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Wisconsin Electric
POWER COMPANY

231 W. Michigan, P.O. Box 2046, Milwaukee, WI 53201 (414) 221-2345

April 20, 1992

Director of Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
Washington, DC 20555

Ladies and Gentlemen:

In accordance with 10 C.F.R. Section 50.71, enclosed is the 1991 annual report to stockholders of Wisconsin Electric Power Company, which includes certified financial statements. Such annual report accompanies Wisconsin Electric's definitive information statement, which is being mailed to stockholders today.

Wisconsin Electric Power Company is the holder of Facility Operating License Nos. DPR-24 and DPR-27 issued by your Commission under Dockets 50-226 and 50-301, respectively.

Very truly yours,

Ann Marie Brady
Assistant Secretary

CLF/klr
Enclosure
pro\arpt-we

cc: Mr. Gerald Charnoff
Shaw, Pittman, Potts & Trowbridge
2300 N Street, N.W.
Washington, DC 20037

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Wisconsin Electric
POWER COMPANY

231 West Michigan Street
P.O. Box 2046
Milwaukee, Wisconsin 53201

INFORMATION STATEMENT
and
ANNUAL REPORT TO STOCKHOLDERS

INFORMATION STATEMENT

April 20, 1992

This statement is furnished in connection with the annual meeting of stockholders of Wisconsin Electric Power Company (WE or the company) to be held on May 12, 1992, at the principal office of the company at the Public Service Building, 231 West Michigan Street, Milwaukee, Wisconsin, and all adjournments thereof, for the purposes listed in the Notice of Annual Meeting of Stockholders. The company's annual report to stockholders accompanies this information statement.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY. However, you may vote your shares of preferred stock at the meeting.

VOTING SECURITIES

As of March 16, 1992, the company had outstanding 44,508 shares of Six Per Cent. Preferred Stock; 960,000 shares of Serial Preferred Stock ($100 par value), consisting of 260,000 shares of 3.60% Series and 700,000 shares of 6.75% Series; and 33,289,327 shares of common stock. Each outstanding share of each class is entitled to one vote. Stockholders of record at the close of business on March 16, 1992 will be entitled to vote at the meeting.

All of WE's outstanding common stock, representing 97% of its voting securities, is owned beneficially by its parent company, Wisconsin Energy Corporation (Wisconsin Energy or WEC).

RELATIONSHIP WITH INDEPENDENT PUBLIC ACCOUNTANT

Price Waterhouse has acted as independent public accountant for the company or its predecessor continuously since 1932, and was appointed by the company's board of directors upon recommendation of Wisconsin Energy's board of directors to serve as such during the current year. Representatives of the firm will not attend the annual meeting of the company, but will be present at Wisconsin Energy's annual meeting on May 13, 1992 to make any statement they may consider appropriate and to respond to questions which may be directed to them.

MEETINGS OF THE BOARD OF DIRECTORS

The board of directors ordinarily meets monthly. In 1991 the board held twelve regular meetings and one special meeting. None of the incumbent directors attended fewer than 85% of the aggregate number of meetings of the board and the committees on which they served.

The executive committee, which met once in 1991, may exercise all of the powers vested in the board during periods between board meetings except, among other things, action regarding dividends or other distributions to stockholders, election of officers or the filling of vacancies on the board or its committees. The company does not have audit, nominating or compensation committees.

INFORMATION CONCERNING NOMINEES FOR DIRECTORS

At the 1992 annual meeting, there will be an election of twelve directors to hold office until the annual meeting of stockholders in 1993 and until their respective successors are duly elected and qualified.

The nominees named below have consented to being nominated and to serve if elected. The board of directors does not expect that any of the nominees will become unavailable for any reason. If that should occur before the meeting, another nominee or nominees will be selected by the company's board of directors.

The information relating to occupations, business experience, directorships and ownership of equity securities is based on data obtained from the directors and officers. Ages of directors are shown as of December 31, 1991. Wisconsin Energy Corporation's principal subsidiaries are Wisconsin Electric Power Company and Wisconsin Natural Gas Company.

NOMINEES FOR DIRECTORS (TERMS EXPIRE IN 1993)

RICHARD A. ABDOO, 47, has been chairman of the board and chief executive officer of the company and Wisconsin Natural since 1990. He has been chairman of the board, president and chief executive officer of Wisconsin Energy since May 1991. He had been president and chief executive officer of WE during 1990 and was president and chief operating officer from 1989 to 1990. Mr. Abdoo served as executive vice president of Wisconsin Electric during 1989 and as a senior vice president from 1984 to 1989. He had been an executive vice president of Wisconsin Energy from 1990 to May 1991 and a vice president from 1987 to 1990. He has been a director of the company since 1989 and is a member of the executive committee. He has been a director of Wisconsin Energy since 1988 and is also a director of Wisconsin Natural, M&I Marshall & Ilsley Bank, ARI Network Services, Inc., Blue Cross & Blue Shield United of Wisconsin and United Wisconsin Services, Inc. Mr. Abdoo, who resides in Milwaukee, Wisconsin, does not own any of the company's stock, but is the beneficial owner of 4,220 shares of Wisconsin Energy's common stock.

JOHN F. BERGSTROM, 45, has been president and chief executive officer of Bergstrom Corporation, an operator of hotels and General Motors Corporation automobile dealerships, since 1974. He has been a director of Wisconsin Electric since 1985 and is a member of the executive committee. He has been a director of Wisconsin Energy since 1987. He is also a director of Kimberly-Clark Corporation and First National Bank - Fox Valley. Mr. Bergstrom, who resides in Neenah, Wisconsin, does not own any of the company's stock, but owns beneficially 2,000 shares of Wisconsin Energy's common stock.

JOHN W. BOSTON, 58, has been president and chief operating officer of the company since June 1990. He has been vice president of Wisconsin Energy since May 1991. He had been executive vice president and chief operating officer of WE during the first five months of 1990 and was a senior vice president from 1982 to 1990. He has been a director of the company since 1988 and is a member of its executive committee. He has been a director of Wisconsin Energy since April 1991. Mr. Boston, who resides in Milwaukee, Wisconsin, does not own any of the company's stock, but owns beneficially 1,590 shares of Wisconsin Energy's common stock.

ROBERT H. GORSKE, 59, has been vice president and general counsel of the company and of Wisconsin Natural since 1976, and general counsel of Wisconsin Energy since 1981. He has been a director of the company since April 1991. He is an alternate member of the executive committee and also serves as a director of Wisconsin Natural. Mr. Gorske, who resides in Milwaukee, Wisconsin, does not own any of the company's stock, but owns beneficially 9,168 shares of Wisconsin Energy's common stock.

GENEVA B. JOHNSON, 62, has been president and chief executive officer of Family Service America, an organization representing private agencies in the United States and Canada that provide human service programs, since 1983. Mrs. Johnson has been a director of Wisconsin Electric since 1988 and is an alternate member of its executive committee. She has been a director of Wisconsin Energy since 1988. Mrs. Johnson, who resides in Milwaukee, Wisconsin, does not own any of the company's stock, but owns beneficially 957 shares of Wisconsin Energy's common stock.

Wisconsin Electric
POWER COMPANY

231 W. Michigan, P.O. Box 2046, Milwaukee, WI 53201 (414) 221-2345

April 20, 1992

Dear Stockholder:

Wisconsin Electric Power Company will hold its annual meeting of stockholders at 9:00 a.m. on Tuesday, May 12, 1992 at the Public Service Building, 231 West Michigan Street, Milwaukee, Wisconsin. We are not soliciting proxies for this meeting, as about 97% of Wisconsin Electric's voting stock is owned and will be voted by its parent company, Wisconsin Energy Corporation. You may, if you wish, attend the meeting and vote your shares of preferred stock; however, it will be a short business meeting only.

On behalf of the directors and officers of Wisconsin Energy, I cordially invite you to attend Wisconsin Energy's annual meeting to be held Wednesday, May 13, 1992 at 2:00 p.m. This year, the Wisconsin Energy meeting will be held at a new site, the Italian Community Center, which is located west of the Summerfest grounds at 631 East Chicago Street near downtown Milwaukee, Wisconsin. By attending this meeting, you will have the opportunity to meet many of the Wisconsin Electric officers and directors. Although you cannot vote your shares of Wisconsin Electric preferred stock at the Wisconsin Energy meeting, you should find the afternoon's activities to be worthwhile. You will be asked to register before entering the meeting.

The annual report to stockholders accompanies this information statement. For your information, you may request a Wisconsin Energy Corporation annual report by writing to the Stock Transfer Office at the above address or calling one of the telephone numbers listed below.

