

PUBLIC DOCUMENT - TRADE SECRET DATA EXCISED

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

Line	Capitalization	Amount (a)	Hybrid Equity Adjustment (b)	Adjusted Amount (c)	Percent of Total Capitalization (d)	Cost of Capital (e)	Weighted Cost of Capital (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]							
[REDACTED]						9.11%	[REDACTED]
[REDACTED]						100.0%	[REDACTED]

PROPOSED YEAR ENDED 12/31/18

[REDACTED]							
[REDACTED]						10.30%	[REDACTED]
[REDACTED]						100.0%	[REDACTED]

...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. T 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.

PUBLIC DOCUMENT - TRADE SECRET DATA EXCISED

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>Integrys Senior Notes (unsecured)</u>	4.17%	2020					
<u>Integrys 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 lea:							

...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							
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...

...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.

PUBLIC DOCUMENT - TRADE SECRET DATA EXCISED

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... Proposed 2017	Actual 2016	[TRADE SECRET DATA BEGINS... 2 Point Average	Interest 2017	Weighted 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>				-			
<u>Minnesota Energy Resources Corp</u>				-			
<u>Forecasted Debt Issuances</u>				-			
				-			
				-			
Obligations under capital leases				29,619			
Long-term debt, including current portion and capital leases				<u>9,352,055</u>			
IntegrYS acquisition fair value adjustment				33,280			

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...TRADE SECRET
DATA ENDS]

PUBLIC DOCUMENT - TRADE SECRET DATA EXCISED

	[TRADE SECRET DATA BEGINS...]		[TRADE SECRET DATA BEGINS...]		
Unamortized debt issuance costs		(38,172)			
Unamortized discount, net and other		<u>(31,800)</u>			
Long-term debt, net		9,315,363			
Hybrid Equity Adjustment		(250,000)			
Total long-term debt adjusted for hybrid equity credit		<u><u>9,065,363</u></u>			
	...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.

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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			<u>9,352,055</u>	<u>9,314,628</u>	<u>9,333,342</u>		

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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
Integrays 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			(31,800)	(36,143)	(33,972)		
Long-term debt, net			<u>9,315,363</u>	<u>9,281,745</u>	<u>9,298,554</u>	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><u>9,065,363</u></u>	<u><u>9,031,745</u></u>	<u><u>9,048,554</u></u>	<u><u>385,484</u></u>	<u><u>4.26%</u></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.

WEC ENERGY GROUP, INC.

PUBLIC DOCUMENT - TRADE SECRET DATA EXCISED

Consolidated

Rate of Return Cost of Capital Schedules

Short-Term Debt

(in thousands)

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...]		
Feb			
Mar	896,402		
Apr			
May			
Jun	927,772		
Jul			
Aug			
Sep	789,420		
Oct			
Nov			
Dec	860,216		
13 Month Average			
<u>Projected Fiscal Year 2017</u>			
Jan			
Feb			
Mar			
Apr			
May			
Jun			
Jul			
Aug			
Sep			
Oct			
Nov			
Dec			
13 Month Average			
<u>Proposed Test Year 2018</u>			
Jan			
Feb			
Mar			
Apr			
May			
Jun			
Jul			
Aug			
Sep			
Oct			
Nov			
Dec			
13 Month Average			

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WEC Energy Group, Inc. Consolidated
Income Statement

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Year 2015

Year 2016

Year 2017

Year 2018

WEC Consol

B:[] [TRADE SECRET DATA BEGINS...]

BL:[Interest on Long Term Debt]				
BN:[Amort of Debt Prem, Disc and Exp]				
BP:[Other Interest Expense]				
BV:[Preferred Dividends of Subsidiary]				
	1,823	1,203		

...TRADE SECRET DATA ENDS]

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a-Jan 2015 a-Feb 2015 a-Mar 2015 a-Apr 2015 a-May 2015 a-Jun 2015 a-Jul 2015 a-Aug 2015 a-Sep 2015 a-Oct 2015

WEC Consol

	a-Jan 2015	a-Feb 2015	a-Mar 2015	a-Apr 2015	a-May 2015	a-Jun 2015	a-Jul 2015	a-Aug 2015	a-Sep 2015	a-Oct 2015
C:[]	[TRADE SECRET DATA BEGINS...									
CI:[Total Common Stock Equity]			4,510,578			8,456,660			8,629,793	
CK:[Preferred Stock 6%]			4,450			55,540			55,540	
CL:[Preferred Stock 3.6%]			26,000			26,000			26,000	
CN:[Long Term Debt - External]			4,116,382			8,502,217			8,689,327	
CR:[Obligations Under Capital Lease]			78,677			72,653			66,387	
CX:[Current Portion LTD]			400,915			581,041			577,272	
DC:[Commerical Paper]			562,979			826,339			661,473	

...TRADE SECRET DATA ENDS]

