



Public Service Commission of Wisconsin

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Public Service Commission of Wisconsin
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July 14, 2017

Mr. Jeff Renk, Chief Clerk
The State Senate
P.O. Box 7882
Madison, WI 53707-7882

Mr. Patrick E. Fuller, Chief Clerk
The State Assembly
17 West Main Street, Room 401
Madison, WI 53703

Re: Public Service Commission of Wisconsin Report to the
Legislature on Wisconsin Holding Companies – 2017

File: 9400

Dear Messrs. Renk and Fuller:

The Public Service Commission of Wisconsin (Commission) prepared the enclosed report on all Wisconsin holding companies and their impact on the operations of the Wisconsin public utilities within their holding company system pursuant to Wis. Stat. § 196.795(7)(ar) and for distribution to the Legislature under Wis. Stat. § 13.172(2).

If you have any questions or comments about the report, please contact Elise Nelson at (608) 267-3589.

Sincerely,

Sandra J. Paske
Secretary to the Commission

SJP:BAG:jlt:DL: 01539059

Attachment

**Report to the Legislature on
Wisconsin Holding Companies
2017**



Approved by the Commission: July 13, 2017

**PUBLIC SERVICE COMMISSION OF WISCONSIN
REPORT TO THE LEGISLATURE
ON
OPERATIONS OF WISCONSIN PUBLIC UTILITY HOLDING COMPANIES
FOR 2017**

INTRODUCTION

1985 Wisconsin Act 79 (the Wisconsin Utility Holding Company Act)¹ established the framework for the regulation of the formation and continuing operation of public utility holding company systems in Wisconsin. As part of that law, the Public Service Commission of Wisconsin (Commission) is required to submit a report to the Legislature on the impacts of the holding company system, both beneficial and adverse, on its public utility affiliates and their investors and consumers.² The Commission is also directed to include any recommendations for legislation relating to the regulation of any part of a holding company system. Periodic audits are also required by Wis. Stat. § 196.795.

Wisconsin Stat. § 196.795(7)(a) states:

No sooner than the first day of the 36th month after the formation of a holding company and at least once every 3 years thereafter, the commission shall investigate the impact of operations of every holding company system formed on or after November 28, 1985, on every public utility affiliate in the holding company system and shall determine whether each nonutility affiliate, except for the nonutility affiliates of a holding company that were affiliates of a holding company that was formed before November 28, 1985 does, or can reasonably be expected to do, at least one of the following: (1) Substantially retain, substantially attract, or substantially promote business activity or employment or provide capital to businesses being formed or operating within the wholesale or retail service territory, within or outside the state of: (a) Any public utility affiliate, (b) Any public utility or member or a cooperative association organized under ch. 185 which reports or has reported information to the commission under the rules promulgated under s. 196.491(2)(ag); (2) Increase or promote energy conservation or develop, produce or sell renewable energy products or equipment; (3) Conduct a business that is functionally related to the provision of utility service or to the development or acquisition of energy resources; and (4) Develop or operate commercial or industrial parks in the wholesale or retail service territory of any public utility affiliate.

This report describes the public utility holding company systems currently operating in Wisconsin and analyzes the impact of each system on its public utility affiliates and investors since the Commission's last report. In addition, this report discusses general issues and concerns related to Wisconsin holding companies. Every major Wisconsin investor-owned utility is part of a holding

¹ 1985 Wisconsin Act 79 created Wis. Stat. § 196.795, the Holding Company Statute.

² Wis. Stat. § 196.795(7)(ar).

company system, and these investor-owned utilities typically seek rate changes biennially. The Commission will continue to utilize a broad range of tools, including specialized audits as necessary, to focus on certain aspects of holding company systems, affiliated interest agreements, or cost allocation among affiliates, as necessary.

CORPORATE AND REGULATORY LANDSCAPE

Holding companies vary in corporate structure, culture, and regulatory jurisdiction. The holding companies that house Wisconsin public utilities have changed over time as a result of mergers, acquisitions, reorganizations, changes in investment strategy, diversification and divestiture, investor perception and market fluctuations, and regulatory changes. These factors have influenced each holding company system in the state differently.

At the time that the Holding Company Statute was enacted, the utility industry was in a period of change caused by a decreasing demand for energy. The economy was characterized by slow growth, increasing construction costs, increased cost for providing energy, and a goal of increasing energy conservation. In Wisconsin, the public utilities maintained financial strength, having avoided excess generating capacity, construction cost overruns, and project cancellations. However, there was a desire by a number of public utilities to diversify their business portfolios to improve their financial status and attract new capital. Diversification into new businesses allowed the utilities to both reduce their equity position and provided the potential for growth in the form of higher returns.

Two major regulatory changes have since affected Wisconsin holding companies. On the federal level, the repeal of the Public Utility Holding Company Act of 1935 (PUHCA) and its replacement with the Energy Policy Act of 2005 removed the structural regulation of holding company systems by the U.S. Securities and Exchange Commission and replaced it with limited non-structural regulation of holding company systems' books and records by the Federal Energy Regulatory Commission (FERC). At the state level, the passage of 1999 Wisconsin Act 9 (Act 9) modified the asset cap portion of the Holding Company Statute. Generally, the asset cap limited the size of the non-utility investment, thereby ensuring that regulated utilities would maintain predominance within each holding company.³ Act 9, however, provided public utility holding companies with partial relief from the limits on non-utility assets (the asset cap) that they may own if the electric utilities in the holding companies took certain prescribed actions with respect to their electric transmission facilities. Act 9 created a new classification of assets called "eligible assets." Eligible assets of a non-utility affiliate in a holding company system are excluded from both the sum of the assets of the public utility affiliate and of the non-utility affiliates in the asset cap

³ The Holding Company Statute required the provision of "reasonably priced and reliable public utility service" be the predominant business of a public utility holding company system. The asset cap helped ensure each utility's predominance requirement. The asset cap restricts the sum of the assets of all non-utility affiliates to the sum of 25 percent of electric utility and 25 percent or more of the assets used to provide other utility services (i.e., natural gas and steam).

formula.⁴ The asset cap, prior to Act 9, limited the size of the non-utility investments, thereby limiting the volume of affiliated interest transactions as well as the complexity of those transactions. The creation of eligible assets effectively allowed the potential for unlimited, non-regulated investment in the lines of business allowed by the statute. The potential risk from these non-utility investments requires closer scrutiny of securities issuances, dividend policy, and affiliated interest transactions and relationships by the Commission in order to ensure the financial integrity of the regulated utilities.

In addition to relaxing the asset cap, Act 9 also included provisions that allowed for the contribution of transmission facilities and land rights which is subject to Commission approval.

Recommendations for Legislation

The Commission does not have any recommendations for legislation relating to the regulation of utility holding company systems at this time.

GENERAL IMPACTS OF HOLDING COMPANY SYSTEMS

Investor Ratings

The Commission has established requirements to protect Wisconsin utilities' credit ratings from holding company and non-utility affiliate actions that may negatively affect such ratings. These include ring fencing,⁵ affiliate agreements, and codes of conduct. Accordingly, Wisconsin utilities are generally granted slightly better credit ratings than their associated holding companies and non-regulated affiliates by the rating agencies (i.e., Standard & Poor's, Moody's Investors Service, and Fitch Ratings Inc.). However, Wisconsin utilities are not totally insulated as actions of the holding company, and affiliates can cause downgrading of the Wisconsin utility's ratings.