Sincerely,

Richard A. Abdoo
Chairman of the Board
and Chief Executive Officer

If you have any questions, please call our toll-free Stockholder Hotline at:

221-2100 in Metro Milwaukee
1-800-242-9686 in Wisconsin
1-800-558-9663 outside Wisconsin

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

April 20, 1992

To the Stockholders of Wisconsin Electric Power Company:

NOTICE IS HEREBY GIVEN that the annual meeting of stockholders of Wisconsin Electric Power Company will be held at the Public Service Building, 231 West Michigan Street, Milwaukee, Wisconsin, on Tuesday, May 12, 1992, at 9:00 a.m., for the following purposes:

1. to elect a board of directors to hold office until the annual meeting of stockholders in 1993 and until their successors are duly elected and qualified, and

2. to transact such other business as may properly come before the meeting, or any adjournment or adjournments thereof.

Stockholders of record at the close of business on March 16, 1992 will be entitled to vote at the meeting.

By Order of the Board of Directors

John H. Goetsch
Vice President and Secretary

CHARLES S. McNEER, 65, had been chairman of the board and chief executive officer of Wisconsin Energy from 1987 until his retirement as an officer in May 1991. He had been chairman of the board and chief executive officer of the company and Wisconsin Natural from 1982 to 1989. Mr. McNeer has been a director of the company since 1970 and is an alternate member of its executive committee. He has been a director of Wisconsin Energy since 1981. He also serves as a director of Universal Foods Corporation. Mr. McNeer, who resides in Milwaukee, Wisconsin, does not own any of the company's stock, but owns beneficially 34,341 shares of Wisconsin Energy's common stock.

JOHN L. MURRAY, 64, a corporate director, was chairman of the board of Universal Foods Corporation, a manufacturer and marketer of food ingredients and selected consumer food items, from 1984 until his retirement as an officer in 1990. He had been chief executive officer of Universal Foods from 1979 to 1988. He has been a director of Wisconsin Electric since 1983 and is an alternate member of its executive committee. He has been a director of Wisconsin Energy since 1987. He is also a director of Universal Foods Corporation, Briggs & Stratton Corporation, Firstar Corporation, Marcus Corporation and Twin Disc, Inc. Mr. Murray, who resides in Milwaukee, Wisconsin, does not own any of the company's stock, but owns beneficially 2,000 shares of Wisconsin Energy's common stock.

DAVID K. PORTER, 48, has been a senior vice president of Wisconsin Electric and a vice president of Wisconsin Natural since 1989. At Wisconsin Electric, he had been vice president - corporate planning from 1986 to 1989. He has been a director of the company since 1989 and is an alternate member of its executive committee. He is also a director of Wisconsin Natural. Mr. Porter, who resides in Milwaukee, Wisconsin, does not own any of the company's stock, but owns beneficially 4,668 shares of Wisconsin Energy's common stock.

MORRIS W. REID, 66, has been vice chairman of the board, president and chief operating officer of Versa Technologies, Inc., a manufacturer of fluid power and silicone rubber products, since 1989. He had been chairman of the board of Versa Technologies from 1982 to 1989. Since 1978 he has also been an independent management consultant and corporate director. He was, from 1972 to 1978, chairman of the board of J. I. Case Co., a manufacturer of construction and farm machinery. Mr. Reid has been a director of Wisconsin Electric since 1979 and is a member of its executive committee. He has been a director of Wisconsin Energy since 1987. He is also a director of Banc One Wisconsin Corporation, A&E Manufacturing Company and Versa Technologies, Inc. Mr. Reid, who resides in Racine, Wisconsin, does not own any of the company's stock, but owns beneficially 2,182 shares of Wisconsin Energy's common stock.

JERRY G. REMMEL, 60, has been a senior vice president of the company and vice president - finance of Wisconsin Natural since 1989. He has been treasurer of Wisconsin Energy since 1981. He had been vice president and treasurer of the company from 1983 to 1989 and treasurer of Wisconsin Natural from 1974 to 1989. He has been a director of the company since 1989 and is an alternate member of its executive committee. He is also a director of Wisconsin Natural. Mr. Remmel, who resides in Milwaukee, Wisconsin, does not own any of the company's stock, but he and members of his family are the beneficial owners of 3,578 shares of Wisconsin Energy's common stock. Mr. Remmel disclaims beneficial ownership of 118 of such shares.

FREDERICK P. STRATTON, JR., 52, has been chairman and chief executive officer of Briggs & Stratton Corporation, a manufacturer of small gasoline engines and automotive locks, since 1986. He has been a director of Wisconsin Electric since 1986 and is a member of its executive committee. He has been a director of Wisconsin Energy since 1987. He is also a director of Briggs & Stratton Corporation, Banc One Corporation, Banc One Wisconsin Corporation, Midwest Express Airlines, Inc. and Weyco Group, Inc. Mr. Stratton, who resides in Milwaukee, Wisconsin, does not own any of the company's stock, but owns beneficially 2,400 shares of Wisconsin Energy's common stock

JON G. UDELL, 56, has been Irwin Maier Professor of Business at the University of Wisconsin-Madison since 1975. Dr. Udell has been a director of Wisconsin Electric since 1977 and is an alternate member of its executive committee. He has been a director of Wisconsin Energy since 1987. From 1982 through 1989 he was chairman of the board of directors of the Federal Home Loan Bank of Chicago. He is a director of Research Products Corporation and Versa Technologies, Inc. Dr. Udell, who resides in Madison, Wisconsin, does not own any of the company's stock, but he and members of his family are the beneficial owners of 3,782 shares of Wisconsin Energy's common stock. Dr. Udell disclaims beneficial ownership of 1,731 of such shares.

OFFICERS

(Figures in parentheses indicate age and years of service with Wisconsin Electric Power Company as of December 31, 1991.)

RICHARD A. ABDOO (47,16)
chairman of the board & chief executive officer

JOHN W. BOSTON (58, 9)
president & chief operating officer

DAVID K. PORTER (48, 22)
senior vice president

JERRY G. REMMEL (60, 36)
senior vice president

CALVIN H. BAKER (48, *)
vice president-finance

DOUGLAS S. BOTT (45, 1)
vice president-information systems

JOHN H. GOETSCH (58, 33)
vice president & secretary

ROBERT H. GORSKE (59, 27)
vice president & general counsel

RICHARD R. GRIGG, JR. (43, 21)
vice president-system operations

ROBERT E. LINK (40, 11)
vice president-marketing

NANCY R. NOESKE (54, 12)
vice president-consumer relations

JOHN E. SPEAKER (60, 15)
vice president-public affairs

FRED A. TREBATOSKI (56, 32)**
vice president-customer operations

BERNARD F. VAN DINTER (58,36)
vice president-engineering & construction

JAMES J. ZACH (45, 22)
vice president-nuclear power

RICHARD R. PLATZ (51, 26)
controller

GORDON A. WILLIS (53, 30)
treasurer

SUSAN A. LUEGER (38, 6)
assistant vice president-human resources

ANN MARIE BRADY (39, 3)
assistant secretary

SALLY A. NEWTON (42, 18)
assistant treasurer

*Employed by the company September 1, 1991.

** Will retire as an officer and employee of the company effective July 1, 1992

The directors and officers of the company as a group (27 persons) do not own any of the company's stock, but beneficially own 112,817 shares of common stock of its parent company, Wisconsin Energy Corporation (0.17% of such class). Shares indicated in this information statement as beneficially owned by the individual directors and the directors and officers as a group are stated as of February 29, 1992, and include, in accordance with applicable Securities and Exchange Commission rules, any shares as to which each individual directly or indirectly has or shares voting power and/or investment power and any shares as to which the individual has the right to acquire beneficial ownership within 60 days of such date. Also included are any shares owned by the respective individual's spouse, minor children or any other relative sharing the same residence, as well as any shares held by the respective individual in a fiduciary capacity or held for his or her account in Wisconsin Energy's Tax Reduction Act Stock Ownership Plan, its Stock Plus Investment Plan, and the company's Management Employee Savings Plan. Shares are so included whether or not the director or officer disclaims actual beneficial ownership of any of them.

OTHER MATTERS

The board of directors is not aware of any other matters which are proper subjects for action by security holders which may come before the meeting.

COMPENSATION

DIRECTORS' COMPENSATION

Since January 1991, directors' fees have been $1,500 per month retainer fee plus $1,000 for each board or committee meeting attended in person or by telephone or other electronic means or $300 for each signed, written unanimous consent in lieu of a meeting. In addition, a per diem fee of $1,000 will be paid for travel on company business for each day on which a board or committee meeting is not held. Although certain directors of the company also serve on Wisconsin Energy's board, only a single meeting fee for meetings of such boards of directors held on the same day, a single per diem fee and a single retainer are paid. Employee directors receive no directors' fees. Nonemployee directors may defer fees so long as they serve on the board of the company and/or its affiliates.