WEC Energy Group, Inc. Consolidated
Historical Balance Sheet

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a-Nov 2015 a-Dec 2015 Year 2015 a-Jan 2016 a-Feb 2016 a-Mar 2016 a-Apr 2016 a-May 2016 a-Jun 2016 a-Jul 2016

WEC Consol

	a-Nov 2015	a-Dec 2015	Year 2015	a-Jan 2016	a-Feb 2016	a-Mar 2016	a-Apr 2016	a-May 2016	a-Jun 2016	a-Jul 2016
C:[]	[TRADE SECRET DATA BEGINS...									
CI:[Total Common Stock Equity]		8,654,813	8,654,813			8,818,313			8,833,482	
CK:[Preferred Stock 6%]		4,450	4,450			4,450			4,450	
CL:[Preferred Stock 3.6%]		26,000	26,000			26,000			26,000	
CN:[Long Term Debt - External]		9,094,472	9,094,472			8,926,754			8,873,774	
CR:[Obligations Under Capital Lease]		59,870	59,870			52,747			45,339	
CX:[Current Portion LTD]		127,402	127,402			128,663			78,797	
DC:[Commerical Paper]		1,095,001	1,095,001			896,402			927,772	

...TRADE SECRET DATA ENDS]

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	a-Aug 2016	a-Sep 2016	a-Oct 2016	a-Nov 2016	a-Dec 2016	Year 2016
WEC Consol						
C:[]	[TRADE SECRET DATA BEGINS...					
CI:[Total Common Stock Equity]		8,891,444			8,929,763	8,929,763
CK:[Preferred Stock 6%]		4,450			4,450	4,450
CL:[Preferred Stock 3.6%]		26,000			26,000	26,000
CN:[Long Term Debt - External]		9,060,491			9,131,216	9,131,216
CR:[Obligations Under Capital Lease]		37,634			29,619	29,619
CX:[Current Portion LTD]		79,401			154,528	154,528
DC:[Commerical Paper]		789,420			860,216	860,216
		...TRADE SECRET DATA ENDS]				

WEC Consol

C:[]

Beginning Balance

BE:[Unamortized Debt Expense]

CI:[Total Common Stock Equity]

C:[]

[TRADE SECRET
 DATA BEGINS...]

CN:[Long Term Debt - External]

CO:[Long-term debt fair value adjustment]

CR:[Obligations Under Capital Lease]

CX:[Current Portion LTD]

DC:[Commerical Paper]

Total Long Term Debt

Unamortized Debt Expense Activity

Total Long Term Debt, net

...TRADE SECRET
 DATA ENDS]

WEC Consol

C:[]

Beginning Balance

BE:[Unamortized Debt Expense]

CI:[Total Common Stock Equity]

C:[]

[TRADE SECRET
 DATA BEGINS...]

]

CN:[Long Term Debt - External]

CO:[Long-term debt fair value adjustment]

CR:[Obligations Under Capital Lease]

CX:[Current Portion LTD]

DC:[Commerical Paper]

Total Long Term Debt

Unamortized Debt Expense Activity

Total Long Term Debt, net

...TRADE SECRET
 DATA ENDS]

WEC Consol

C:[]

Beginning Balance

BE:[Unamortized Debt Expense]

CI:[Total Common Stock Equity]

C:[]

[TRADE SECRET
 DATA BEGINS...]

CN:[Long Term Debt - External]

CO:[Long-term debt fair value adjustment]

CR:[Obligations Under Capital Lease]

CX:[Current Portion LTD]

DC:[Commerical Paper]

Total Long Term Debt

Unamortized Debt Expense Activity

Total Long Term Debt, net

...TRADE SECRET
 DATA ENDS]

WEC Consol

C:[]

Beginning Balance

BE:[Unamortized Debt Expense]

CI:[Total Common Stock Equity]

C:[]

[TRADE SECRET
 DATA BEGINS...]

CN:[Long Term Debt - External]

CO:[Long-term debt fair value adjustment]

CR:[Obligations Under Capital Lease]

CX:[Current Portion LTD]

DC:[Commerical Paper]

Total Long Term Debt

Unamortized Debt Expense Activity

Total Long Term Debt, net

...TRADE SECRET
 DATA ENDS]

PUBLIC DOCUMENT - TRADE SECRET DATA EXCISED
13 month average 2017 13 month average 2018

WEC Consol	13 month average 2017	13 month average 2018
C:[]		
Beginning Balance		
BE:[Unamortized Debt Expense]		
CI:[Total Common Stock Equity]	[TRADE SECRET DATA BEGINS...]	
C:[]		
[REDACTED]		
CN:[Long Term Debt - External]		
CO:[Long-term debt fair value adjustment]		
CR:[Obligations Under Capital Lease]		
[REDACTED]		
CX:[Current Portion LTD]		
DC:[Commerical Paper]		
Total Long Term Debt		
Unamortized Debt Expense Activity		
Total Long Term Debt, net	[...TRADE SECRET DATA ENDS]	