Holding company credit ratings are closely related to the financial health of their respective operating subsidiaries, and are further impacted by indebtedness at the holding company level. For example, the May 2015 downgrade of WEC Energy Group, Inc.'s (WEC), senior unsecured rating by Moody's reflected deterioration of the holding company's credit profile due to the increase in the amount of WEC's holding company indebtedness to finance its leveraged acquisition of Integrys, which had a weaker credit profile than WEC's other subsidiaries. The

⁴ Eligible assets are assets of any non-utility affiliate that are used for any of the following: (a) producing, generating, transferring, delivering, selling, or furnishing natural gas, oil, electricity, or steam energy; (b) providing an energy management, conservation or efficiency product or service or demand-side management product or service; (c) providing an energy customer service, including metering or billing; (d) recovering or producing energy from waste materials; (e) processing waste materials; (f) manufacturing, distributing, or selling products for filtration, pumping water or other fluids, processing or heating water, handling fluids, or other related activities; (g) providing a telecommunication service; (h) providing an environmental engineering service. Wis. Stat. § 196.795(6m)(a)2.a.-h.

⁵ Ring fencing describes measures taken to financially isolate a regulated public utility business from the non-regulated business activities of its parent company. The purpose of ring fencing is to protect consumers of essential services such as power, water, and basic telecommunications from financial instability or bankruptcy in the parent company resulting from losses in any non-regulated activities. Ring fencing is also used to protect confidential customer or market information within the public utility from the parent company's non-regulated business activities (such as a natural gas marketer).

holding company credit rating of Alliant Energy and its utility subsidiaries was downgraded one notch by Moody's in July 2016, as incremental debt issuances and time lag in cash flow recovery associated with multi-year capital investment projects have pressured the firm's debt coverage metrics below its historical levels.

The Commission closely monitors the financial health of Wisconsin's utilities and their respective holding companies, to ensure the firms have an adequate opportunity to maintain strong investment-grade credit ratings and have access to the capital markets, for both equity and debt, at a reasonable cost.

Competition and Reliability

The existence of holding company systems does not appear to have significantly affected competition in Wisconsin. However, in 2012 and 2013, two Wisconsin holding company systems filed applications with the Commission related to investments and transactions in the compressed natural gas markets (CNG). In each case, non-utility transportation fuel companies expressed concern that allowing regulated utilities or their affiliates to participate in the CNG market would provide an unfair advantage and hinder competition and the development of the market. ([PSC REF#: 176888](#), [PSC REF#: 177561](#), docket 6690-AU-115, and [PSC REF#: 193761](#), docket 3270-AU-107.) The Commission denied approval of the affiliated interest agreement in docket 6690-AU-115 and placed conditions on the affiliated interest agreement in docket 3270-AU-107 to address these concerns. For example, in docket 3270-AU-107, the Commission approved the separation of the gas procurement function for regulated and non-regulated affiliates. The Commission remains confident that these investments have not had an adverse impact on competitive CNG market participants in Wisconsin. WEC divested its investment referenced in docket 6690-AU-115 prior to the first quarter of 2016. MGE Energy Inc.'s (MGE Energy) investment referenced in docket 3270-AU-107 relates to a single CNG fueling site, and the firm has not indicated an intention to further expand into that market.

Rates

The effect of holding company systems on regulated utility rates is difficult to quantify. In recent years, utility rates have increased at a rate greater than inflation. This is largely due to continued capital investment in generation and transmission plant, as well as volatility in fuel costs. However, changes in utilities' bond ratings caused by activities at the holding company level can affect utility rates. The rate of return authorized by the Commission reflects the weighted cost of capital, which includes a component for both debt and equity. As the cost of debt increases, these costs are likely to be incorporated into the weighted cost of capital, and utilities may seek a higher rate of return to continue to attract capital necessary for investments in infrastructure.

WISCONSIN HOLDING COMPANY SYSTEMS

Alliant Energy Corporation Holding Company System

Structure

WPL Holdings Inc. (WPLH) was formed on March 31, 1988, and became the parent corporation of Wisconsin Power and Light Company (WP&L). On April 21, 1998, Alliant Energy Corporation (Alliant)⁶ was formed through a series of interrelated transactions with WPLH, Interstate Power Company (IPC), IES Industries, Inc. (IES), and their affiliates. The Commission authorized the reorganization, subject to conditions, on November 5, 1997, in docket 6680-UM-100.

Alliant is an investor-owned Wisconsin public utility holding company. Currently, the Alliant system is largely comprised of regulated utilities, with some investments in transmission, non-regulated electricity generation, and transportation.

Alliant's first-tier regulated subsidiaries include WP&L and Interstate Power and Light Company (IPL).⁷ WP&L is a Wisconsin public utility engaged principally in the generation and distribution of electricity, and the distribution and transportation of natural gas to retail customers in select markets in Wisconsin. As of December 31, 2016, WP&L supplied electric and natural gas service to 470,000 and 190,000 retail customers, respectively. WP&L also sells electricity to wholesale customers in Wisconsin. IPL is an Iowa public utility engaged principally in the generation and distribution of electricity, and the distribution and transportation of natural gas to retail customers in select markets in Iowa. As of December 31, 2016, IPL supplied electric and natural gas service to approximately 490,000 and 220,000 retail customers, respectively. IPL also sells electricity to wholesale customers in Minnesota, Illinois and Iowa. IPL is also engaged in the generation and distribution of steam for two customers in Cedar Rapids, Iowa. In 2015, IPL sold its Minnesota electric and natural gas distribution assets, and continues to serve the current owners of its former Minnesota service territory through a wholesale power supply agreement.

Alliant's non-regulated first-tier subsidiary is Alliant Energy Finance, LLC, which manages a portfolio of wholly-owned subsidiaries and additional investments that include transmission, non-regulated electricity generation, and transportation. The other business segment includes the operations of Alliant Energy Corporate Services, Inc., which is a centralized service company that provides administrative services to Alliant and its subsidiaries. Alliant also holds a 16 percent interest in American Transmission Company LLC (ATC).⁸

Alliant's non-regulated generation portfolio includes the 347 megawatt (MW) simple-cycle, natural gas-fired Sheboygan Falls Energy Facility near Sheboygan Falls, Wisconsin, which is leased to WP&L for an initial period of 20 years, ending in 2025. In February 2017, FERC issued an order approving the transfer of the 99 MW Franklin County wind farm from Alliant

⁶ Alliant Energy became Wisconsin's first federally registered holding company system. The repeal and replacement of PUCHA eliminated the distinction between federally registered and exempt holding company systems and federal structural regulation over holding company systems and centralized service companies.

⁷ IPL is the result of a merger of IPC and IES Utilities, Inc.

⁸ ATC is a federally registered electric transmission company. ATC is Wisconsin-based and is a Wisconsin public utility that owns and maintains electric transmission assets in parts of Wisconsin, Michigan, Minnesota and Illinois.

Energy Finance LLC to IPL. The final amount to be recovered for IPL's electric ratemaking purposes will be determined by the Iowa Utilities Board as part of IPL's 2016 test-year Iowa retail electric rate case, anticipated to be filed in the second quarter of 2017, and therefore the final asset valuation charge is subject to change. Alliant Energy Transportation, Inc., includes a short line railway that provides freight service between Cedar Rapids, Iowa, and Iowa City, Iowa; a barge terminal and hauling services on the Mississippi River; and other transfer and storage services.