EXECUTIVE OFFICERS' COMPENSATION

The following table contains information on total cash compensation paid by the company, for services in all capacities to the company in 1991, to each of the five most highly compensated key policy-making executive officers and to all executive officers as a group:

Name of Individual and Principal Capacities Served	Salary	Incentive Compensation (1)
RICHARD A. ABDOO chairman of the board and chief executive officer	$ 281,850	$ 47,073
JOHN W. BOSTON president and chief operating officer	$ 240,620	$ 38,501
ROBERT H. GORSKE vice president and general counsel	$ 164,333	$ 24,651
DAVID K. PORTER senior vice president	$ 145,917	$ 23,346
JERRY G. REMMEL senior vice president	$ 134,567	$ 18,811
All executive officers as a group (8 persons)	$1,315,585	$183,242

(1) Incentive compensation paid by the company as recommended by the Wisconsin Energy compensation committee and board of directors and approved by the WE board of directors under the Executive Incentive Compensation Plan (EICP). The EICP and other compensation plans are described in the following pages.

The compensation reported is for that portion of 1991 during which the respective individuals served as executive officers of the company. Other compensation, not otherwise described in this information statement, to each named executive officer and to all executive officers as a group does not exceed the lesser of $25,000 per person or 10 percent of their aggregate cash compensation.

INFORMATION ABOUT PLANS

During 1991, the company maintained certain group health, dental and vision care insurance coverage for its officers which was not generally available to all salaried employees. In 1991, the net cost to the company of the premiums for such additional benefits for Messrs. Abdoo, Boston, Gorske, Porter and Remmel was $2,364, $3,218, $2,873, $2,940 and $2,631, respectively, and $20,727 for all executive officers as a group. Effective January 1, 1992, such coverage was replaced with the same coverage available to all salaried employees. In addition, effective in 1992, the company will maintain supplemental life insurance coverage for its officers in the amount of two times annual base pay, in addition to the life insurance benefit which is provided to all salaried employees.

The company's parent, Wisconsin Energy Corporation, has a qualified Tax Reduction Act Stock Ownership Plan (TRASOP), in which substantially all employees of the company with more than one year of service are participants. Prior to plan year 1987, annual employer contributions were made toward the purchase of Wisconsin Energy common stock for participants due to the availability of certain tax credits under the Internal Revenue Code. The Tax Reform Act of 1986 removed the last of these available tax credits. Therefore, the last plan year for which regular employer contributions were made to the TRASOP was 1986. In certain previous years, employee voluntary contributions were also permitted. The TRASOP allows, from time to time, employer discretionary contributions. In 1991, there were no such employer contributions. Dividends from the shares in a participant's account are reinvested on a tax-deferred basis. A participant will automatically receive the shares in his or her account after retirement or termination of employment. A participant also has the option to receive the shares in his or her account when (i) the participant reaches age 59-1/2, (ii) the shares have been held in the account for at least 84 months, or (iii) the participant reaches age 55 and has been in the TRASOP for at least ten years (limited to varying amounts of qualifying shares under specific circumstances).

The company has a qualified Management Employee Savings Plan (MESP) in which all its executive and management employees are eligible to participate. Under the MESP a participant may elect to have the employer contribute to a trustee for the employee's account, in lieu of paying as salary, up to 15% (except for restrictions which may apply in certain cases) of annual base salary determined without giving effect to such election. In 1991, a participant's elective contribution to the MESP was limited to $8,475 by the Internal Revenue Code. This limit may be changed from time to time pursuant to the Code. Effective January 1, 1992, the MESP was amended to allow the company to contribute additional funds to match 50% of the first 6% of annual base salary contributed by eligible employees. The matching contributions, which are vested when made, are invested by the trustee in Wisconsin Energy common stock. Prior to such amendment, the company contributed additional funds to match 25% of the first 6% of annual base salary contributed. All participant contributions are invested by the trustee in one or more investment funds as selected by the participant, as were all matching contributions until January 1, 1992. Account balances are distributed upon retirement or termination of employment, subject to earlier withdrawal in certain events of financial hardship. The MESP has a provision to permit qualifying participants to borrow generally up to 50% of their account balance, limited to a maximum loan of $50,000. The MESP meets the requirements under Section 401(k) of the Internal Revenue Code and accordingly participants are not subject to federal income tax at the time salary or matching amounts are contributed, or on earnings on the invested funds, but instead are subject to tax at or following the time of distributions and withdrawals. Compensation deferred in 1991 under the MESP by participating executive officers is included under Salary in the cash compensation table on page 5. Company matching contributions made in 1991 under the MESP for Messrs. Abdoo, Boston, Gorske, Porter and Remmel were $1,504, $2,099, $1,864, $1,907 and $1,715, respectively, and $11,952 for all executive officers as a group.

Since 1989, Wisconsin Energy has had in effect the Executive Incentive Compensation Plan (EICP). Effective January 1, 1992, Wisconsin Energy established the Short-Term Performance Plan described below to replace the EICP. The EICP will remain in effect until all incentive award amounts have been paid out in 1994 and will be terminated at that time. No new performance goals will be established under the EICP and no awards will be made for plan year 1992 and thereafter. The objectives of the EICP were to improve the financial and operational performance of Wisconsin Energy and its utility subsidiaries by providing designated elected officers of such companies with a financial incentive opportunity which reinforces and recognizes company, organizational and individual performance and to enhance the ability of such companies to attract and retain talented executives. As approved by the boards of directors of WEC and WE, the company's participants in the EICP have been designated by WEC's chief executive officer. The Wisconsin Energy board and its compensation committee approved the long and short-term performance goals which applied in each calendar year, and also approved individual incentive awards, if any, to be made early the following year based on attainment of those goals. Awards under the EICP could not exceed 20% of a participant's base salary, and were payable in the following manner: 25% of an individual's award was paid in cash and 75% was converted to share equivalents, in an unfunded bookkeeping account, based on the prior year-end closing price of Wisconsin Energy's common stock. Such account is maintained for three years, during which time dividend equivalents are earned and also converted to share equivalents, based on the closing price of WEC common stock on each dividend payment date. Following the end of a three-year period the value of the accumulated share equivalents for a particular year will be paid in cash, such payment to be based upon the prior year-end closing price of the common stock at the time. A participant could elect to defer receipt of all or a portion of either or both the cash or share equivalent portions of any incentive award through the Executive Deferred Compensation Plan (EDCP) described below. However, effective December 18, 1991, the EICP and the EDCP were amended, with the consent of the affected participants, to provide that 100% of any EICP award made in 1992 attributable to performance of a participant in 1991 be payable in cash. Messrs. Abdoo, Boston, Gorske, Porter and Remmel, three additional executive officers of the company, and eleven other officers of the company were designated as participants in the 1991 EICP. Incentive awards made to executive officers of the company in 1992 for performance during 1991 are listed under Incentive Compensation in the cash compensation table on page 5. The numbers of share equivalents credited as a result of dividend equivalents earned during 1991 on prior company awards for Messrs. Abdoo, Boston, Gorske, Porter and Remmel were 67, 61, 30, 40 and 37, respectively, and 284 for all executive officers as a group.

Effective January 1, 1992, Wisconsin Energy established the Short-Term Performance Plan (STPP) in place of the EICP to promote the achievement of customer- and shareholder-focused objectives of Wisconsin Energy and its utility subsidiaries while recognizing the individual performance of designated elected officers and other management employees who, by the nature and scope of their positions, are materially responsible for the success of such companies. Subject to approval of the WEC and WE boards of directors, participants in the STPP are designated by WEC's chief executive officer. Messrs. Boston, Gorske, Porter and Remmel, three additional executive officers of the company, and nine other officers of the company have been designated to participate in the STPP in 1992. Under the plan, a target award for each participant is approved by the WEC and WE boards of directors prior to each calendar year. Performance goals for each calendar year, which may be corporate, subsidiary, divisional and/or individual goals, are established and maximum, expected and minimum achievement levels of performance may be established by WEC's chief executive officer. In addition, in each calendar year, WEC's chief executive officer may recommend for approval by the WEC and WE boards of directors one or more company-wide performance goals which must be achieved for any participant to receive an award for that calendar year. The WEC and WE boards of directors may make an upward or downward adjustment to performance goals and target awards during a year if it determines that external changes or other unanticipated business conditions have materially affected the fairness of the goals and have unduly influenced the ability to meet them. At the end of each calendar year, actual awards, if any, under the STPP are determined and approved by the WEC and WE boards of directors based on achievement of the pre-established performance goals. Final awards are payable as soon as practicable after WEC and WE board approval thereof. A participant may elect to defer receipt of all or a portion of any such award through the Executive Deferred Compensation Plan described below. No amounts were awarded under the STPP in 1991.

