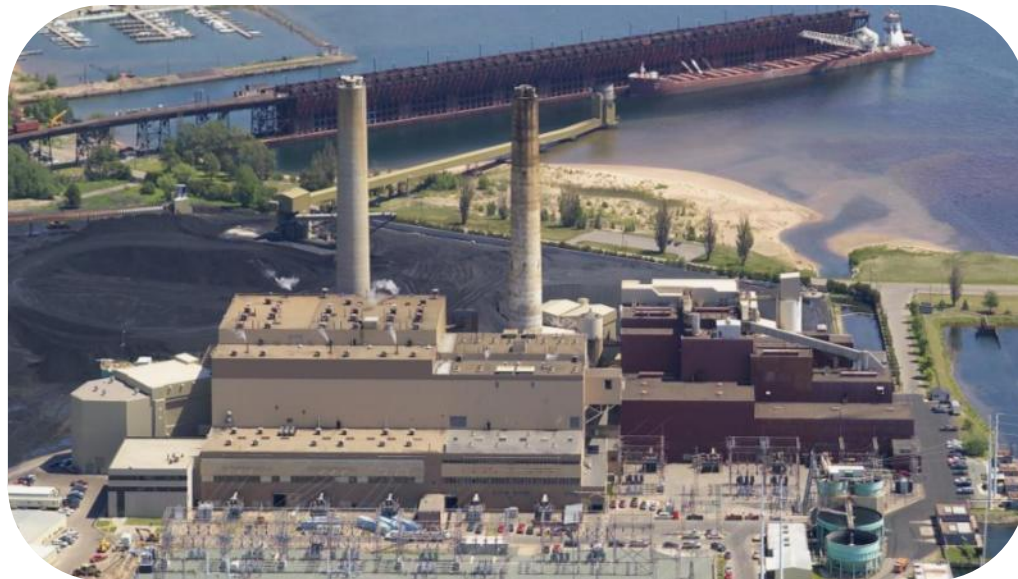


Marquette Power Plant Opportunity

U.P. Energy Summit

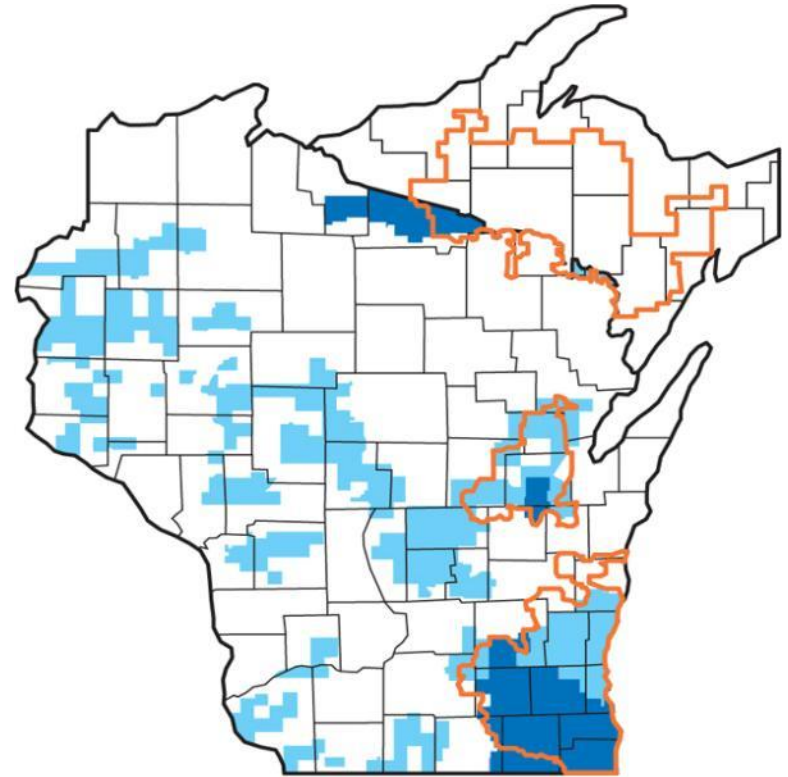


We Energies Overview



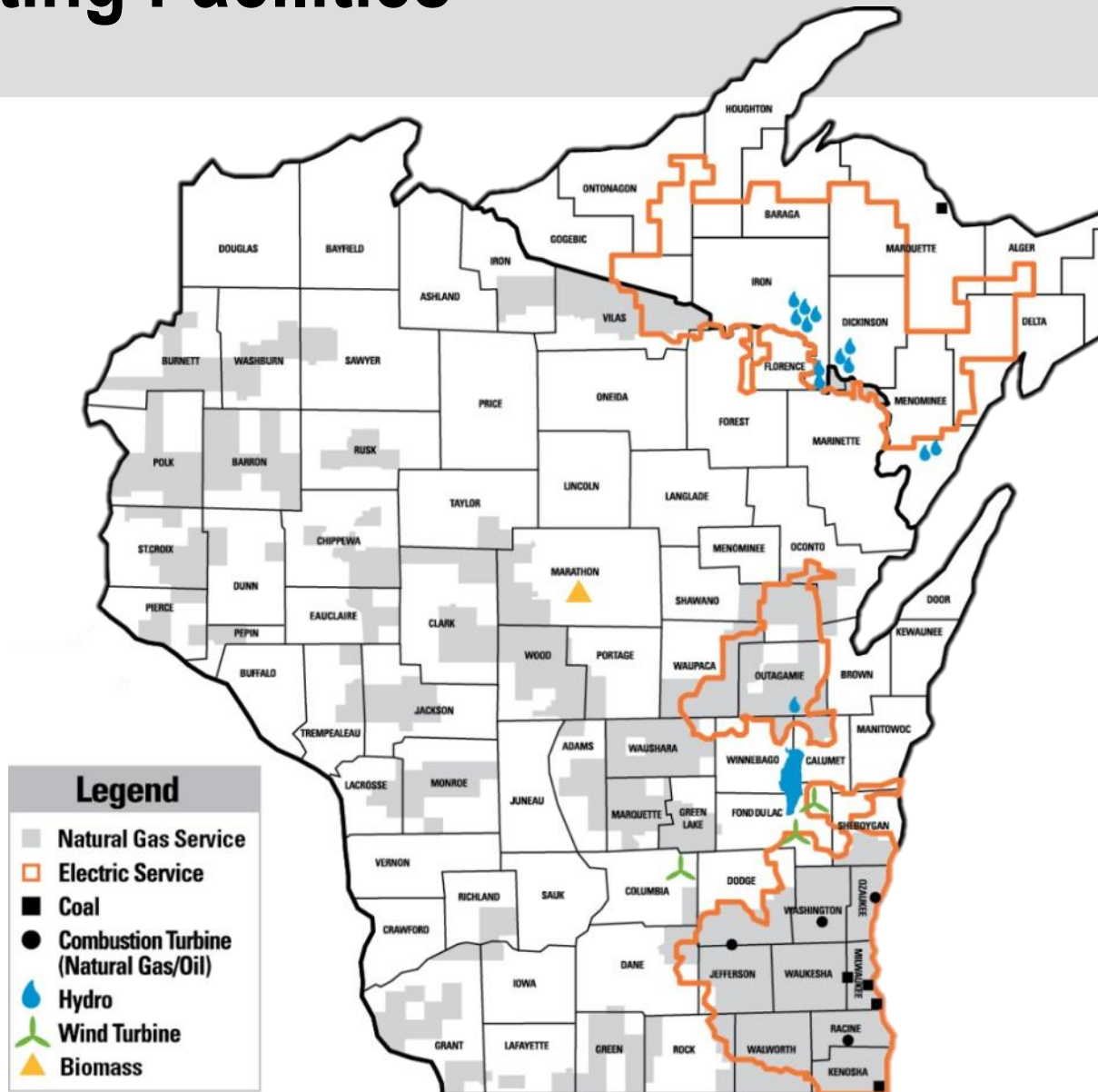
Service Area

- Largest electric and gas company in Wisconsin
 - 1.1 million electric customers
 - 1 million natural gas customers
- Service territories in Wisconsin and Michigan



- **Wisconsin Electric** Gas Service Area
- **Wisconsin Electric** Electric Service Area
- **Wisconsin Gas** Service Area

