

WEC Energy Group - Committing Capital to a Changing Load

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Decision scope: Pacing and sequencing the remaining 2026-2030 capital program

Case convention: This is an author-created management decision exercise. The assignment and alternatives are hypothetical; company disclosures are historical. It does not represent private deliberations or a disclosed internal disagreement.

The decision

On August 4, 2026, WEC Energy Group had just filed its second-quarter Form 10-Q. The filing, accepted by the SEC at 9:01:42 a.m. Eastern Time, was the latest company disclosure available for this exercise. It left a consequential question: how should WEC govern the pace and composition of its remaining 2026-2030 capital program as it serves contracted very-large-customer demand, maintains reliability, and manages affordability, regulatory recovery, and overbuild risk?

WEC had announced a five-year capital plan of \$37.5 billion, raised by \$1.0 billion in February after additional forecast electric demand. Management described approximately \$33.4 billion for regulated utilities and \$4.1 billion for WEC's share of American Transmission Company (ATC) investment. These are forward-looking plan amounts, not cash already spent or a single pool of freely cancellable projects. [S1], Item 7, "Corporate Developments" and "Significant Capital Projects"; [S2], MD&A, "Significant Capital Projects."

Some investment was underway or connected to customer arrangements, reliability, safety, replacement, or regulatory requirements. Other future increments had not yet become project-level commitments. The public disclosures did not provide a complete project-by-project schedule of what WEC could defer, the cost of delay, or the expected realized return. The task is to make a governance recommendation with those limits in view.

Assignment: Recommend a rule for pacing and sequencing WEC's remaining 2026-2030 capital program. Identify which types of work should proceed on existing commitments or independently supported reliability needs; which future investments, if any, should be released in stages against measurable milestones; and what evidence should trigger acceleration, redesign, or deferral. Address the treatment of contracted large-customer resources, affordability for existing customers, regulatory recovery, reliability, and the risk that forecast load or project economics disappoint. Do not assume all planned capital is discretionary.

A regulated portfolio facing a new demand signal

WEC's businesses include regulated electric and gas utilities, a roughly 60% equity interest in ATC, and non-utility energy infrastructure. The company's plan includes generation, LNG, electric and gas distribution, transmission, and renewable investment. Management links the program to reliability, customer growth, and a cleaner generation mix; those rationales and expected benefits are management statements and forecasts, not realized outcomes. [S1], Items 1 and 7; [S2], MD&A, "Significant Capital Projects."

Full-year 2026 estimates included actual spending through June and projected spending for the rest of the year. Across 2026-2028, the filing listed an estimated \$18.9 billion of expenditures and acquisitions. The derived total is a sum of the three published annual estimates, not a remaining authorization or a commitment to spend every dollar. [S2], MD&A, "Cash Requirements-Significant Capital Projects," and capital-expenditure table, p. 80.

Exhibit 1. Published capital plan and near-term estimates

Measure	Amount	Basis and scope
2026-2030 total capital plan	\$37.5bn	Management plan, updated February 2026
Regulated utility investment	~\$33.4bn	Company estimate within plan
WEC share of ATC investment	~\$4.1bn	Company estimate; WEC share, not ATC's total spending
2026 estimated spend	\$5.018bn	Actual through June plus estimated remainder of year
2027 estimated spend	\$6.950bn	Company estimate
2028 estimated spend	\$6.966bn	Company estimate
2026-2028 sum	\$18.933bn	Derived from the three estimates above

Source: [S1], Item 7; [S2], MD&A, "Significant Capital Projects," p. 80. Amounts may not sum due to rounding and scope; the five-year plan and three-year table are different disclosures.

The detailed project schedule covers multiple needs. WEC estimated 2026-2028 thermal investment of \$0.946 billion, \$1.583 billion, and \$1.425 billion by year; solar investment of \$0.734 billion, \$1.694 billion, and \$1.713 billion; electric distribution investment of \$0.972 billion, \$0.946 billion, and \$0.973 billion; and gas distribution investment of \$1.287 billion, \$1.611 billion, and \$1.469 billion. The amounts are company estimates, with the 2026 figure including first-half actuals. The filing also lists LNG, battery, transmission-related and other investment categories. The categories should not be treated as interchangeable: a generation project serving a contracted load, a distribution replacement, and an expandable network investment can have different obligations, beneficiaries, and recovery mechanisms. [S2], "Significant Capital Projects," generation/distribution project table, p. 81.

Large customers and tariff protections

Wisconsin's Public Service Commission approved linked Very Large Customer (VLC) and Bespoke Resources tariffs, with modifications, on May 21, 2026. The PSC's April 24 announcement described its preliminary open-meeting decision and explicitly said it was not a substitute for the final written order. The order URL was inaccessible in this research environment. Accordingly, the tariff terms in this case are attributed to WEC's Q2 Form 10-Q, Note 24, which summarizes the final order; the PSC release is used only as a preliminary public summary. [S2], Note 24; [S3].