Current Issues

Alliant currently has no outstanding compliance issues at the Commission. An audit of the holding company system was completed in the fourth quarter of 2016 in docket 9403-HC-101.⁹ Commission staff identified no material or significant deficiencies. Alliant is in compliance with Wis. Stat. §§ 196.795 and 196.52. Commission staff recommended that future internal audits include a review of the cost allocators between Alliant and its regulated and non-regulated affiliates, as defined in the Master Service Agreement in the Final Decisions in dockets 6680-AU-117 and 9403-AU-103, dated March 11, 2015, and April 25, 2013, respectively. Alliant intends to conduct a review every three years as part of its internal audit process. The next review is scheduled for 2017. Commission staff also recommended that Alliant continue to monitor its credit ratings and outlooks assigned to AEC and its rated subsidiaries within the holding company system. As events warrant, WP&L intends to keep the Commission informed of any developments that trigger credit rating actions, along with what, if any, action is taken by Alliant and its rated subsidiaries in response to such developments.¹⁰

Statutory Compliance

As of December 31, 2016, Alliant is in compliance with Wis. Stat. §§ 196.795(7)(a)2. and 3. Alliant promotes energy conservation and conducts business that is functionally related to the provision of utility service.

MGE Energy, Inc., Holding Company System

Structure

On July 29, 2002, the Commission approved the formation of MGE Energy, a Wisconsin public utility holding company, in docket 9407-YO-100. MGE Energy became the parent corporation of Madison Gas and Electric Company (MGE).

MGE Energy's regulated subsidiary is MGE, a Wisconsin-regulated utility providing natural gas and electric service. As of December 31, 2016, MGE serves approximately 149,000 electric customers in Dane County and 154,000 natural gas customers in seven south central and western Wisconsin counties. MGE is the primary subsidiary in the holding company system.

MGE Energy's non-regulated subsidiaries include Central Wisconsin Development Corporation (Central Wisconsin), MAGAEL, LLC (MAGAEL), MGE Transco Investment LLC (MGE Transco), MGE Power LLC (MGE Power), MGE Services, LLC, and MGEE Transco LLC.

⁹ Audit Report, docket 9403-HC-101, issued October 31, 2016 ([PSC REF#: 293907](#)).

¹⁰ Alliant Response letter, docket 9403-HC-101, dated November 3, 2016 ([PSC REF#: 293991](#)).

Central Wisconsin assists new and expanding businesses throughout central Wisconsin by participating in planning, financing, property acquisition, and joint ventures and associated activities. North Mendota Energy & Technology Park, LLC (North Mendota E&T), owns property and serves as the development entity for the property. Central Wisconsin has a 50 percent ownership interest in North Mendota E&T.

MAGAEL holds title to non-utility property and property acquired for future utility plant expansion.

MGE Transco invests in ATC LLC, which is engaged in the business of providing electric transmission services primarily in the state of Wisconsin. As of December 31, 2016, MGE Transco held a 3.6 percent ownership interest in ATC.

MGE Power owns subsidiaries that own generating assets required to meet MGE's growing customer demand. MGE Power has two wholly-owned subsidiaries—MGE Power Elm Road, LLC (MGE Elm Road), and MGE Power West Campus, LLC (West Campus). MGE Elm Road has an 8.33 percent undivided ownership interest in two coal-fired generating plants being constructed in Oak Creek, Wisconsin.¹¹ West Campus has a controlling interest in the electric generating assets related to the West Campus Cogeneration Facility.¹²

MGE Services, LLC, provides construction and other services. NGV Fueling Services, LLC, a subsidiary of MGE Services LLC, installs, owns, and maintains equipment used to fuel natural gas-powered vehicles.

MGEE Transco LLC, invests in ATC Holdco, which is engaged in electric transmission development and investments outside of Wisconsin. As of December 31, 2016, MGEE Transco LLC held a 4.03 percent ownership interest in ATC Holdco.

Structural Changes

There have been no major structural changes since the last report.

Current Issues

MGE interacts with its subsidiaries and its parent corporation like a service company; therefore, the Commission continues to monitor cost allocations among the affiliates in rate cases to ensure that the other entities in the holding company system are paying their fair share of costs. The Commission continues to monitor the CNG investment. A holding company audit of the MGE Energy system is scheduled to occur in second and third quarter of 2017. At the time of this report, Commission staff is in the early planning and testing phase of the audit. Commission staff estimates a completion date of August 31, 2017.

Statutory Compliance

As of December 31, 2016, MGE is in compliance with Wis. Stat. §§ 196.795(7)(a)1., 3. and 4. The utility promotes business activity operating within or outside the state of any public utility

¹¹ MGE Power Elm Road leases its share of the coal-fired generating plant to MGE through a long-term lease agreement.

¹² West Campus leases its share of those assets to MGE through a long-term lease agreement.

affiliate, conducts business that is functionally related to the provision of utility service, and operates commercial or industrial parks in the wholesale or retail service territory of any public utility affiliate.

Piepgras Holding Company System

Structure

On April 16, 1991, the Commission approved the formation of the Piepgras Holding Company (Piepgras Holdings), a Wisconsin public utility holding company, in docket 9404-YO-100. The formation of the holding company resulted from Donald Piepgras' acquisition of 99.81 percent of the common stock of St. Croix Valley Natural Gas Company, Inc. (St. Croix), from his parents, A. D. and Helen Piepgras.¹³ The only first-tier regulated subsidiary is St. Croix Valley Natural Gas Company, a regulated Wisconsin public utility serving approximately 8,500 retail customers in western Wisconsin. Piepgras Holdings currently has no non-regulated subsidiaries.

Piepgras Holdings is the simplest form of holding company structure—formed by the transfer of stock between parents and child. Donald Piepgras has not incorporated the holding company as a separate entity. Therefore, he is the holding company.

Current Issues

A holding company audit of Piepgras Holdings was completed in the second quarter of 2017. Commission staff did not identify any material or significant deficiencies or recommendations at the conclusion of the audit.

Statutory Compliance

Wisconsin Stat. § 196.795(7) is not relevant to Piepgras Holdings as there are no non-regulated affiliates.

WEC Energy Group's Holding Company System

On June 29, 2015, Wisconsin Energy Corporation acquired Integrys Energy Group, Inc.,¹⁴ after the Commission's approval of the transaction in 9400-YO-100, and changed its name to WEC Energy Group, Inc. (WEC). The first-tier subsidiaries of WEC are Wisconsin Electric Power Company (WEPCO), Wisconsin Gas Company (WG), ATC Holding, LLC, We Power, Wispark, and Integrys. In addition, the Upper Michigan Energy Resource Corporation (UMERC), is also a first-tier subsidiary of WEC, operating in Michigan.

¹³ Under Wis. Stat. § 196.795(1)(g), “Form a holding company” means any of the following: 1. As a beneficial owner, to take, hold or acquire 5 percent or more of the outstanding voting securities of a public utility, other than a transmission company, with the unconditional power to vote those securities.”

¹⁴ As a result of the acquisition, Integrys Energy Group, Inc. became a first-tier subsidiary of WEC and was renamed Integrys Holding, Inc. (Integrys).

Structure

WEC is a Wisconsin holding company formed after November 24, 1985, the effective date of the enactment of Wis. Stat. § 196.795. WEC was incorporated in Wisconsin in 1981, and became a Wisconsin public utility holding company in 1986. With the formation of the holding company, WEC became the parent corporation of WEPCO, a Wisconsin public utility. On April 26, 2000, WEC acquired WICOR, Inc. (WICOR). WICOR was the oldest Wisconsin public utility holding company, formed prior to November 24, 1985, and grandfathered under the Holding Company Statute. WICOR is the parent corporation of WG, a Wisconsin public utility. On January 1, 2017, after approvals were provided by the Commission and the Michigan Public Service Commission (MPSC), the portions of WEPCO and WPSC that service the Upper Peninsula of Michigan were transferred into a Michigan-only utility (UMERC). As of January 1, 2017, all Michigan jurisdictional electric and natural gas customers of WEPCO and WPSC (with the exception of Tilden Mining Company L.C. and Empire Iron Mining Partnership) became customers of UMERC.