Generating Facilities

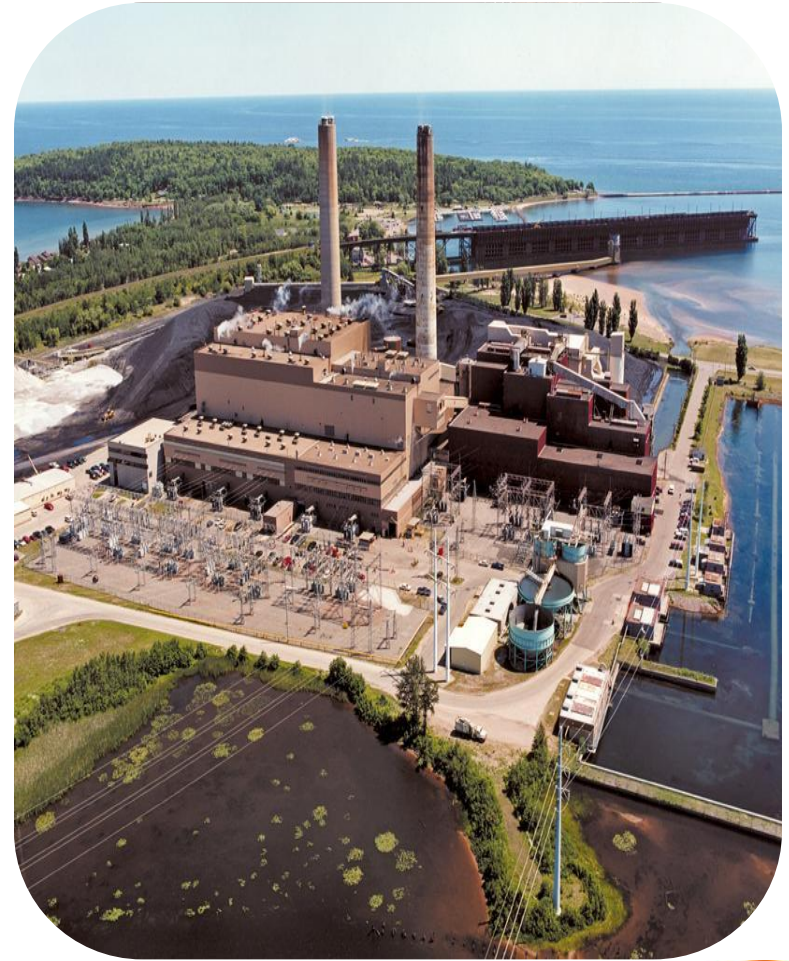


Marquette Power Plant



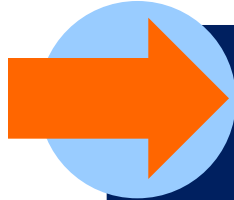
Overview

- Only large coal-fueled plant in Michigan's Upper Peninsula
 - 170 employees
- Five units
 - Nameplate capacity of 431 MW
 - Fueled with bituminous or Powder River Basin coal (at reduced capacity)
- Managed emission reductions on a system-wide basis
 - High-efficiency bag houses to control particulates
 - Mercury control project



Environmental Challenges

- New pending air emission rules – “alphabet soup”
 - Address most with small amount of capital and O&M
 - Potential reliability concerns
- Water intake and coal combustion ash rules

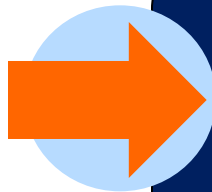


SO₂ NAAQS of significant concern for Marquette.

- New standard *50 times* more stringent than previous standards.
- Expect compliance to be required in 2017.

Options Considered

- Install air quality control system
- Reconfigure plant with natural gas
- Retire plant
 - Build new natural gas combined-cycle unit in Upper Peninsula
 - Increase transfer capacity to Upper Peninsula