Under WEC's description, the tariff applies to new demand above 100 MW and links the customer to dedicated resources. The customer is responsible for electricity, dedicated generation and distribution facilities, and allocated operating and transmission costs. Resource and service terms can extend to the depreciable life of owned generation-20 years for wind and solar-or the term of a power-purchase agreement. The filing describes fixed contract terms including a 10.48%-10.98% return on equity (ROE) range and a 57% equity ratio for Oracle America Cloud Services. These are tariff parameters, not WEC-wide realized returns or evidence that construction has achieved those returns. [S2], Note 24, "Very Large Customer and Bespoke Resources Tariffs."

WEC's filing says customer-requested termination or load reduction can require reimbursement for dedicated resources and distribution facilities, subject to regulatory approval to repurpose them. Payment and cancellation agreements also address project costs, including associated ATC transmission costs, in specified circumstances. These provisions can shift some risk to a customer; they do not eliminate schedule, construction, credit, regulatory, repurposing, or broader system risks. WEC reported that a petition to reconsider credit-support and collateral terms was deemed denied after no PSC action within the statutory period, and that a VLC had filed for judicial review. Neither fact means the court had decided the dispute by the cutoff. [S2], Note 24.

Exhibit 2. What the large-customer framework does-and does not-settle

Issue	Disclosed framework at cutoff	Decision implication
Eligibility	New demand above 100 MW	Customer-specific requirements apply to a defined class, not all load growth.
Dedicated resources and facilities	Customer pays for electricity, dedicated generation/distribution, and allocated operating/transmission costs under the company's description	Separate customer-linked assets and costs from shared system investment.
Duration	May extend to asset depreciable life or PPA term	Consider alignment between service, contract, and asset lives.
Return parameters	Oracle agreement described with 10.48%-10.98% ROE and 57% equity ratio	Contract terms are not realized project returns.
Cancellation or downsizing	Payment may be due for dedicated assets/facilities unless repurposing is approved	A contractual backstop may still depend on approval and asset reuse.
Credit / legal status	Reconsideration petition deemed denied; VLC judicial review pending	Do not treat collateral adequacy or court outcome as settled.

Source: [S2], Note 24. The PSC’s April 24 release is preliminary only [S3].

Demand: growth in one segment, mixed signals elsewhere

The demand picture was neither a simple broad-based surge nor evidence that new load would fail to arrive. For the first six months of 2026, reported retail electric sales rose by 394.4 thousand megawatt-hours (MWh) year over year. Large commercial and industrial (C&I) sales rose 404.5 thousand MWh, while residential sales declined 22.7 thousand MWh. WEC’s Q2 earnings release said retail deliveries excluding a Michigan iron-ore mine and Wisconsin VLCs were essentially flat year over year; on a weather-normalized basis, the comparable measure rose 1.2%. Company comparisons use different scopes, and the large-C&I change cannot be attributed entirely to data centers. [S2], sales-volume table, pp. 66-68; [S4], “Retail deliveries.”

Exhibit 3. First-half reported retail electricity sales

Thousands of MWh; customer class as reported by WEC.

Customer class	Six months 2025	Six months 2026	Change
Residential	5,361.1	5,338.4	–22.7
Small C&I	6,323.3	6,340.3	+17.0
Large C&I	5,856.6	6,261.1	+404.5
Other / residual*	58.7	54.3	–4.4
Total retail	17,599.7	17,994.1	+394.4

Source: [S2], Note 4 / MD&A sales-volume table, pp. 66-68. The displayed customer-class figures and total are reported volumes. *“Other / residual” is derived as total retail less the displayed Residential, Small C&I, and Large C&I categories; it is not a separately named customer class in the filing. Do not infer that the large-C&I increase is wholly caused by VLCs or data centers. The Q2 adjusted delivery comparison cited in the text excludes the mine and Wisconsin VLCs; it is not the same population as this table.

The contrast matters for capital governance. Customer commitments can support investment that would otherwise be difficult to justify, while companywide reliability and replacement needs may remain even if forecast large-load growth changes. A portfolio-wide load forecast cannot by itself identify which project should proceed, who should pay, or whether delay would be prudent.

Research lenses: incentives and the value of sequencing

Academic research offers mechanisms for framing the decision, not forecasts for WEC. Gowrisankaran, Langer, and Reguant model U.S. regulated utilities during a historical coal-to-gas transition. Their study shows how regulation, asset utilization, operating incentives, and long-run retirement choices can interact. Its historical sample and generation mix differ from WEC’s current program; its estimates should not be transferred to WEC. [A1].

Bistline uses a U.S.-wide capacity-planning model with uncertain fuel prices, climate policy, technology costs, and performance. The model illustrates how sequencing may preserve option value for some hard-to-reverse investments as information arrives, while near-term investment can also hedge across future scenarios. It does not imply that delay is always valuable. Its 2013

working manuscript predates today's grid, technology, policy, and large-load context; its numerical results are not WEC estimates. [A2].