WEC's first-tier regulated subsidiaries, WEPCO and WG, operate together under the trade name of We Energies in Wisconsin. As of December 31, 2016, We Energies serves approximately 1,103,400 electric customers in Wisconsin, 1,089,000 natural gas customers in Wisconsin, and approximately 380 steam customers in metropolitan Milwaukee, Wisconsin.

The formation of UMERC was required under a settlement agreement that was filed with the MPSC and was executed on March 25, 2015, in connection with the MPSC's approval of the acquisition of Integrys by WEC.¹⁵ The application indicated that the formation of UMERC would lead to greater operational and regulatory efficiency, facilitate the construction of electric generation in the Upper Peninsula of Michigan, and ensure that the cost of any such facilities be properly allocated to UMERC customers. UMERC serves approximately 27,500 full requirement electric customers and 50 distribution-only retail access customers in the zone formerly serviced by WEPCO, and approximately 9,000 full requirement electric customers, 5,300 natural gas customers, 16 electric retail access service customers, and 17 gas transportation customers in the zone formerly serviced by Wisconsin Public Service Corporation (WPSC).

WEC's first-tier subsidiary Integrys regulated subsidiaries include: The Peoples Gas Light and Coke Company (PGL); North Shore Gas Company (NS); Minnesota Energy Resources Corporation (MERC); WPSC; and Michigan Gas Utilities Corporation (MGU). PGL is an Illinois regulated natural gas utility. As of December 31, 2016, PGL served approximately 831,000 residential, commercial, and industrial retail sales and transportation customers in the city of Chicago. NS is an Illinois regulated natural gas utility. As of December 31, 2016, NS served approximately 159,000 residential, commercial, and industrial retail sales and transportation customers in the northern suburban area of Chicago. MERC is a natural gas distribution operation. As of December 31, 2016, MERC provided natural gas distribution services to approximately 231,000 natural gas customers in 184 communities in Minnesota. MGU is a natural gas distribution operation. As of December 31, 2016, MGU provided natural gas distribution services to approximately 172,700 natural gas customers in 151 communities in

¹⁵ Order approving Amended and Restated Settlement Agreement, Case No. U-17682, issued March 25, 2015 (<http://efile.mpsc.state.mi.us/efile/docs/17682/0215.pdf>).

southern and western Michigan. The only regulated subsidiary in Wisconsin is WPSC. As of December 31, 2016, WPSC served approximately 441,200 electric and 325,800 natural gas customers in Wisconsin.

WEC's primary first-tier non-utility energy subsidiary is We Power. We Power, through wholly-owned subsidiaries, has designed and built approximately 2,320 MW of generation capacity in Wisconsin. WEPCO leases each generating facility from We Power as well as operates and maintains the plants under 25- to 30-year lease agreements approved by the Commission. The generation consists of approximately 1,230 MW of new generating capacity from Elm Road Units 1 and 2 and 1,090 MW of generating capacity related to Port Washington Generating Station Units 1 and 2. Port Washington Generating Station Units 1 and 2 were placed in service in July 2005 and May 2008, respectively. Elm Road Units 1 and 2 were placed in service in February 2010 and January 2011, respectively. Two unaffiliated entities collectively own approximately 17 percent or 200 MW of Elm Road Units 1 and 2.

Wisvest, LLC, another first-tier non-utility energy subsidiary of WEC, was originally formed to develop, own, and operate electric generating facilities and to invest in other energy-related entities. As a result of the change in corporate strategy, Wisvest, LLC, has discontinued its development activity.

WEC completed the sale of a small coal-fired power plant to the Milwaukee Regional Medical Center (MRMC) in April 2016. This plant provides steam and chilled water for heating and cooling on the campus. Natural gas and electricity for the campus continues to be provided by WEC. There is a growing national trend of academic medical center campuses to have their own on-site thermal plant. The primary use is for heating and cooling buildings on the MRMC campus; the facility is also capable of generating up to 11 MW of electricity.

WEC's other first-tier non-utility subsidiary is Wispark, LLC, and Bostco, LLC, which develops and invests in real estate, and as of December 31, 2016, had \$69 million in real estate holdings. Wispark, LLC has developed several business parks and other commercial real estate projects, primarily in southeastern Wisconsin.

Structural Changes

As noted above, on June 29, 2015, WEC announced the completion of the acquisition of Integrys, forming WEC Energy Group, Inc. The stockholders of both companies approved the transaction, and approvals from FERC, Michigan, Minnesota, Illinois, and Wisconsin were obtained as part of this acquisition. The combined entity was named WEC Energy Group, Inc., and is headquartered in Milwaukee, Wisconsin. It serves approximately 4.4 million total natural gas and electric customers across Wisconsin, Illinois, Michigan, and Minnesota. The Commission approved this merger in its Final Decision in docket 9400-YO-100, dated May 21, 2015. Also as noted above, the Commission and the MPSC approved the necessary transactions to form the Michigan-only utility UMERC to serve the electric and natural gas customers of WEPCO and WPSC located in the Upper Peninsula of Michigan, effective January 1, 2017, with UMERC becoming a first-tier subsidiary of WEC.

Current Issues

The Commission is continuing to monitor the acquisition of Integrys and the reorganization of the WEC Energy Group system for compliance with its Final Decision in docket 9400-YO-100, dated May 21, 2015. WEC owns approximately 60 percent of ATC, but has limited its voting power under the terms of the Commission's Final Decision. An independent audit of the holding company is scheduled to be completed no later than April 1, 2019. This audit is intended to fulfill the Commission's obligation under the Wisconsin Public Holding Company Act, for newly formed holding companies.

Statutory Compliance

As of December 31, 2016, WEC was in compliance with Wis. Stat. §§ 196.795(7)(a)1., 2. and 3. WEC promotes business activity operating within or outside the state of any public utility affiliate, promotes energy conservation, and conducts business that is functionally related to the provision of utility service.

Non-Wisconsin Holding Company Systems

ALLETE

Structure

ALLETE is incorporated under the laws of Minnesota. Minnesota does not have a holding company statute. Regulated utility operations include Minnesota Power (MP) and Superior Water, Light and Power Company (SWL&P), as well as investments in ATC.

MP is a Minnesota public utility and a division of ALLETE, serving 144,000 electric customers and 16 municipal systems across a 26,000 square mile service territory in central and northeastern Minnesota. SWL&P is a Wisconsin public utility, a wholly-owned subsidiary of ALLETE, and a full-requirements wholesale customer of MP. SWL&P has approximately 15,000 electric customers, 13,000 natural gas customers, and 10,000 water customers in northwestern Wisconsin.

Much of MP's demand is generated by nine large customers involved in cyclical industries (internationally competitive mining, wood and paper products, and energy pipelines) that by their nature are adversely impacted by economic downturns and are subject to strong competition in the marketplace. As a way to partially mitigate its financial exposure to the cyclical risks inherent in the customer base, ALLETE has a long history of diversification and investment outside of the retail utility business in northern Minnesota. ALLETE's non-regulated operations include U.S. Water Services, ALLETE Clean Energy, BNI Energy and ALLETE Properties.