Wisconsin Energy has had in effect since 1989 the Executive Deferred Compensation Plan (EDCP) to provide designated elected officers and other executives of Wisconsin Energy and its subsidiaries the opportunity to defer income until retirement. Subject to the approval of the WEC and WE boards of directors, the company's participants in the EDCP are designated by WEC's chief executive officer. Messrs. Abdoo, Boston, Gorske, Porter and Remmel, three additional executive officers of the company, and eleven other officers of the company were designated to participate in the EDCP in 1991. Through the EDCP a participant may defer, until termination of employment, up to 30% of monthly base salary and could defer up to 100% of any incentive awards made under the EICP described above. However, effective December 18, 1991, the EDCP was amended to provide that any incentive award which would be payable in 1992 under the EICP attributable to performance of the participant in 1991 shall be payable entirely in cash and any contrary deferral election by participants shall be disregarded. Effective January 1, 1992, the EDCP was amended to provide that a participant may defer all or a portion of any incentive awards made under the STPP or other similar compensation agreements. Interest at the prime rate will accrue on the average balance in a participant's EDCP account and will be adjusted and credited semi-annually. Since, under the company's management employee retirement plan, base salary deferred through the EDCP and incentive awards earned are not included in the compensation base for calculating a participant's retirement income, a "make whole" benefit relative to such amounts (calculated without regard to any limitations imposed by the Internal Revenue Code on pension benefits or covered compensation) will be paid as a supplement through the EDCP out of general corporate assets. In addition, a special contribution will be made to a participant's EDCP account to "make whole" any MESP employer matching contributions lost through deferrals elected under the EDCP or because of other limitations imposed by the Internal Revenue Code on a participant's level of participation in the MESP. The distribution options available to participants are (i) single lump-sum, (ii) ten-year payout or (iii) five-year payout. Compensation deferred by the executive officers under the EDCP during 1991 is included under Salary in the cash compensation table on page 5. In 1991, "make whole" payments under the EDCP with respect to MESP employer matching contributions for Messrs. Abdoo, Boston, Gorske, Porter and Remmel were $2,725, $1,510, $599, $280 and $301, respectively, and $6,214 for all executive officers of the company as a group.

The management employee retirement plan of the company covers approximately 1,517 employees, including officers. The aggregate cash compensation for the individuals named in the table on page 5 and compensation for purposes of the management employee retirement plan plus various supplemental plans described herein do not differ substantially. The estimated credited years of service under the management employee retirement plan for Messrs. Abdoo, Boston, Gorske, Porter and Remmel are 16 years, 9 years, 27 years, 22 years and 37 years, respectively.

The formula used for calculating retirement benefits is a step rate formula which provides a Social Security integrated benefit based upon percentages of a participant's plan wages (highest 36 consecutive months average) for up to 30 years of credited service with additional (lower) percentages of plan wages for credited service in excess of 30 years up to a maximum of 10 years.

Federal laws place certain limitations on pensions which may be paid and the amount of compensation which may be taken into account in calculating benefits to be paid from federal income tax qualified plans. Pension amounts which exceed such limitations will be paid as an operating expense through the Wisconsin Energy Corporation EDCP and Supplemental Executive Retirement Plan (SERP), as appropriate, on the same basis as if they were paid out of the retirement plan. The annual retirement benefits payable for the life annuity form of pension for an individual retiring at age 65 in 1992 for specified compensation levels and years of service are shown in the following table. Such amounts are not subject to any deduction for Social Security benefits. The indicated benefits are calculated without regard to Internal Revenue Service limitations affecting benefits from tax qualified pension plans and include benefits payable under the EDCP and SERP. The SERP (described below) provides designated participants a "make whole" benefit equal to any decrease in pension which may have resulted when the management employee retirement plan adopted the step rate pension formula. Such "make whole" benefit will be paid as a pension supplement out of general corporate assets.

Assumed Average Annual Compensation Based on Highest 36 Consecutive Months	Annual Retirement Benefits at an Assumed Retirement Age of 65 Years — Years of Credited Service: 20 Years	30 Years	40 Years
$	$	$	$
50,000	14,950	22,424	26,724
120,000	39,101	58,651	69,776
190,000	63,250	94,874	112,824
260,000	87,401	131,101	155,876
330,000	111,552	167,328	198,928
400,000	135,701	203,551	241,976

For many years Wisconsin Energy, and previously Wisconsin Electric, has had the plan now titled the Supplemental Executive Retirement Plan (SERP). Subject to the approval of the WEC and WE boards of directors, the company's participants in the SERP are designated by WEC's chief executive officer. Messrs. Abdoo, Boston, Gorske, Porter and Remmel, three additional executive officers of the company, and eleven other officers of the company participated in the plan during 1991. In addition to the previously described benefit payments which relate to the management employee retirement plan, the SERP provides for monthly payments of benefits for a period of ten years to the participant after retirement or to his or her beneficiaries in the event of the participant's death, equal to 12.5% (25% upon the death of the participant) of the average of the participant's highest 36 consecutive months of compensation (such compensation includes the monthly average of any incentive payments awarded during such 36-month period and any base salary or other compensation that would have been paid during such 36-month period but was not paid due to elective deferrals made by the participant under a savings or other deferred compensation plan). No such payments are made until after the retirement or death of the participant.

Wisconsin Energy has entered into an agreement with Mr. Abdoo and Wisconsin Electric has entered into agreements with Messrs. Boston and Gorske, who cannot accumulate by normal retirement age the maximum number of years of credited service under the management employee retirement plans of Wisconsin Electric and/or Wisconsin Natural. According to these agreements, such companies will provide such officers with supplemental retirement payments which will make their total retirement benefits at age 60 or older from such companies, including benefits under such plans, and which may take into account any vested benefits payable from previous employers, substantially the same as those payable to employees who are in the same compensation bracket and who became participants in such plans at the age of 25.

AVAILABILITY OF FORM 10-K

The Wisconsin Electric Form 10-K report for 1991 to the Securities and Exchange Commission is available at no cost by writing to the vice president and secretary, John H. Goetsch, 231 West Michigan Street, P.O. Box 2046, Milwaukee, Wisconsin 53201.

WISCONSIN ELECTRIC POWER COMPANY

1991 ANNUAL REPORT TO STOCKHOLDERS

ACCOMPANYING INFORMATION STATEMENT

TABLE OF CONTENTS

BUSINESS

Wisconsin Electric Power Company ("Wisconsin Electric" or "company") is an operating public utility incorporated in the State of Wisconsin in 1896. Its operations are conducted in two business segments, the primary operations of which are as follows:

Business Segment	Operations
Electric Operations	Wisconsin Electric generates, transmits, distributes and sells electric energy in a territory of approximately 12,600 square miles with a population estimated at over 2,000,000 in southeastern (including the Milwaukee area), east central and northern Wisconsin and in the Upper Peninsula of Michigan.
Steam Operations	Wisconsin Electric distributes and sells steam supplied by its Valley Power Plant to space heating and processing customers in downtown Milwaukee.

For financial information about industry segments, see Note L to the Financial Statements.

Wisconsin Electric is a subsidiary of Wisconsin Energy Corporation ("Wisconsin Energy"), which owns all of Wisconsin Electric's Common Stock.

MARKET FOR COMMON EQUITY AND RELATED MATTERS

The amount of cash dividends declared on Wisconsin Electric's Common Stock during the two most recent fiscal years are set forth below. Dividends were paid to Wisconsin Electric's sole common stockholder, Wisconsin Energy.

	Quarter	Total Dividend
1990	1	$61,132,122
	2	$42,963,035
	3	$42,963,035
	4	$42,963,035
1991	1	$63,863,035*
	2	$34,627,501
	3	$34,627,501
	4	$34,627,501

* A $15 million cash dividend included in this amount was declared in the fourth quarter of 1990 but was not paid until the first quarter of 1991.