**Potential 2017 retirement
announced in October 2011.**

Wolverine Overview



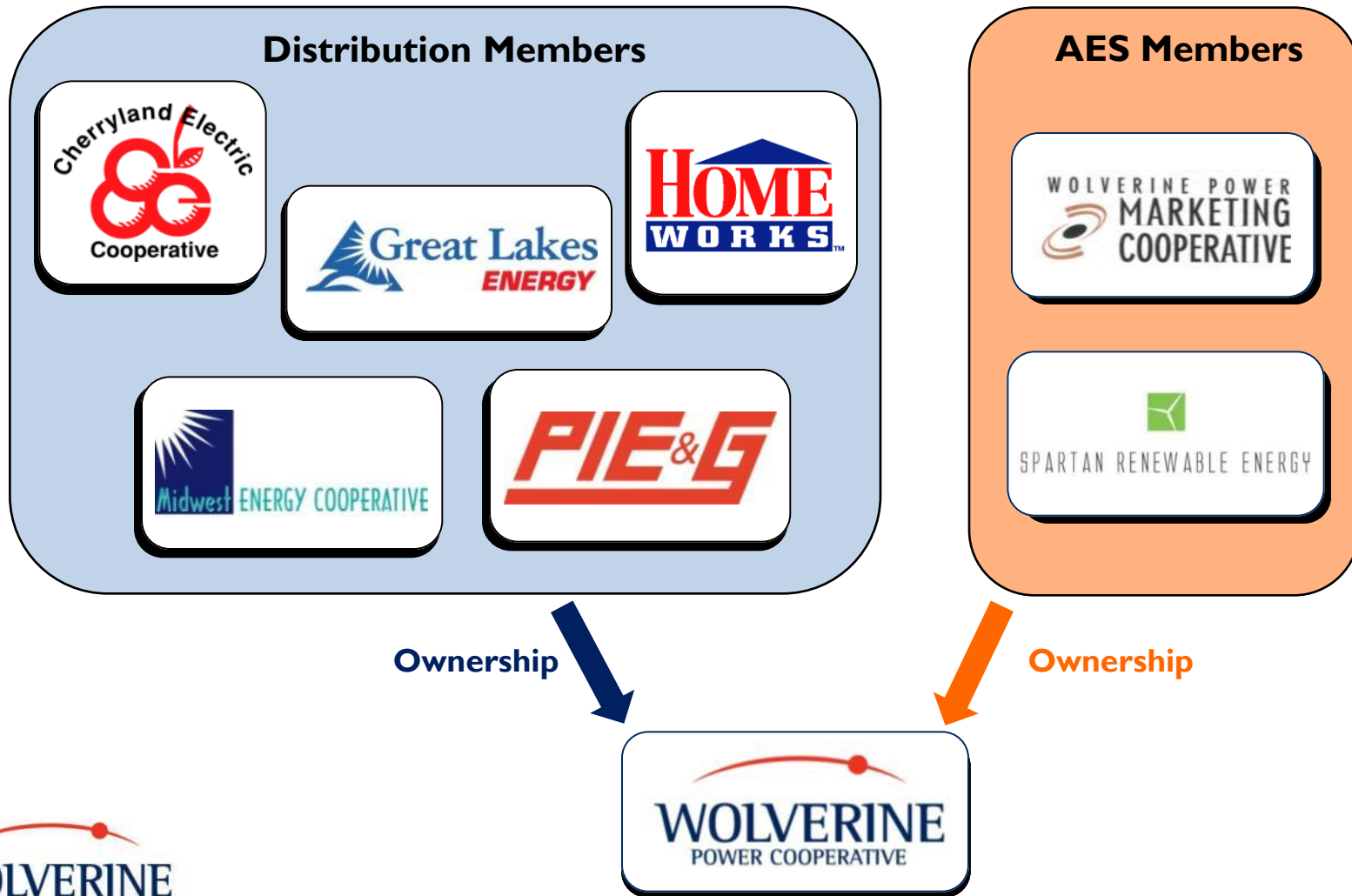
Mission Statement

To provide outstanding service to our members by delivering reliable, competitively priced power supply.