U.S. Water Services provides integrated water management for industry by combining chemical, equipment, engineering and service for customized solutions to reduce water and energy usage, and improve efficiency. U.S. Water Services is located in 49 states and Canada and has established base of approximately 4,800 customers. U.S. Water Services differentiates itself by developing synergies between established solutions in engineering, equipment and chemical water treatment, and helping customers achieve efficient and sustainable use of their water treatment, and helping customers achieve efficient and sustainable use of their water energy systems. U.S. Water

Services is a leading provider to the biofuels industry, and also serves the food and beverage, industrial, power generation, and midstream oil and gas industries.

ALLETE Clean Energy focuses on developing, acquiring, and operating clean and renewable energy projects. ALLETE Clean Energy currently owns and operates, in four states, approximately 535 MW of nameplate capacity wind energy generation that is from PSAs under various durations. ALLETE Clean Energy has historically constructed and sold utility-scale wind energy facilities and has announced contracts to develop additional facilities. BNI Energy (BNI Coal) operates a lignite mine in Center, North Dakota, producing about four million annually. Two electric generating cooperatives, Minnkota Power and Square Butte, presently consume virtually all of BNI Energy's production of lignite under cost-plus fixed fee coal supply agreements extending through December 31, 2037.

ALLETE Properties owns real estate in several Florida locations (5,000 acres of real estate in northeast Florida).

Current Issues

SWL&P is a relatively small portion of the holding company system, and relies on MP for a large number of services. The allocations between MP and SWL&P require monitoring that typically occurs in rate cases. SWL&P is currently under rate review before the Commission.

Xcel Energy

Structure

Xcel Energy Inc. (Xcel Energy) was created in June 1999 by the merger of Northern States Power Company (NSP) and New Century Energy. As a result of this merger, the structure of NSP did not change. Xcel Energy is a holding company with subsidiaries engaged primarily in the utility business. Xcel Energy was incorporated under the laws of Minnesota, with executive offices in Minneapolis, Minnesota. Pursuant to Wis. Stat. § 196.795(8)(a), holding companies which are organized or created before November 28, 1985, and which were not organized or created by or at the discretion of a utility are exempt from the statute. Since Xcel Energy was incorporated under the laws of Minnesota prior to that date, it is exempt from Wis. Stat. § 196.795(8)(a). In 2016, 99 percent of Xcel Energy's revenue came from its regulated operations.

In 2016, Xcel Energy's continuing operations included the activity of four wholly-owned utility subsidiaries that serve electric and natural gas customers in eight midwestern and western states. These utility subsidiaries are Northern States Power Company-Minnesota (NSPM), Northern States Power Company-Wisconsin (NSPW), Public Service Company Colorado (PSCo), and Southwestern Public Service (SPS). NSPW is a public utility organized under the laws of the state of Wisconsin, and is authorized to do business in the states of Michigan and Wisconsin.

NSPM, based in Minneapolis, is a Minnesota public utility engaged in the generation, purchase, transmission, distribution, and sale of electricity in Minnesota, North Dakota, and South Dakota. NSPM also purchases, transports, distributes, and sells natural gas to retail customers and transports customer-owned natural gas in Minnesota and North Dakota. NSPM provides electric

utility service to approximately 1.5 million customers and natural gas utility service to approximately 0.5 million customers. Generally, NSPM's earnings contribute approximately 35 percent to 45 percent of Xcel Energy's consolidated net income. NSPM owns the direct subsidiary, United Power and Land Company, which holds real estate.

The electric production and transmission costs of the entire NSP System are shared by NSPM and NSPW. A FERC-approved Interchange Agreement between the two companies (NSPM and NSPW) provides for the sharing of all generation and transmission costs of the NSP System. The sharing of all generation and transmission cost between NSPM and NSPW has been in existence long before the formation of Xcel Energy. PSCo and SPS are not part of this FERC-approved Interchange Agreement.

NSPW, based in Eau Claire, is a Wisconsin public utility engaged in the generation, transmission, distribution, and sale of electricity in portions of northwestern Wisconsin and in the western portion of the Upper Peninsula of Michigan. NSPW also purchases, transports, distributes, and sells natural gas to retail customers and transports customer-owned natural gas in this service territory. NSPW provides electric utility service to approximately 257,000 customers and natural gas utility service to approximately 113,000 customers. Generally, NSPW's earnings contribute approximately 5 percent to 10 percent of Xcel Energy's consolidated net income. NSPW owns the following direct subsidiaries: Chippewa and Flambeau Improvement Co., which operates hydro reservoirs; Clearwater Investments, Inc., which owns interests in affordable housing; and NSP Lands, Inc., which holds real estate.

NSPW is significantly impacted by its existence within the Xcel Energy holding company system, and the Commission applies many of the Wisconsin holding company policies and requirements on Xcel Energy and NSPW, under Wis. Stat. § 196.795(11)(b). NSPW is a public utility within the meaning of Wis. Stat. § 196.01. NSPM is a Minnesota public utility under Minn. Stat. § 216.B.02. NSPW and NSPM are wholly-owned subsidiaries of Xcel Energy, and therefore are affiliated interests within the meaning of Wis. Stat. § 196.52(1).

PSCo, based in Denver, is a Colorado public utility engaged in the generation, purchase, transmission, distribution, and sale of electricity in Colorado. PSCo also purchases, transports, distributes, and sells natural gas to retail customers and transports customer-owned natural gas. PSCo provides electric utility service to approximately 1.4 million customers and natural gas utility service to approximately 1.4 million customers. Generally, PSCo's earnings contribute approximately 35 percent to 45 percent of Xcel Energy's consolidated net income. PSCo owns the following direct subsidiaries: 1480 Welton, Inc., and United Water Company, both of which own certain real estate interests; and Green and Clear Lakes Company, which owns water rights and certain real estate interests. PSCo also owns P.S.R. Investments, which held certain former employees' life insurance policies. PSCo also holds a controlling interest in several other relatively small ditch and water companies.

SPS, based in Amarillo, is a public utility engaged primarily in the generation, purchase, transmission, distribution and sale of electricity in portions of Texas and New Mexico. SPS provides electric utility service to approximately 389,000 retail customers in Texas and New Mexico. The wholesale customers served by SPS comprised approximately 31 percent of

its total kilowatt-hours sold in 2016. Generally, SPS' earnings contribute approximately 10 percent to 15 percent of Xcel Energy's consolidated net income.

Other Subsidiaries

WestGas InterState (WGI) is a small interstate natural gas pipeline company engaged in transporting natural gas from the PSCo system near Chalk Bluffs, Colorado, to Cheyenne, Wyoming.

WYCO Development (WYCO) was formed as a joint venture with Colorado Interstate Gas to develop and lease natural gas pipeline, storage, and compression facilities. Xcel Energy has a 50 percent ownership interest in WYCO.

Xcel Energy Services Inc. is the service company for Xcel Energy.

Xcel Energy Transmission Development Company and Xcel Energy Southwest Transmission Company are transmission-only subsidiaries that will, respectively, participate in Midcontinent Independent System Operator, Inc. (MISO), and Southwest Power Pool (SPP)¹⁶ competitive bidding processes for transmission projects. Xcel Energy West Transmission Company is a transmission-only subsidiary that will competitively bid on transmission projects in the western U.S.

Xcel Energy Inc.'s nonregulated subsidiaries are Eloigne and Capital Services. Eloigne invests in rental housing projects that qualify for low-income housing tax credits, and Capital Services procures equipment for construction of renewable generation facilities at other subsidiaries.