SELECTED FINANCIAL DATA

FINANCIAL

	1991	1990	1989	1988	1987
	(Thousands of Dollars)				
Earnings available for common stockholder	$ 175,641	$ 179,990	$ 184,354	$ 173,021	$ 165,308
Operating revenues:					
Electric	$1,292,809	$1,208,045	$1,245,701	$1,275,396	$1,120,682
Steam	12,986	12,126	12,292	12,363	10,508
Total operating revenues	$1,305,795	$1,220,171	$1,257,993	$1,287,759	$1,131,190
Total assets	$3,052,133	$2,972,903	$2,967,006	$2,871,045	$2,767,525
Long-term debt and preferred stock-redemption required	$1,110,572	$1,002,852	$1,016,197	$1,050,339	$ 855,493

SALES AND CUSTOMERS

	1991	1990	1989	1988	1987
Electric					
Megawatt-hours sold	25,016,247	23,656,727	24,293,356	24,050,862	20,134,82[illegible]
Customers (End of year)	907,871	896,393	882,883	870,780	859,449
Steam					
Pounds (millions) sold	2,282	2,213	2,160	1,879	1,657
Customers (End of year)	468	470	482	494	510

QUARTERLY FINANCIAL DATA

	Three Months Ended			
	March		June	
	1991	1990	1991	1990
	(Thousands of Dollars)			
Total operating revenues	$323,273	$305,590	$320,810	$298,679
Operating income	$ 57,273	$ 56,524	$ 53,254	$ 51,916
Earnings available for common stockholder	$ [illegible],430	$ 45,449	$ 39,265	$ 39,511

	Three Months Ended			
	September		December	
	1991	1990	1991	1990
	(Thousands of Dollars)			
Total operating revenues	$337,783	$315,760	$323,929	$300,142
Operating income	$ 66,83[illegible]	$ 64,131	$ 55,680	$ 53,628
Earnings available for common stockholder	$ 52,504	$ 52,187	$ 41,442	$ 42,843

The quarterly results of operations are not directly comparable because of seasonal and other factors. See Management's Discussion and Analysis for further discussion.

Earnings and dividends per share are not provided as all Wisconsin Electric's Common Stock is held by Wisconsin Energy.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Earnings

Earnings for Wisconsin Electric decreased to $175,641,000 in 1991 compared to $179,990,000 in 1990. The decrease reflects higher operation and maintenance expenses and a reduction in other income. The increase in expenses and an electric fuel adjustment retail rate reduction largely offset the revenue effects of increased kilowatt-hour sales and a $35.4 million electric retail rate increase which became effective January 4, 1991.

Electric Sales and Revenues

Total electric sales of Wisconsin Electric detailed below by customer class, increased 5.7 percent in 1991 compared to 1990, reflecting warmer summer weather, the resumption of normal sales to the Empire and Tilden iron ore mines and moderate increases in economic activity.

Electric Sales - Megawatt Hours	1991	1990	% Change
Residential	6,566,748	6,196,887	6.0
Small Commercial and Industrial	6,152,833	5,954,603	3.3
Large Commercial and Industrial	9,462,065	8,763,987	8.0
Other	2,161,706	2,066,045	4.6
Total Retail and Municipal	24,343,352	22,981,522	5.9
Resale-Utilities	672,895	675,205	(0.3)
Total Sales	25,016,247	23,656,727	5.7

Electric energy sales to the Empire and Tilden mines, Wisconsin Electric's two largest customers, were 28.8 percent higher in 1991, primarily because 1990 sales were reduced due to an employees' strike at the mines which lasted from August 1 to December 1 of that year. Excluding the mines, total electric sales increased 4.1 percent and sales to large commercial and industrial customers increased 3.2 percent in 1991. Sales to the mines represented approximately 8 percent, 7 percent and 10 percent of total electric sales during 1991, 1990 and 1989, respectively.

Electric revenues increased 7.0 percent during 1991, reflecting higher electric kilowatt-hour sales, and a $35.4 million or 3.3 percent electric rate increase on an annualized basis which became effective January 4, 1991. The increase in revenues associated with such items was partially offset by a retail electric fuel adjustment rate decrease effective on May 25, 1991.

Electric sales increased at a compound annual rate of 1.5 percent in 1991 and 1990, when compared to 1989, while electric revenues increased at a compound annual rate of 1.9 percent. Electric sales in 1990 were 2.6 percent less than in 1989, reflecting the lower sales to the mines and effects of milder winter weather. Excluding the mines, electric sales in 1990 increased approximately 1 percent over 1989. Electric revenues in 1990 were 3 percent lower than 1989 primarily because of a $29.7 million rate reduction and lower sales.

Electric Operation and Maintenance Expenses

Total electric operating expenses, excluding income taxes and depreciation, increased $71 million in 1991 compared to 1990 largely due to higher fuel, purchased power and other operation and maintenance costs. Fuel and purchased power costs increased $42 million in 1991 relative to 1990 due both to increased sales and to a higher per unit cost of coal and purchased power. Maintenance costs were $7.5 million higher in 1991 relative to 1990 due in part to a $3.5 million increase in expenses related to renovation work at the Port Washington Power Plant. During 1990 total operating expenses, excluding income taxes and depreciation, decreased $10 million compared to 1989, primarily reflecting the decrease in sales from 1989 and the increased energy purchases during 1990 compared to 1989 at prices that were attractive when compared to the cost of available company generation. Since 1989, operating expenses, excluding income taxes and depreciation, have increased at a compound annual rate of 3.8 percent.

Under the Wisconsin retail electric fuel adjustment procedure, retail electric rates may be adjusted if cumulative fuel and purchased power costs, when compared to the costs projected in the retail electric rate proceeding, deviate from a prescribed range and are expected to continue to be above or below the authorized range. Under this procedure, Wisconsin Electric reduced its retail electric rates in each of the last three years. On an annualized basis, electric rates were reduced by fuel adjustments of $14.9 million on May 25, 1991, $13.6 million on November 28, 1990 and $8.4 million on July 31, 1989.

Other Items

Other income was higher in 1990 relative to 1991 and 1989, largely because of $15.3 million of interest income related to tax settlements which was recorded in 1990.

See Note C - Pension Plans and Other Postretirement Benefits and Note E - Income Taxes in the Notes to Financial Statements for discussions pertaining to the adoption of new accounting standards in these areas.

Rates and Regulatory Matters

The table below shows the projected annual revenue impact of recent rate changes authorized by regulatory commissions based on the sales projections utilized by those commissions in setting rates. The PSCW on January 11, 1992 authorized a $56.4 million retail electric base rate increase for 1992 and eliminated the $14.9 million fuel adjustment reduction which had been in effect since May 25, 1991. The increase is based on an authorized regulatory return on common equity of 12.8 percent, down from 13.1 percent authorized for 1991. On October 1, 1991, Wisconsin Electric filed its first rate case with the MPSC since 1986, requesting an increase in base rates. In December 1991, a negotiated settlement was reached with the MPSC resulting in a $1.9 million, or 6.1 percent rate increase on an annualized basis, effective January 17, 1992. The regulatory return on common equity was set at 12.8 percent. The PSCW regulates Wisconsin retail electric and steam rates, while the FERC regulates wholesale electric rates. The MPSC regulates retail electric rates in Michigan.

Service	Revenue Increase (Decrease)	Percent Change in Rates	Effective Date
Retail electric, Wis.	$ 35,405,000	3.3%	1/04/91
Steam heating	216,000	1.6	1/04/91
Fuel electric, Wis.	(14,900,000)	(1.3)	5/25/91
Retail electric, Wis.	56,391,000	5.1	1/11/92
Steam heating	272,000	2.0	1/11/92
Retail electric, Mich.	1,850,000	6.1	1/17/92

In setting retail rates, the annual rate case process in Wisconsin addresses the impact of inflation by incorporating inflation-related increases in the estimates of expenses used in the forward-looking test year.

Electric Sales Outlook

Assuming moderate growth in the service territory economy and normal weather, Wisconsin Electric presently anticipates electric kilowatt-hour sales to grow at a compound annual rate of approximately 1.1 percent over the five-year period ending December 31, 1996. This forecast is subject to a number of variables, including the economy and weather, which may affect the actual growth in sales.

LIQUIDITY AND CAPITAL RESOURCES

Investing Activities

Wisconsin Electric invested $708 million in its businesses during the three years ended December 31, 1991. Construction expenditures for new or improved facilities represented the largest component totaling $570 million, followed by net capitalized conservation expenditures of $76 million, purchases of nuclear fuel at $59 million, and payments to an external trust for the eventual decommissioning of the company's Point Beach Nuclear Plant totaling $53 million offset by a reduction in construction funds held by trustee and other items totaling approximately $50 million.

Although no new base load power plants were under construction during the last three years, Wisconsin Electric has begun to make expenditures related to its combustion turbine construction program. During 1991, expenditures of $13 million were made toward construction of the new Concord Generating Station, a four unit, 300 megawatt natural gas-fired combustion turbine facility designed to meet peak demand requirements. Two units (150 megawatts in total) are expected to be placed in service in 1993 with the balance in 1994.