Reliability

Affordability

Members and Corporate Structure



Service Area and Generation Locations

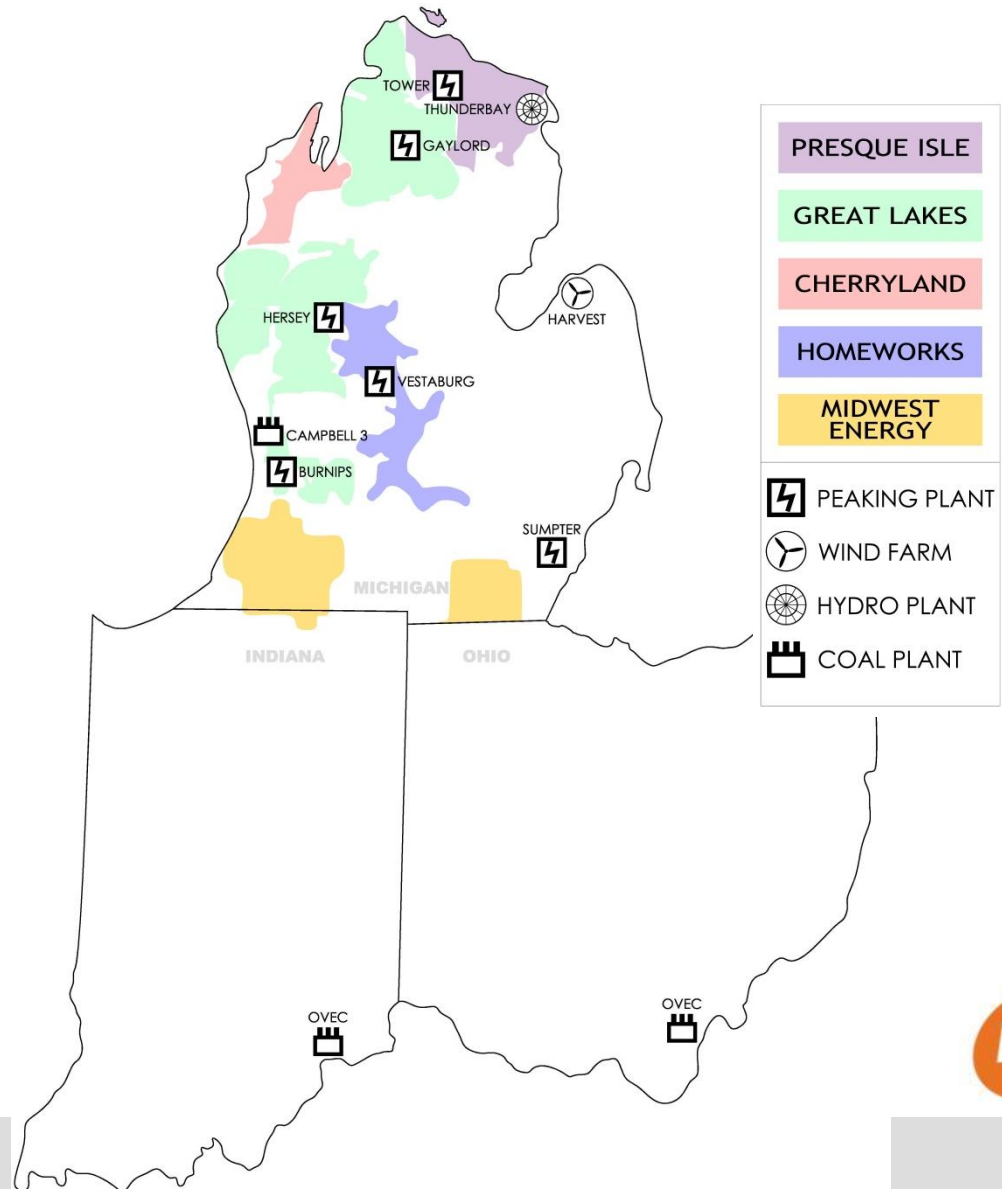
■ Generation

- 165 MW baseload
- 565 MW peaking

■ Transmission

- 1,600 miles
- 36 transmission substations
- 130 distribution substations

- 268,000 retail member-owners



Wolverine Power Supply Overview



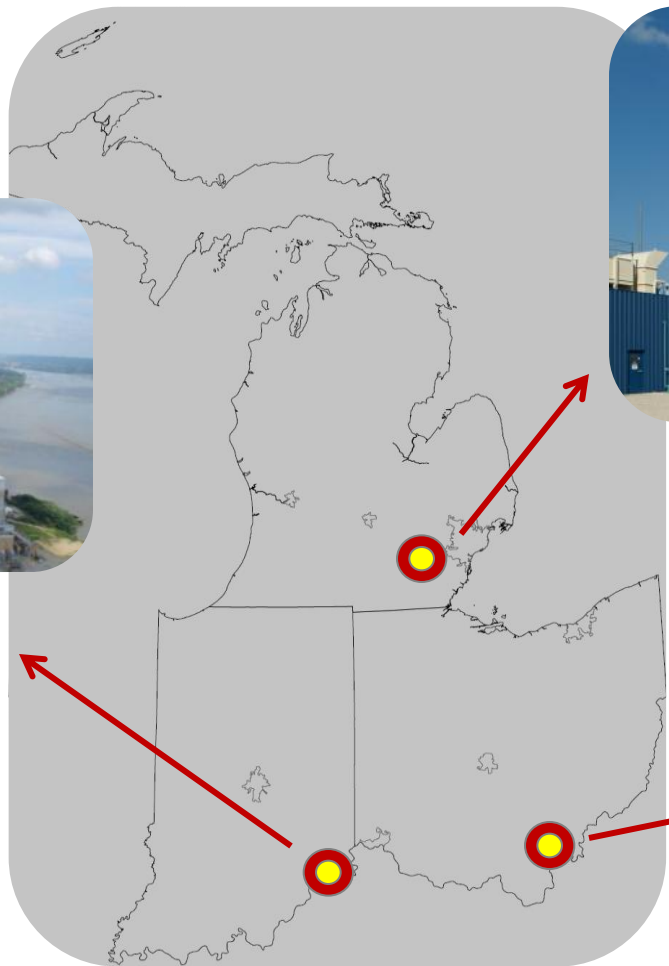
Power Supply Strategy – Five Key Areas

- Asset ownership
- Diversity (Fuel/counterparty)
- Long-term price stability
- Competitive rates
- Environmental stewardship

Recent Acquisitions



OVEC's Clifty Creek Plant,
Madison, IN



Sumpter Plant, Belleville, MI



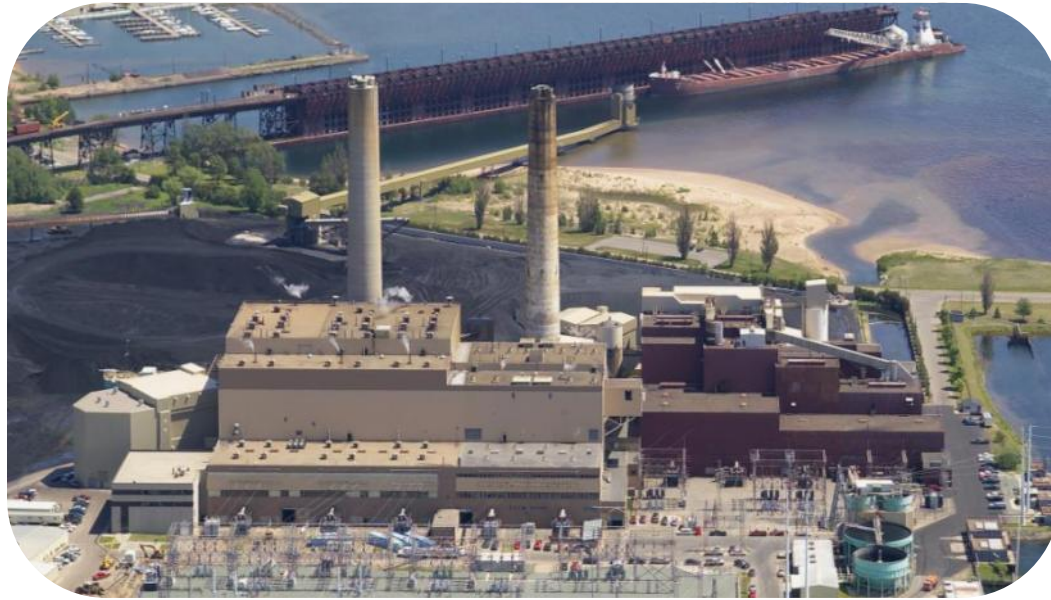
OVEC's Kyger Creek Plant,
Gallipolis, OH

Wolverine Clean Energy Venture

- Proposed in 2006 for site near Rogers City
- Two units at 300 megawatts each
- Currently:
 - Defending air permit at Michigan Court of Appeals
 - Preparing to submit request for air permit extension



Perspectives for Joint Venture



How the Dialogue Began

- Initial meeting
 - Monday following Thanksgiving holiday
 - Primary purpose to discuss Rogers City development
- Discussions led to further brainstorming
- Culminated in potential joint venture at Marquette

Basic Structure of Joint Venture

- Wisconsin Electric contributes plant
- Wolverine funds construction of air quality control system
- Ownership shared