Structural Changes

There have been no major structural changes since the last report.

Current Issues

Allocations from the service company and other affiliates to NSPW require monitoring. Generally, the Commission monitors these allocations in the rate case process.

Non-Traditional Holding Companies

Traditional Wisconsin utility holding companies include generation and distribution utilities that are subject to retail rate regulation. However, the Commission has approved transactions involving non-traditional holding companies through mergers or acquisitions with either a Wisconsin public utility or an existing Wisconsin holding company. These include Verso Paper Corp. (Verso), which holds Consolidated Water Power Company (CWPCo), and ITC Holdings, a transmission holding company that holds ITC Midwest.

¹⁶ SPP oversees the bulk electric grid and wholesale power market in the central U.S. on behalf of a diverse group of utilities and transmission companies in 14 states. SPP ensures the reliability of supply of power, adequate transmission infrastructure, and competitive wholesale electricity prices for a 575,000 square mile region, including more than 60,000 miles of high-voltage lines.

Verso

Verso is unique in terms of creation and ownership type. CWPCo¹⁷ began as a private utility created to serve its owner's paper mills. The original holding company system owned a Wisconsin public utility prior to November 1985, and was not formed at the direction of a public utility and was therefore exempt under Wis. Stat. § 196.795(8)(a). Through a series of acquisitions, the ownership of CWPCo was transferred to other paper companies a number of times. These acquisitions raised the question of whether the exemption under Wis. Stat. § 196.795(8)(a) still applies. The Commission determined that CWPCo's immediate parent company continues to maintain the exemption, but has declined to rule on whether and to what extent the exemption extends to any other entity in the resulting holding company system.

Consolidated Paper, Inc. (CPI), the original holding company containing CWPCo, was formed in 1894 and organized as Consolidated Water Power Company. The name was changed to Consolidated Water Power and Paper Company in 1902, and to Consolidated Paper, Inc. (CPI), in 1962. In 1918, Consolidated Papers, Inc. (CPI), was organized as the Oneida Paper Company. The name Oneida Paper Company was changed to Oneida Power Company, and the corporation's purpose was changed from a private utility to being a public utility in 1919. Oneida Power Company changed its name to CWPCo in 1926. CWPCo remained a wholly-owned subsidiary of CPI until 2000, when CPI merged into Stora Enso North America, Inc. (SENA).¹⁸ In 2007, New Page acquired SENA and therefore CPWCo.¹⁹

On September 7, 2011, NewPage Corp. and 13 of its subsidiaries (not including CWPCo) filed for relief under Chapter 11 of the Bankruptcy Code. On January 8, 2014, Verso,²⁰ a Delaware corporation, announced that it had entered into a definitive agreement to acquire NewPage. The Commission approved the acquisition on April 3, 2014, in docket 1330-EI-100.

In 2016, Verso filed for a reorganization under Wis. Stat. § 196.79 and emerged from bankruptcy on July 15, 2016. CWPCo was not included in this reorganization. This specifically included internal restructuring of Verso Corporation (Verso) holding company under which CWPCo's direct corporate parent would be renamed and converted from a corporation to a limited liability company. The primary purpose of this reorganization was to allow Verso, CWPCo's ultimate parent and largest customer, to realize substantial federal income tax savings by utilizing net operation losses generated by CWPCo's direct corporate parent. The reorganization was also intended to streamline Verso's corporate structure by eliminating various corporations that are no longer used. In 2016, the Commission found that the proposed reorganization was consistent

¹⁷ CWPCo is a Wisconsin corporation and a public utility within the meaning of Wis. Stat. § 196.01(5)(a). CWPCo owns and operates five federally licensed hydropower projects along the Wisconsin River, which have a collective generating capacity of 33 MW.

¹⁸ Order, docket 1330-DR-100, issued August 2, 2000.

¹⁹ Final Decision, docket 1330-DR-101, issued December 11, 2007.

²⁰ Verso Paper is headquartered in Memphis, Tennessee. Verso Paper has approximately 2,100 employees and owns three paper mills in Maine and Michigan with the total annual production capacity of 1.5 million tons of paper and 930,000 tons of pulp. Verso Paper owns a substantial amount of generating capacity, including 450 MW of gas-fired generation, 130 MW of biomass-fueled generation, and 30 MW of hydroelectric generation. Verso Paper participates in the New England Power Pool and MISO regional power markets. Apollo Global Management, LLC, beneficially owns 68 percent of the outstanding shares of Verso Paper's common stock.

with the public interest, pursuant to Wis. Stat. § 196.79, in docket 1330-EI-101. ([PSC REF#: 294395.](#))

ITC Holdings

ITC Holdings is an independent electric transmission-only holding company that serves no retail load. ITC Holdings is the sole owner of ITC Midwest LLC (ITC Midwest), which was approved by the Commission as a Wisconsin public utility in docket 2707-NC-100 in April 2013. ([PSC REF#: 204180.](#)) The Commission approved ITC Holdings as a Wisconsin public utility holding company in docket 9408-YO-100 in May 2014. ([PSC REF#: 204179.](#)) Both entities are subject to rate regulation by FERC. ITC Holdings is the first transmission holding company to become a public utility holding company in the state of Wisconsin.²¹

On October 6, 2016, the Commission approved the joint application of Fortis, Inc., a Canadian holding company, along with a minority investor, to acquire ITC Holdings and ITC Midwest. ([PSC REF#: 292924.](#))

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²¹ ATC is exempt from Wis. Stat. § 196.795, the Holding Company Statute, under Wis. Stat. § 196.795(1)(h)3.

	Public Utilities In State	Utilities in Other States	Service Company	Percentage Investment in ATC	Major Non-Regulated Subsidiaries
Alliant Energy Corporation	Wisconsin Power & Light Co. (serves retail and wholesale in Wisconsin)	Interstate Power & Light Co. (IA) (serves retail in Iowa and wholesale in Iowa, Minnesota,	Alliant Energy Corporate Services Inc. (IA)	16%	Alliant Energy Finance, LLC (sub holding company non-regulated)
Integrus Holding, Inc. (wholly-owned subsidiary of WEC Energy Group)	Wisconsin Public Service Corp. (serves in Wisconsin)	Minnesota Energy Resources Corp. (MN) (serves in Minnesota) Michigan Gas Utilities Corporation (MI) (serves in Michigan) North Shore Gas Co. (serves in Illinois) The Peoples Gas Light and Coke Co. (serves in Illinois)	WEC Business Services, LLC (subsidiary of WEC Energy Group, Inc..)	34%	WPS Investments LLC (ATC Investments) Peoples Energy LLC (subholding company for the Illinois utilities) WPS Power Development Inc. (energy asset/solar) (many individual subsidiaries under this holding company)
MGE Energy, Inc.	Madison Gas and Electric Co. (serves in Wisconsin)	None	None	3.6% in ATC, LLC & 4.0% in ATC Holdco	Central Wisconsin Development Corp. (business growth) North Medota Energy & Technology Park, LLC (50% owned by CWDC) MAGAEL,LLC (property) MGE Transco, LLC (interest in ATC Holdco) MGE Transo Investment LLC (Interest in ATC) MGE Power LLC (generation) MGE Power West Campus LLC (owns co-generation asset with UW) MGE Power Elm Road, LLC (owns an 8.33% interest in two coal generating units) MGE Services LLC (construction) NGV Fueling Services, LLC (CNG Fueling Station)
Piegras Holding Company	St. Croix Gas Company (serves in Wisconsin)	None	None	None	None