Cash Provided by Operating and Financing Activities

During the three years ended December 31, 1991, cash provided by operating activities totaled $1,037 million. During this period, internal sources of funds, after the payment of dividends, provided 79 percent of the company's capital requirements.

Financing activities during the three year period included the issuance of $231 million of long-term debt. In December 1991, Wisconsin Electric issued $100 million of First Mortgage Bonds, 8-3/8% Series, using the proceeds to reduce short-term borrowings incurred to finance its ongoing capital requirements. In October 1991, the company issued $9 million of First Mortgage Bonds, 6.85% Series, as the revenue source and collateral for a City of Milwaukee tax exempt financing for improvements to the company's steam heating facilities.

During the three years ended December 31, 1991, the company continued efforts to reduce its overall cost of capital. In February 1992, Wisconsin Electric replaced its 7% Series Debentures due 1993 with lower cost short-term debt. In 1989, the company sold $60 million of 9-1/8% Series First Mortgage Bonds, using the proceeds to refund a major portion of its 11-1/2% Series First Mortgage Bonds. The remaining bonds of the 11-1/2% series were refunded in September 1990. Depending on market conditions and other factors, the company may pursue additional debt refundings during 1992.

During the three-year period ending December 31, 1991, Wisconsin Electric retired a total of $186 million of long-term debt and increased short-term debt by $39 million. Dividends on the company's common stock, which is entirely owned by the company's parent, Wisconsin Energy, were $168 million, $175 million and $117 million, during 1991, 1990, and 1989, respectively.

Capital Structure

The company's capitalization at December 31 is shown below:

	1991	1990	1989
Common Equity	50.2%	51.4%	52.1%
Preferred Stock	4.2	4.4	4.4
Long-Term Debt (including current maturities)	44.0	41.8	43.5
Short-Term Debt	1.6	2.4	-
	100.0%	100.0%	100.0%

Compared to the electric utility industry generally, the company has maintained a relatively high ratio of common equity to total capitalization and low debt and preferred stock ratios. This conservative capital structure along with strong bond ratings (Wisconsin Electric currently has ratings of AA+ by Standard & Poor's Corporation and Aa2 by Moody's Investors Service) and internal cash generation has provided, and should continue to provide, the company with access to the capital markets when necessary to finance the anticipated growth in the company's business. At year-end 1991, Wisconsin Electric had $102 million of unused lines of bank credit, $27 million of cash,

cash equivalents and short-term investments, $54 million of short-term debt (including long-term debt due currently) and $25 million of construction funds held by trustees.

During 1990 Moody's lowered its ratings of Wisconsin Electric's first mortgage bonds from Aaa to Aa2. As of December 31, 1991 there were no electric utilities' securities with the "triple-A" rating from either Standard & Poor's Corporation or Moody's Investors Service.

Capital Requirements 1992-1996

The estimated capital requirements for Wisconsin Electric for the years 1992-1996 are outlined below:

	(Millions of Dollars)				
	1992	1993	1994	1995	1996
Construction	$325	$388	$408	$330	$372
Conservation	35	39	39	37	33
Bond Maturities/ Sinking Funds	24	7	2	2	38
Changes in Fuel Inventories	(9)	2	6	6	6
Decommissioning Trust Payments	18	19	20	20	21
Total	$393	$455	$475	$395	$470

In order to reliably meet the forecasted growth in demand, the company employs a least cost integrated planning process which includes renovation of existing power plants, promotion of cost effective conservation and load management options, construction of new company-owned generation facilities and purchased power.

Although investments in conservation related programs are reducing and delaying the need for new capacity, they do not eliminate the need entirely. With continued growth in peak demand requirements, Wisconsin Electric is planning to build additional capacity, resulting in a correspondingly higher level of construction expenditures during the forecast period than was experienced in recent years. In the forecast period, a total of 750 megawatts of natural gas-fired combustion turbine peaking capacity is planned for completion, with 150 megawatts annually in 1993 and 1994, 300 megawatts in 1995 and 150 megawatts in 1996. Additional peaking capacity is planned for later in the 1990s. The company has entered into purchase power contracts intended to delay construction as long as feasible and to maintain adequate reserve margins prior to the availability of the planned capacity additions.

Also intended for completion in 1994 is a gas-fired cogeneration facility, to be rated at approximately 200 megawatts, that would generate electricity for the Wisconsin Electric system and provide process steam to be sold to Repap Wisconsin, Inc. (formerly Midtec Paper Corporation) for use in its coated paper making facilities. Repap Wisconsin, Inc., located in Kimberly, Wisconsin, is currently the company's largest Wisconsin retail electric customer.

Wisconsin Electric's next base load power plant is planned to be placed in service during the summer of 1999. Employing the clean-burning technology of circulating fluidized bed combustion, this coal-fired facility is planned to be located at the site of the company's recently retired North Oak Creek units, therefore gaining cost savings by utilizing existing fuel transportation facilities, electric transmission lines and cooling water supplies.

The addition of new generating units requires approval from various regulatory agencies including the PSCW, the U.S. Environmental Protection Agency (EPA), the Wiscon in Department of Natural Resources and the FERC.

Current construction projects of significance include renovation work at the company's Port Washington Power Plant and construction of a transmission line in the Upper Peninsula of Michigan. Scheduled for completion by the summer of 1992, this transmission line will enable Wisconsin Electric to increase the reliable transfer of power from the Presque Isle Power Plant to the Wisconsin system by 130 megawatts, providing a total capability of 300 megawatts.

Capital Resources

During the five-year period ending December 31, 1996, Wisconsin Electric expects internal sources of funds from operations, after dividends, to provide about 70 percent of the company's capital requirements.

The remaining cash requirements are expected to be met through the reduction of existing cash investments and construction funds on deposit with trustees, short-term borrowings and the issuance of long-term debt. Current plans call for debt issues of $100 million during each of the years 1992 through 1995 (inclusive) and $200 million in 1996.

CLEAN AIR ACT

The 1990 Amendments to the Clean Air Act mandate significant nationwide reductions in nitrogen oxide ("NOx") and sulfur dioxide ("SO2") emissions.

Phase I of the acid rain provisions, effective in 1995, is not expected to significantly impact Wisconsin Electric because of actions taken to meet the strict SO2 emission limitations set by Wisconsin's acid rain law effective in 1993. Limited additional measures will be necessary for NOx emission control and continuous emission monitoring.

The compliance strategy for Phase I calls for continued use of low sulfur coal and the installation of low NOx burners and continuous emission monitoring equipment at one of Wisconsin Electric's electric generation plants. The cost of the equipment is estimated at $9 million based on today's costs. Equipment costs, along with additional operating costs are expected to increase electric rates by less than 1 percent. Wisconsin Electric is projecting a surplus of SO2 allowances during the Phase I period and will also seek additional SO2 allowances which may be available as a result of its energy conservation activities. To the extent that a surplus becomes available, Wisconsin Electric may sell allowances to other utilities or retain them for use in Phase II.

The compliance strategy for Phase II, which requires continuous emission monitoring at all fossil fuel power plants by 1995 and additional emission reductions by the year 2000, includes installation of continuous emission monitoring equipment on the remaining company boilers, fuel switching, and installation of control equipment, if needed. Equipment costs, which may be as high as $75 million based on today's costs, could increase electric rates by 1 to 2 percent. Because the regulations have not yet been issued by the EPA, cost and rate estimates are subject to change and will be reviewed when the regulations are published.

WISCONSIN ELECTRIC POWER COMPANY

INCOME STATEMENT

Year Ended December 31

	1991	1990	1989
		(Thousands of Dollars)	
Operating Revenues			
Electric	$1,292,809	$1,208,045	$1,245,701
Steam	12,986	12,126	12,292
Total Operating Revenues	1,305,795	1,220,171	1,257,993
Operating Expenses			
Fuel (Note B)	291,271	263,889	290,074
Purchased power	65,261	50,916	31,387
Other operation expenses (Note C)	295,654	268,345	257,708
Maintenance	136,142	128,675	145,057
Depreciation (Note D)	133,997	131,981	129,344
Taxes other than income taxes	57,916	63,269	60,977
Federal income tax (Note E)	73,854	59,442	70,987
State income tax (Note E)	16,889	15,035	17,418
Deferred income taxes - net (Note E)	6,148	17,507	14,982
Investment tax credit - net (Note E)	(4,381)	(5,087)	(5,686)
Total Operating Expenses	1,072,751	993,472	1,012,248
Operating Income	233,044	226,199	245,745
Other Income and Deductions			
Interest income	15,688	32,603	21,714
Allowance for other funds used during construction (Note F)	7,227	5,845	4,899
Miscellaneous - net	6,649	8,029	(1,696)
Federal income tax (Note E)	(1,292)	(6,678)	(252)
State income tax (Note E)	(843)	(2,318)	(1,049)
Total Other Income and Deductions	27,429	37,481	23,616
Income Before Interest Charges	260,473	263,680	269,361
Interest Charges			
Long-term debt	77,615	79,806	80,755
Other interest	4,849	835	737
Allowance for borrowed funds used during construction (Note F)	(3,560)	(2,879)	(2,413)
Total Interest Charges	78,904	77,762	79,079
Net Income	181,569	185,918	190,282
Preferred Stock Dividend Requirement	5,928	5,928	5,928
Earnings Available for Common Stockholder	$ 175,641	$ 179,990	$ 184,354

Note: Earnings and dividends per share of common stock are not applicable because all of the company's common stock is owned by Wisconsin Energy Corporation.