We Energies Perspective



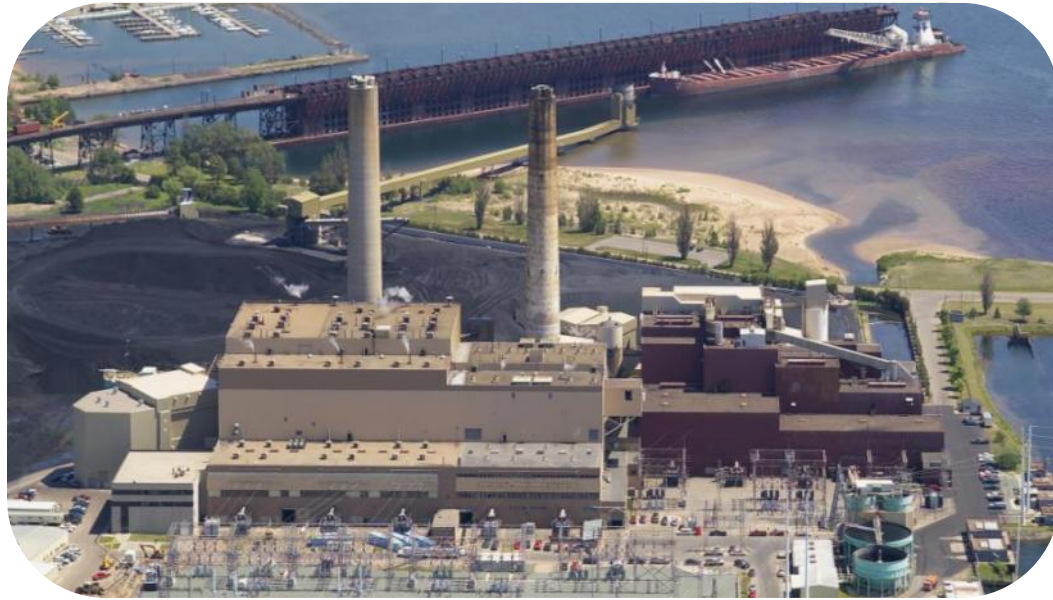
Benefits of Joint Venture

- Power supply cost benefits
- Future economic development in the Upper Peninsula
- Preserves jobs at the plant

Three Key Hurdles for Joint Venture

- Viability of air quality control system at site
- Due diligence including economic evaluation
- Regulatory approvals

Wolverine Perspective



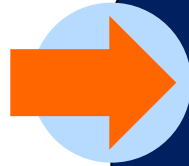
Why is Marquette Such a Good Fit?

- Relative size to needs
- Quality business partner
- Diversity of plant
- Modern pollution controls
- In Michigan
 - Important to rural areas of U.P.
- Improves electric reliability

**Good fit for
mission
and power
supply
strategy.**

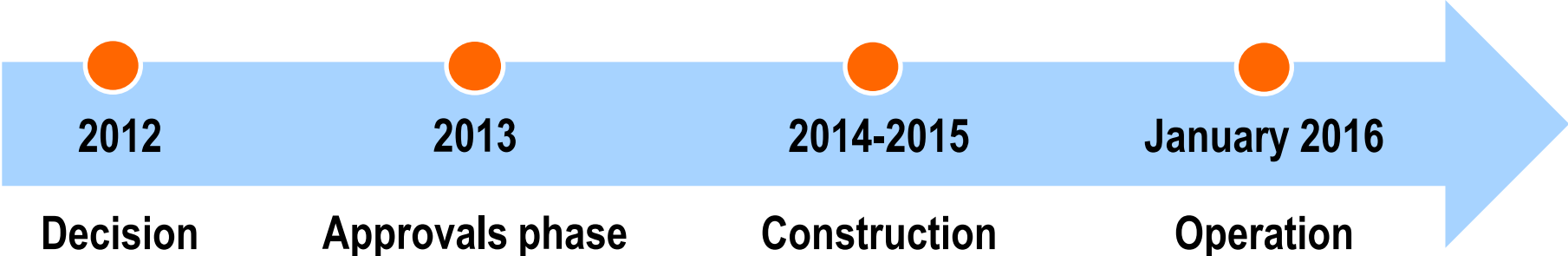
Three Keys to Moving Forward

- Due diligence with We Energies
- Environmental design
- Complete negotiations



Anticipate decision on whether to proceed by year-end 2012.

Possible Timeline



Thank you.