In this case, waiting could preserve flexibility where future information might change a not-yet-committed decision. It could also raise costs, delay customer service, constrain reliability, or forfeit benefits. Tariff-backed assets may have different downside protection from shared network capacity. Students must identify where those differences matter rather than apply a blanket "build" or "wait" rule.

Financing, customer affordability, and accountability

At June 30, 2026, WEC reported \$19.216 billion of long-term debt and \$1.934 billion of short-term debt. It had \$3.9 billion of revolving credit capacity, \$1.929 billion of commercial paper outstanding, and about \$1.968 billion of unused capacity. Management said operating cash, credit facilities, and access to capital markets were adequate for operations. Undrawn capacity is not cash free of other claims, and these facts alone do not establish financial distress. [S2], balance sheet and Note 9.

The capital question also concerns who bears cost if forecasts change. Tariff allocation is intended to protect existing customers from shifting costs attributable to VLCs, but tariff design is not proof of realized allocation or that no broader customer effects remain. Rate recovery, prudence review, timing, cost overruns, and asset use remain relevant. The case packet does not provide project-level probability-weighted load, cost-overrun distributions, expected realized ROIC, or a quantified value of delaying any specific WEC investment.

Decision alternatives

The following are classroom governance approaches, not disclosed WEC proposals. They do not presume that committed work can be cancelled without cost.

1. **Execute the announced plan with existing controls.** Continue work against current budgets, contracts, reliability plans, and regulatory approvals. Use existing tariff and project controls to manage customer and construction risk.
2. **Stage selected future increments.** Continue contracted, underway, safety, replacement, and independently justified reliability work. Release specified not-yet-committed increments only after documented load, customer-credit, permitting, cost, or regulatory milestones are met. Define triggers and the costs of waiting.
3. **Recompose marginal investment.** Preserve binding and reliability-critical work while shifting selected future increments toward alternatives with stronger evidence of system need, flexibility, or repurposability. Identify what would be deferred, the replacement need it addresses, and the consequences for load service, costs, and recovery.

No option is costless. A recommendation should distinguish assets by purpose, commitment status, customer responsibility, reversibility, regulatory treatment, and consequences of delay.

Student deliverable

Prepare a two-page decision memo for the hypothetical WEC capital committee. Select a governance approach and explain:

- what proceeds now because it is contracted, underway, or supported by an independent reliability, safety, replacement, or compliance need;

- which future increments should be staged, accelerated, or reconsidered, and the evidence or milestones governing that decision;
- how WEC should monitor load, customer credit, cost allocation, construction schedule, regulatory recovery, reliability, and affordability;
- the strongest argument against your approach and what new evidence would change your recommendation.

Use information available by August 4, 2026. Label company estimates and forecasts. Do not treat tariff ROE parameters as realized returns, assign all large-C&I growth to data centers, or assume the entire capital plan is discretionary. Do not include any outcome after the cutoff.

Sources and conventions

S1. WEC Energy Group, [2025 Form 10-K](#), filed February 20, 2026; Item 1 and Item 7, including “Significant Capital Projects.”

S2. WEC Energy Group, [Q2 2026 Form 10-Q](#), quarter ended June 30, 2026; filed August 4, 2026, accepted at 9:01:42 a.m. ET. Relevant locators: sales volumes pp. 66-68; capital projects and estimates pp. 79-82; Note 24, “Very Large Customer and Bespoke Resources Tariffs,” pp. 82-83; Note 9.

S3. Public Service Commission of Wisconsin, [“PSC Overhauls We Energies’ Data Center Tariff,” April 24, 2026](#). Preliminary open-meeting summary; expressly not a substitute for the final written order. The order URL returned 403 in the research environment; final tariff descriptions here are attributed to WEC’s Note 24.

S4. WEC Energy Group, [“WEC Energy Group reports second-quarter results,” July 29, 2026](#). “Retail deliveries” paragraph and earnings tables; company-defined adjusted comparison and guidance.

A1. Gowrisankaran, Gautam, Ashley Langer, and Mar Reguant. 2026. “Energy Transitions in Regulated Markets.” *American Economic Review* 116(8): 2928-2961. DOI. Full reading used accessible 2024 working-paper manuscript; published abstract checked separately. The two versions’ estimates are not combined.

A2. Bistline, John E. 2015. “Electric Sector Capacity Planning under Uncertainty: Climate Policy and Natural Gas in the US.” *Energy Economics* 51: 236-251. DOI. Full reading used the author’s March 2013 conference manuscript; published citation verified separately.

Historical disclosures, management estimates, contract/tariff descriptions, and classroom alternatives are identified separately. No post-cutoff outcome or financial model is included.