See Notes to Financial Statements.

WISCONSIN ELECTRIC POWER COMPANY

STATEMENT OF CASH FLOWS

Year Ended December 31

	1991	1990	1989
		(Thousands of Dollars)	
Operating Activities:			
Net income	$181,569	$185,918	$190,282
Reconciliation to cash:			
Depreciation	133,997	131,981	129,344
Nuclear fuel expense - amortization	22,139	23,507	22,950
Deferred income taxes - net	6,148	17,507	14,982
Investment tax credit - net	(4,381)	(5,087)	(5,686)
Allowance for other funds used during construction	(7,227)	(5,845)	(4,899)
Change in: Accounts receivable	(6,308)	(6,366)	(4,114)
Inventories	11,670	(13,246)	(6,291)
Accounts payable	(6,790)	(9,431)	(2,693)
Other current assets	(2,413)	8,197	15,039
Other current liabilities	3,452	(14,657)	15,317
Other	9,402	(20)	18,881
Cash Provided by Operating Activities	341,258	312,458	383,112
Investing Activities:			
Construction expenditures	(215,446)	(176,954)	(178,087)
Allowance for borrowed funds used during construction	(3,560)	(2,879)	(2,413)
Nuclear fuel	(19,728)	(20,121)	(19,337)
Nuclear decommissioning trust	(19,358)	(17,248)	(16,245)
Conservation rebates and loans - net	(19,989)	(29,396)	(26,881)
Change in construction funds held by trustee	37,813	9,735	1,883
Other	(15)	11,863	(1,249)
Cash Used in Investing Activities	(240,283)	(225,000)	(242,329)
Financing Activities:			
Sale of long-term debt	124,221	25,793	81,033
Retirement of long-term debt	(27,552)	(61,925)	(96,824)
Change in short-term debt	(16,900)	55,804	-
Dividends on stock - common	(167,745)	(175,021)	(116,865)
- preferred	(5,928)	(5,928)	(5,928)
Cash Used in Financing Activities	(93,904)	(161,277)	(138,584)
Change in Cash and Cash Equivalents	$ 7,071	$(73,819)	$ 2,199

Supplemental information disclosures:

	1991	1990	1989
Cash Paid For:			
Interest (net of amount capitalized)	$ 78,332	$ 78,455	$ 81,788
Income taxes	90,981	84,383	71,970

See Notes to Financial Statements.

WISCONSIN ELECTRIC POWER COMPANY

BALANCE SHEET

December 31

ASSETS

	1991	1990
	(Thousands of Dollars)	
Utility Plant		
Electric	$3,598,699	$3,456,639
Steam	31,975	29,686
	3,630,674	3,486,325
Accumulated provision for depreciation	(1,548,775)	(1,460,199)
	2,081,899	2,026,126
Construction work in progress	128,865	96,905
Nuclear fuel - net (Note B)	56,899	60,252
Net Utility Plant	2,267,663	2,183,283
Other Property and Investments		
Nuclear decommissioning trust fund (Note D)	182,838	163,480
Construction funds held by trustees	25,486	63,299
Conservation investments	99,842	90,346
Other	4,234	4,423
Total Other Property and Investments	312,400	321,548
Current Assets		
Cash and cash equivalents	27,183	20,112
Accounts receivable, net of allowance for doubtful accounts - $7,121 and $5,589	84,861	78,553
Accrued utility revenues	86,046	84,601
Fossil fuel (at average cost)	64,877	77,487
Materials and supplies (at average cost)	72,322	71,382
Prepayments	44,989	43,356
Other assets	5,241	5,906
Total Current Assets	385,519	381,397
Deferred Charges and Other Assets		
Accumulated deferred income taxes	60,245	59,711
Other	26,306	26,964
Total Deferred Charges and Other Assets	86,551	86,675
	$3,052,133	$2,972,903

See Notes to Financial Statements.

WISCONSIN ELECTRIC POWER COMPANY

BALANCE SHEET

December 31

LIABILITIES

	1991	1990
	(Thousands of Dollars)	
Capitalization (See Capitalization Statement)		
Common stock equity	$1,203,220	$1,180,324
Preferred stock - redemption not required	30,451	30,451
Preferred stock - redemption required	70,000	70,000
Long-term debt	1,040,572	932,852
Total Capitalization	2,344,243	2,213,627
Current Liabilities		
Long-term debt due currently	14,901	25,733
Notes payable - commercial paper	38,904	55,804
Accounts payable	60,815	67,605
Payroll and vacation accrued	23,227	21,914
Taxes accrued - income and other	16,017	15,090
Interest accrued	18,807	18,111
Dividends declared	67	15,067
Other	5,106	4,590
Total Current Liabilities	177,844	223,914
Deferred Credits and Other Liabilities		
Accumulated deferred income taxes	399,967	389,432
Accumulated deferred investment tax credits	100,304	104,715
Other	29,775	41,215
Total Deferred Credits and Other Liabilities	530,046	535,362
Commitments and Contingencies (Note K)		
	$3,052,133	$2,972,903

See Notes to Financial Statements.

WISCONSIN ELECTRIC POWER COMPANY

CAPITALIZATION STATEMENT

December 31

	1991	1990
	(Thousands of Dollars)	
Common Stock Equity (See Common Stock Equity Statement)		
Common stock ($10 par value; authorized 65,000,000 shares; outstanding - 33,289,327 shares)	$ 332,893	$ 332,893
Other paid in capital	142,462	142,462
Retained earnings	727,865	704,969
Total Common Stock Equity	1,203,220	1,180,324
Preferred Stock - Cumulative		
Six Per Cent. Preferred Stock - $100 par value; authorized 45,000 shares; outstanding - 44,508 shares	4,451	4,451
Serial preferred stock - $100 par value; authorized 2,360,000 shares; outstanding -		
3.60% Series - 260,000 shares	26,000	26,000
Total Preferred Stock - Redemption Not Required (Note H)	30,451	30,451
6.75% Series - 700,000 shares	70,000	70,000
Total Preferred Stock - Redemption Required (Note H)	70,000	70,000
Long-Term Debt		
First mortgage bonds		
Series — Due		
4-3/4% — 1991	-	3,525
4-1/2% — 1993	4,985	4,985
5-7/8% — 1996	36,707	36,807
6-1/2% — 1997	11,191	11,191
6-7/8% — 1997	37,580	37,580
6-5/8% — 1998	9,676	9,676
6-7/8% — 1998	33,360	33,360
6.10 % — 1999-2008	25,000	25,000
6.25 % — 1999-2008	1,000	1,000
7-1/4% — 1999	38,929	38,929
8-3/8% — 1999	39,230	39,230
8-1/2% — 1999	11,678	11,678
6.45 % — 2004	12,000	12,000
8-3/4% — 2006	59,897	59,897
6.45 % — 2006	4,000	4,000
6.50 % — 2007-2009	10,000	10,000
8-7/8% — 2008	79,934	79,934
9-3/4% — 2015	46,350	46,350
8-1/2% — 2016	100,000	100,000
9-5/8% — 2018	100,000	100,000
6.85 % — 2021	9,000	-
9.85 % — 2023	100,000	100,000
9-1/8% — 2024	60,000	60,000
8-3/8% — 2026	100,000	-
	930,517	825,142
Debentures (unsecured)		
7% Series due 1993 (Note I)	23,985	24,785
Note (unsecured)		
Variable rate due 2016	67,000	67,000
Obligations under capital lease (Note B)	43,248	48,150
Unamortized discount - net	(9,277)	(6,492)
Long-term debt due currently	(14,901)	(25,733)
Total Long-Term Debt (Note I)	1,040,572	932,852
Total Capitalization	$2,344,243	$2,213,627

See Notes to Financial Statements.

