

is a holding company for utilities that provide electric, gas & steam service in WI & gas service in IL, MN, & MI. Customers: 1.6 mill. elec., 2.9 mill. gas. Acq'd Integrys Energy 6/15. Electric revenue breakdown: residential, 39%; small commercial & industrial, 32%; large commercial & industrial, 21%; other, 8%. Generating sources:

coal, 36%; gas, 28%; renewables, 5%; purchased, 31%. Fuel costs: 40% of revenues. '23 reported deprec. rates: 2.4%-3.1%. Has 6,900 employees. Chairman: Gale E. Klappa. President & CEO: Scott J. Lauber. Incorporated.: Wisconsin. Address: 231 W. Michigan St., P.O. Box 1331, Milwaukee, WI 53201. Telephone.: 414-221-2345. Internet: www.wecenergygroup.com.

357 Fixed Charge Cov. (%) 300 338 ANNUAL RATES Est'd '21-'23 Past Past 10 Yrs. 5 Yrs. to '27-'29 of change (per sh) 3.0% 7.0% 6.5% 2.0% 7.5% 7.0% 5.0% 6.5% Revenues 'Cash Flow" 6.0% 7.0% Earnings Dividends 10.0% 4 0% Book Value 7.0% 3.5%

NA NA

+.6

NΑ

ΝA

+.7

NA

NA

+.2

Peak Load, Summer (Mw) Annual Load Factor (%)

% Change Customers (yr-end)

Cal-	QUAR		VENUES (\$ mill.)	Full
endar	Mar.31		Sep.30	Dec.31	Year
2021	2691	1676	1746	2201	8316.0
2022	2908	2127	2003	2558	9597.4
2023	2888	1830	1957	2218	8893.0
2024	2680	1870	2000	2600	9150
2025	2750	2000	2150	2650	9550
Cal-	EA	RNINGS F	ER SHARI	E A	Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2021	1.61	.87	.92	.71	4.11
2022	1.79	.91	.96	.80	4.46
2023	1.61	.92	1.00	1.10	4.63
2024	1.97	.75	1.05	1.13	4.90
2025	2.00	1.00	1.10	1.15	5.25
Cal- endar	QUARTERLY DIVIDENDS PAID B = Mar.31 Jun.30 Sep.30 Dec.31				Full Year
2020 2021 2022 2023 2024	.6325 .6775 .7275 .7800 .8350	.6325 .6775 .7275 .7800	.6325 .6775 .7275 .7800	.6325 .6775 .7275 .7800	2.53 2.71 2.91 3.12

WEC Energy's utilities in Wisconsin have filed general rate cases. The utilities are seeking approximately \$800 million in rate increases over the next two years to improve reliability, reduce outages, and assist the transition from coal to renewables. An order is expected by the end of this year, and new tariffs are subject to take effect at the start of 2025. In Illinois, there is a rehearing underway regarding the request to restore \$145 million for its safety program. Remember, the Illinois Commerce Commission disallowed \$236.2 million of capital costs related to the construction of Peoples Gas & Light service centers, causing WEC to pause the multi billion-dollar pipeline replacement program.

We look for 2024 profits to advance 6%, to \$4.90 a share. We are sticking with our estimate, even though it is on the high-end of WEC Energy's targeted range of \$4.80-\$4.90 per share. The company has a strong track record of exceeding its guidance, and management typically winds upraising it as the year progresses. The utility will likely continue to benefit from electric and gas volume increases due to

elevated power demand, construction initiatives and positive developments in the infrastructure and transmission segments. Profit growth should also be driven by rate relief in Wisconsin. WEC reaffirmed its goal for annual earnings growth of 6.5%-7%. We are maintaining our 2025 profit estimate of \$5.25 per share, which is within management's updated target range. Indeed, this would provide an increase of 7% above our 2024 estimate.

WEC Energy agreed to acquire a 90% ownership interest in a Texas solar project for \$459 million. The Delilah 1 center in North Texas is one of the largest solar facilities under construction, and will generate renewable energy. Commercial operation of the project is set to start by the end of this month, and will likely be eligible for production tax credits.

This issue is best suited for conservative, income-oriented investors with a long-term investment horizon. The dividend yield of 4.1% stands above the utility average, and total return potential for the next 18-months and 3- to 5-years is attractive versus most of its peers.

Zachary J. Hodgkinson

June 7, 2024

(A) Diluted EPS. Excl. gain on discontinued ops.: ¹11, 6¢; nonrecurring gain: ¹17, 65¢. Next earnings report due early July. (B) Div'ds paid in early Mar., June, Sept. & Dec. ■ Div'd reinv-

estment plan avail. **(C)** Incl. intang. In '23: \$20.05/sh. **(D)** In mill., adj. for split. **(E)** Rate base: Net orig. cost. Rates all'd on com. eq. in WI in '15: 10.0%-10.2%; in IL in '21: 9.67%; in M, Average.

MN in '19: 9.7%; in MI in '23: 9.85%; earned on avg. com. eq., '21: 12.2%. Regulatory Climate: WI, Above Average; IL, Below Average; MN & MI Average

Company's Financial Strength Stock's Price Stability 85
Price Growth Persistence 65
Earnings Predictability 100