	Public Utilities In State	Utilities in Other States	Service Company	Percentage Investment in ATC	Major Non-Regulated Subsidiaries
WEC Energy Corporation	<p>Wisconsin Electric Power Co. (serves in Wisconsin and Michigan)</p> <p>Wisconsin Gas LLC (serves in Wisconsin)</p> <p>Wisconsin Public Service Corp. (subsidiary of Integrys Holding, Inc.)</p>	<p>Wisconsin Electric Power Co. (serves in Michigan)</p> <p>Minnesota Energy Resources Corp. (MN) (serves in Minnesota)</p> <p>Michigan Gas Utilities Corporation (MI) (serves in Michigan)</p> <p>Upper Michigan Energy Resources Corporation (MI) (services in Michigan)</p> <p>North Shore Gas Co. (serves in Illinois)</p> <p>The Peoples Gas Light and Coke Co. (serves in Illinois)</p>	<p>WEC Business Services, LLC (subsidiary of WEC Energy Group, Inc.)</p>	26.24%	<p>WE Power LLC (power generation WI)</p> <p>ATC Holding, LLC</p> <p>Wispark, LLC (real estate)</p> <p>Wisvest LLC (invest in energy-related activities)</p> <p>Bostco, LLC (real estate)</p> <p>WPS Investments LLC (ATC Investments)</p> <p>Peoples Energy LLC (subholding company for the Illinois utilities)</p> <p>WPS Power Development Inc. (energy asset/solar) (many individual subsidiaries under this holding company)</p> <p>Integrys Holding, Inc.</p>
Xcel	<p>Northern States Power Co. Wisconsin (serves in Wisconsin and Michigan)</p>	<p>Northern States Power Co. Minnesota (MN) (serves in Minnesota, North and South Dakota)</p> <p>Public Service Commission of Colorado (CO) (serves in Colorado)</p> <p>Southwestern Public Service Company (NM) (serves in Texas and New Mexico)</p>	<p>Xcel Energy Services Inc. (DE)</p>	0%	<p>Nicollet Holdings Company, LLC - sub holding co. (DE)</p> <p>Westgas Interstate, Inc. - interstate pipeline (CO)</p> <p>Xcel Energy Communication Group Inc. - sub holding co (MN)</p> <p>Xcel Energy Foundation - charitable trust (MN)</p> <p>Xcel Energy International Inc. - sub holding co. (DE)</p> <p>Xcel Energy Markets Holding Inc. - sub holding co. (MN)</p> <p>Xcel Energy Retail Holdings, Inc. - sub holding co. (MN)</p> <p>Xcel Energy Transmission Holding Company LLC - sub holding co. (DE)</p> <p>Xcel Energy Venture Holdings, Inc. - sub holding co. (MN)</p> <p>Xcel Energy Ventures Inc. - sub holding co. (MN)</p> <p>Xcel Energy Wholesale Group Inc. - sub holding co. (MN)</p> <p>Xcel Energy WYCO Inc. - holds investments in joint ventures (CO)</p>
Allete	<p>Superior Water, Light and Power Co. (serves in Wisconsin) ATC (serves in Wisconsin and Minnesota)</p>	<p>Minnesota Power Enterprises, Inc. (MN)* (serves in Minnesota)</p> <p>ALLETE Clean Energy (Wholesale energy in Iowa, Oregon and Pennsylvania)</p>	<p>None</p>	8%	<p>ALLETE Proterties, LLC - real estate development (MN)</p> <p>BNI Energy</p> <p>ALLETE Enterprise, Inc.</p> <p>MP Investments, Inc. (DE)</p> <p>U.S. Water Services (DE)</p> <p>Clean Energy</p> <p>ALLETE</p>

Holding Company Size

(12/31/2016)	Alliant Energy Corporation	MGE Energy, Inc.	Piepgras Holding Company	WEC Energy Group	Xcel	Allete
Revenues:						
Electric Revenues	\$2.9 billion	\$409 million	\$0	\$4.6 billion	\$9.5 billion	
Natural Gas Revenues	\$.4 billion	\$135 million	\$6.77 million	\$2.8 billion	\$1.5 billion	
Regulated Utility Revenues	\$3.3 billion	\$544 million	\$6.77 million	\$7.4billion	\$11.03 billion	\$1.0 billion
2016 Total revenues	\$3.3 billion	\$545 million	\$6.77 million	\$7.5 billion	\$11.1 billion	\$1.3 billion
Earnings:						
2016 Total Holding Company Earnings (net income) (consolidated earnings)	\$372 million	\$76 million	\$37,260	\$939.0 million	\$1,123 million	\$155.3 million
Regulated (utilities) Net Income	\$406 milliom	\$51 million	\$37,260	Not available	\$1,191 million	\$135.5 million
Non-Regulated Net Income	(\$34) million	\$25 million	\$0	Not available	(\$67.6) million	\$19.8 million
Assets:						
Total Holding Company Assets (consolidated assets)	\$13.4 billion	\$1.8 billion	\$5.44 million	\$30.1 billion	\$41.2 billion	\$4.9 billion
Utility Assets	\$12.9 billion	\$1.4 billion	\$5.44 million	\$29.9 billion	\$40.2 billion	\$3.9 billion
Non-Utility Assets	\$0.5 billion	\$433 million	\$0	\$0.2 billion	\$1.0 billion	\$1.0 billion
Service Territory:						
States Served	Iowa, Minnesota, Wisconsin, Illinois	Wisconsin	Wisconsin	Wisconsin, Michigan, Illinois, Minnesota	Colorado, Michigan, Minnesota, New Mexico, North Dakota, South Dakota, Texas, and Wisconsin.	49 States
Customers:						
Electric	960,000 customers	149,000 customers	0	1.6 million customers	3.6 million customers	160,000 customers
Natural Gas	410,000 customers	154,000 customers	8,500 customers	2.8 million customers	2.0 million customers	13,000 customers
Water	0	0	0	0	0	10,000 customers
Steam	2 customers (Cedar Rapids, IA)	0	0	0.4 thousand customers (Milwaukee WI)		0

Holding Company Size

(12/31/2016)	Alliant Energy Corporation	MGE Energy, Inc.	Piepgras Holding Company	WEC Energy Group	Xcel	Allete
Page 2 of 2						
(12/31/2016)						
Employees:						
Total Company Employees (full, part time and temporary)	3,978 employees	704 employees	14 employees	8,164 Total employees (7,983 full-time)	12,222 employees (11,440 full time)	1,963 employees (1,917 full time)
Electric Generating Capacity (MW):						
Coal	2,590 MW (42%)	331 MW (44.1%)	N/A	Rated Capacity 4,933 MW (57.1%)	Net Dependable Capacity 6,993 MW (40%)	1,108 MW (57.4%)
Natural Gas	2,697 MW (44%)	103 MW (13.0%)		2,017 MW (23.4%)	7,360 MW (42%)	110 MW (5.7%)
Natural Gas/Oil Peakers		271 MW (36.0%)		1,233 MW (14.3%)		
Nuclear					1,657 MW (9%)	
Hydro	42 MW (1%)			150 MW (1.7%)	377 MW (2%)	120 MW (6.2%)
Oil	343 MW (5%)	49 MW (6.4%)		180 MW (2.1%)	331 MW (2%)	
Refuse - derived					52 MW (0%)	
Biomass				50 MW (0.6%)		62 MW (3.2%)
Wind	469 MW (8%)	5 MW (.5%)		73 MW (0.8%)	852 MW (5%)	522 MW (27.0%)
Other					33 MW (0%)	
Renewables (Wind/Hydro)						10 MW (0.5%)
Total Generating Capacity	6,440 MW	759 MW		8,636 MW	17,656 MW	1,932 MW
PPA - Coal	0	0	N/A	0	100	1,238
PPA - Nuclear	403	0		1033		
PPA - Wind	390	106		0	5,824	343
PPA - Hydro	35	0		0	74	327
PPA - other	455	56		411	5,637	
PPA Total (MW):	1,283	162		1,444	11,635	1,908

