00%	2017-2033	126,142	130,493	128,318		
	6.09%	2030-2040	275,000	275,000	275,000		
	5.848%	2031-2041	215,000	215,000	215,000		
<u>WECC Notes (unsecured)</u>	6.94%	2028	50,000	50,000	50,000		
<u>IntegrYS Senior Notes (unsecured)</u>	8.00%	2016	-	50,000	25,000		
	4.17%	2020	250,000	250,000	250,000		
<u>IntegrYS Junior Notes (unsecured)</u>	3.05%	2066	114,920	269,840	192,380		
	6.00%	2073	400,000	400,000	400,000		
<u>Other Notes (secured, nonrecourse)</u>	4.81%	2030	2,001	2,001	2,001		
Obligations under capital leases			29,619	59,870	44,745		
Long-term debt, including current portion and capital leases			9,352,055	9,314,628	9,333,342		

WEC ENERGY GROUP, INC.
Consolidated
Rate of Return Cost of Capital Schedules
Long-Term Debt
(in thousands)
HISTORICAL YEAR ENDED 12/31/16

	Interest Rate	Year Due	Actual 2016	Actual 2015	2 Point Average	Interest 2016	Weighted Average Interest 2016
Integrys acquisition fair value adjustment			33,280	41,086	37,183		
Unamortized debt issuance costs			(38,172)	(37,827)	(37,999)		
Unamortized discount, net and other			<u>(31,800)</u>	<u>(36,143)</u>	<u>(33,972)</u>		
Long-term debt, net			9,315,363	9,281,745	9,298,554	401,109	4.31%
Hybrid Equity Adjustment			(250,000)	(250,000)	(250,000)	(15,625)	
Total long-term debt adjusted for hybrid equity credit			<u>9,065,363</u>	<u>9,031,745</u>	<u>9,048,554</u>	<u>385,484</u>	<u>4.26%</u>

NOTES:

Interest includes debt discount, debt expense and loss on reacquired debt

Hybrid Equity Adjustment

The adjusted presentation attributes \$250.0 million of the WEC Energy Group Junior Notes (unsecured) to common equity and \$250.0 million to long-term debt. This adjusted view is how the rating agencies view our capital structure.

Month		Month End Balance	Interest Expense	Interest Rate
<u>Most Recent Fiscal Year 2016</u>				
Dec 2015		1,095,001		
Jan	[TRADE SECRET DATA BEGINS...			...TRADE SECRET DATA ENDS]
Feb				
Mar		896,402		
Apr	[TRADE SECRET DATA BEGINS...			...TRADE SECRET DATA ENDS]
May				
Jun		927,772		
Jul	[TRADE SECRET DATA BEGINS...			...TRADE SECRET DATA ENDS]
Aug				
Sep		789,420		
Oct	[TRADE SECRET DATA BEGINS...			...TRADE SECRET DATA ENDS]
Nov				
Dec		860,216		
13 Month Average	[TRADE SECRET DATA BEGINS...			...TRADE SECRET DATA ENDS]

Projected Fiscal Year 2017

Jan	[TRADE SECRET DATA BEGINS...			
Feb				
Mar				
Apr				
May				
Jun				
Jul				
Aug				
Sep				
Oct				
Nov				
Dec				
13 Month Average				

Proposed Test Year 2018

Jan				
Feb				
Mar				
Apr				
May				
Jun				
Jul				
Aug				
Sep				
Oct				
Nov				
Dec				
13 Month Average				...TRADE SECRET DATA ENDS]