Holding Company Financials	Alliant Energy Corporation	Integrus Energy Group	MGE Energy, Inc.	Piegras Holding Company	Wisconsin Energy Corporation	Xcel	Allete
(2-28-2017 from Yahoo Financial)							
Valuation:							
Price/Sales (ttm)	2.71	1.43	4.16	N/A	3.52	1.99	2.49
Price/Book (mrq)	2.33	1.79	3.13	N/A	1.93	2.01	1.75
Financial:							
Return on Assets (ttm)	3.01%	2.37%	4.28%	N/A	2.93%	3.46%	3.17%
Return on Equity (ttm)	9.36%	8.25%	10.68%	N/A	8.11%	10.39%	8.25%
Total Debt (mrq)	\$4.56 billion	\$3.40 billion	387.1 million	N/A	\$9.98 billion	\$14.84 billion	\$1.57 billion
Current Ratio (mrq)	0.75	0.98	2.66	N/A	0.77	0.88	0.74
Levered Free Cash Flow (ttm)	\$(532.08) million	\$241.69 million	\$39.6 million	N/A	\$316.83 million	\$(750.69) million	\$275.6 million
Trading :							
Shares - % held by Insiders	0.21%	0.97%	0.24%	N/A	0.17%	0.15%	0.50%
Shares - % held by Institutions	63.2%	54.40%	38.70%	N/A	74.8%	71.80%	70.26%
Shares - Float	227.33 million	79.16 million	34.59 million	N/A	315.10 million	\$506.02 million	50.49 million
Shares - Short as a % of Float	2.67%	0.85%	1.6%	N/A	2.75%	1.71%	2.20%
Payout Ratio	71%	79%	56%	N/A	80%	62%	66%
Credit Ratings- Standard & Poors:							
Utility Corporate/Issuer	A (WPL) A- (IPL)	A- (WPS) A- (PGL) A- (NSG)	N/A	N/A	A- (WEPCO) A (WG)	N/A	BBB+
Utility Commercial paper	A-1 (WPL) A-2 (IPL)	A-2 (WPS) A-2 (PGL)	A1+ (MGE)	N/A	A-2 (WEPCO) A-1 (WG)	A-2 (NSPM) A-2 (NSPW) A-2 (PSCo) A-2 (SPS)	A-2
First mortgage bonds	N/A	N/A	AA- (MGE)	N/A	N/A N/A	N/A A (NSPM)	N/A
Senior Secured debt	N/A	N/A	N/A	N/A		A (NSPW) A (PSCo) A (SPS)	N/A

Holding Company Financials	Alliant Energy Corporation	Integrus Energy Group	MGE Energy, Inc.	Piegras Holding Company	Wisconsin Energy Corporation	Xcel	Allete
Utility Senior unsecured long-term debt	A (WPL) A- (IPL)	A- (WPS)	AA- (MGE)	N/A	A- (WEPCO) A (WG)	A- (NSPM) A- (NSPW) A- (PSCo) A- (SPS)	N/A
Utility Preferred stock	N/A (WPL) BBB (IPL)	N/A	N/A	N/A	BBB (WEPCO)	N/A	N/A
Utility Credit facility	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Non-Regulated Corporate/Issuer	Not rated (Resources)	N/A	N/A	N/A	N/A	N/A	N/A
Non-Regulated Unsecured debt	N/A	N/A	N/A	N/A	A- (WECC) A- (ERGSS) A- (WEC)	N/A	N/A
Holding Company Corporate/Issuer	(Alliant Energy)	A- (Integrus)	MGEE is not rated. Does not issue debt securities.				
Holding Company Commercial paper	A-2 (Alliant Energy)	N/A	N/A	N/A	A-2 (WEC)	A-2 (Xcel)	N/A
Holding Company First mortgage bonds	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Holding Company Senior unsecured long-term debt	N/A (Alliant Energy)	BBB+ (Integrus)	N/A	N/A	BBB+ (WEC)	BBB+ (Xcel)	N/A
Holding Company Credit facility	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Holding Company Junior subordinated notes	N/A	BBB (Integrus)	N/A	N/A	BBB (WEC)	N/A	N/A
All Entities Outlook	Stable	Stable			Stable		
Credit Ratings- Moody's Investor Services:							
Utility Corporate/Issuer	A2 (WPL) Baa1 (IPL)	A1 (WPS) A2 (PGL) A2 (NSG)	N/A	N/A	A1 (WEPCO)	N/A	A3 (ALLETE, Inc.) A3 (SWLP)
Utility Commercial paper	P-1 (WPL) P-2 (IPL)	P-1 (WPS) P-1 (PGL)	P1 (MGE)	N/A	P-1 (WEPCO) P-1 (WG)	P-1 (NSPM) P-1 (NSPW) P-2 (PSCo) P-2 (SPS)	P-2 (ALLETE, Inc.)
First mortgage bonds	N/A	N/A	Aa2 (MGE)	N/A	N/A	N/A	A1 (ALLETE, Inc.)
Utility Senior Secured debt	N/A	Aa3 (PGL)	N/A	N/A	N/A	Aa3 (NSPM) Aa3 (NSPW) A1 (PSCo) A2 (SPS)	A1 (ALLETE, Inc.)
Utility Senior unsecured long-term debt	A2 (WPL) Baa1 (IPL)	A1 (WPS)	A1 (MGE)	N/A	A1 (WEPCO) A1 (WG)	A2 (NSPM) A2 (NSPW) A3 (PSCo) Baa1 (SPS)	

Holding Company Financials	Alliant Energy Corporation	Integrys Energy Group	MGE Energy, Inc.	Piegras Holding Company	Wisconsin Energy Corporation	Xcel	Allete
Utility Preferred stock	N/A (WPL) Baa3 (IPL)	N/A	N/A	N/A	A3 (WEPCO)	N/A	N/A
Utility Credit facility	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Non-Regulated Corporate/Issuer	Not rated (Resources)	N/A	N/A	N/A	N/A	N/A	N/A
Non-Regulated Unsecured debt	N/A	N/A	N/A	N/A	A3 (WECC); A1 (ERGSS)	N/A	N/A
Holding Company Corporate/Issuer	Baa1 (Alliant Energy)	A3 (Integrys)	MGEE is not rated and does not issue debt securities.	N/A	A3 (WEC)	N/A	N/A
Holding Company Commercial paper	P-2 (Alliant Energy)	N/A	N/A	N/A	P-2 (WEC)	P-2 (Xcel)	N/A
Holding Company First mortgage bonds	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Holding Company Senior Unsecured long-term debt	Baa1 (Alliant Energy)	A3 (Integrys)	N/A	N/A	A3 (WEC)	A3 (Xcel)	N/A
Holding Company Credit facility	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Holding Company Junior subordinated notes	N/A	Baa1 (Integrys)	debt securities	N/A	Baa1 (WEC)	N/A	N/A
All Entities Outlook	Stable	Stable (Integrys, PGL, NSG)	Stable		Stable (WEC, WECC)		