WISCONSIN ELECTRIC POWER COMPANY

COMMON STOCK EQUITY STATEMENT

	Common Stock Shares	Common Stock $10 Par Value	Other Paid In Capital	Retained Earnings	Total
			(Thousands of Dollars)		
Balance - December 31, 1988	33,289,327	$332,893	$142,462	$647,511	$1,122,866
Net income				190,282	190,282
Cash dividends					
Common stock				(116,865)	(116,865)
Preferred stock				(5,928)	(5,928)
Balance - December 31, 1989	33,289,327	332,893	142,462	715,000	1,190,355
Net income				185,918	185,918
Cash dividends					
Common stock				(190,021)	(190,021)
Preferred stock				(5,928)	(5,928)
Balance - December 31, 1990	33,289,327	332,893	142,462	704,969	1,180,324
Net income				181,569	181,569
Cash dividends					
Common stock				(152,745)	(152,745)
Preferred stock				(5,928)	(5,928)
Balance - December 31, 1991	33,289,327	$332,893	$142,462	$727,865	$1,203,220

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

A - Summary of Significant Accounting Policies

General

The accounting records of the Company are kept as prescribed by the Federal Energy Regulatory Commission (FERC), modified for requirements of the Public Service Commission of Wisconsin (PSCW).

Revenues

Utility revenues are recognized on the accrual basis and include estimated amounts for service rendered but not billed.

Fuel

The cost of fuel is expensed in the period consumed. Nuclear fuel expense includes the estimated cost for disposal of spent fuel based on a contract with the U.S. Department of Energy.

Property

Property is recorded at cost. Additions to and significant replacements of utility property are charged to utility plant at cost; minor items are charged to maintenance expense. Cost includes material, labor and allowance for funds used during construction (see Note F). The cost of depreciable utility property, together with removal cost less salvage, is charged to accumulated provision for depreciation when property is retired.

Income Taxes

Beginning in January 1991, pursuant to a PSCW order, comprehensive interperiod income tax allocation was adopted for federal and state timing differences. In prior years deferred income tax accounting was applied primarily to significant federal timing differences.

The federal investment tax credit is accounted for on the deferred basis and is reflected in income ratably over the life of the related property.

Debt Premium, Discount and Expense

Long-term debt premium or discount and expense of issuance are amortized by the straight line method over the lives of the debt issues and included as interest expense. Unamortized amounts pertaining to reacquired debt are written off currently, when acquired for sinking fund purposes, or amortized in accordance with PSCW orders, when acquired for early retirement.

Statement of Cash Flows

Cash and cash equivalents includes marketable debt securities acquired three months or less from maturity.

Conservation Investments

The company directs a variety of demand-side management programs to help foster energy conservation by its customers. As authorized by the PSCW, the company has capitalized certain conservation program costs. Utility rates approved by the PSCW provide for a current return on these conservation investments. Conservation investments are amortized to operating expense over a ten-year period.

B - Nuclear Operations

The company has a nuclear fuel leasing arrangement with Wisconsin Electric Fuel Trust (Trust), which is treated as a capital lease. The nuclear fuel is leased for a period of 60 months or until the removal of the fuel from the reactor, if earlier. Lease payments include charges for the cost of fuel burned, financing costs and a management fee. In the event the company or the Trust terminates the lease, the Trust would recover its unamortized cost of nuclear fuel from the company. Under the lease terms, the company is in effect the ultimate guarantor of the Trust's commercial paper and line of credit borrowings financing the investment in nuclear fuel.

The amount of nuclear fuel under capital lease and the accumulated provision for amortization at December 31 was $94,703,000 and $55,816,000 for 1991 and $103,443,000 and $60,630,000 for 1990, respectively. Interest expense on the nuclear fuel lease was $3,174,000 in 1991, $3,992,000 in 1990 and $3.926,000 in 1989.

The future minimum lease payments under the capital lease and the present value of the net minimum lease payments as of December 31, 1991 are as follows:

	(Thousands of Dollars)
1992	$ 21,525
1993	14,619
1994	7,897
1995	2,857
1996	338
Total Minimum Lease Payments	47,236
Less: Interest	(3,988)
Present Value of Net Minimum Lease Payments	$ 43,248

The Price-Anderson Act (Act) provides an aggregate limitation of $7.8 billion on public liability claims arising out of a nuclear incident. The company has $200 million of liability insurance from commercial sources. The Act also establishes an industry-wide retrospective rating plan under which nuclear reactor owners could be assessed up to $63 million per reactor (the company owns two), but not more than $10 million in any one year for each reactor, in the event of a nuclear incident.

An industry-wide insurance program, with an aggregate limit of $200 million, has been established to cover radiation injury claims of nuclear workers first employed after January 1, 1988. If claims in excess of the available funds develop, the company could be assessed a maximum of approximately $3.2 million per reactor.

The company has property damage, decontamination and decommissioning insurance totaling $1.75 billion for loss from damage at the Point Beach Nuclear Plant with Nuclear Mutual Limited (NML) and Nuclear Electric Insurance Limited (NEIL). Under these NML and NEIL policies, the company has potential maximum retrospective premium liability of $6.9 million and $7.0 million, respectively.

The company also maintains additional insurance with NEIL covering extra expenses of obtaining replacement power during a prolonged accidental outage (in excess of 21 weeks) at the Point Beach Nuclear Plant. This insurance coverage provides weekly indemnities of $3.5 million per unit for outages during the first year, declining to 67% of the amounts during the second year, and 33% for the third year. Under the policy, the company's maximum retrospective premium liability is approximately $9.5 million.

It should not be assumed that, in the event of a major nuclear incident, any insurance or statutory limitation of liability would protect the company from material adverse impact.

C - Pension Plans and Other Postretirement Benefits

In the opinion of the company, current pension trust assets and amounts which are expected to be paid to the trusts in the future will be adequate to meet future pension payment obligations to current and future retirees.

The plans are funded to meet the requirements of the Employee Retirement Income Security Act of 1974. The PSCW recognizes funded amounts for ratemaking, which amounts are charged to expense as paid. Pension expense was $3,739,000 in 1991, $584,000 in 1990 and $1,536,000 in 1989.

The following information has been provided in accordance with Statement of Financial Accounting Standards No. 87, Employers' Accounting for Pensions (FAS 87). The company has several noncontributory pension plans covering all eligible employees. Pension benefits are based on years of service and the employee's compensation. The majority of the plans' assets are equity securities; other assets include corporate and government bonds, guaranteed investment contracts and real estate.

	1991	1990	1989
	(Thousands of Dollars)		
Components of Net Periodic Pension Cost, Year Ended December 31 -			
Cost of pension benefits earned by employees	$ 7,523	$ 7,092	$ 5,770
Interest cost on projected benefit obligation	27,394	25,769	23,892
Actual return on plan assets	(88,243)	(12,254)	(67,725)
Net amortization and deferral	51,694	(26,655)	33,281
Total pension cost calculated under FAS 87	$ (1,632)	$ (6,048)	$ (4,782)
rial Present Value of Accumulated efit Obligation, at December 31 -			
sted benefits-employees' right to eceive benefit no longer contingent upon continued employment	$ 278,905	$258,720	
Nonvested benefits-employees' right to receive benefit contingent upon continued employment	5,544	4,727	
Total obligation	$ 284,449	$263,447	
Funded Status of Plans: Pension Assets and Obligations at December 31 -			
Pension assets at fair market value	$ 464,212	$392,525	
Projected benefit obligation at present value	(362,781)	(324,747)	
Unrecognized transition asset	(30,379)	(32,819)	
Unrecognized prior service cost	15,963	12,378	
Unreco[illegible]d [illegible] gain	(79,065)	(44,710)	
Projected status of plans	$ 7,950	$ 2,627	
Rates used for calculations (%) -			
Discount Rate-interest rate used to adjust for the time value of money	8.0	8.5	8.5
Assumed rate of increase in compensation levels	5.0	5.5	5.5
Expected long-term rate of return on pension assets	9.0	9.0	9.0

In 1990, the Financial Accounting Standards Board (FASB) issued, for adoption by 1993, Statement of Financial Accounting Standards No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions. This standard requires the accrual of postretirement benefits other than pensions during the employee's period of service and permits recognition of the transition obligation (the unfunded and unrecognized accumulated postretirement benefit obligation) in the initial year of implementation or over periods up to 20 years for the company. The company expects to adopt the standard prospectively in 1993 and elect the 20 year transition option. The current accumulated postretirement benefit obligation net of amounts previously funded is estimated to be $61-$87 million, depending upon the cost assumptions. The company expects to seek regulatory recovery of the accruals and any effects of the statement will depend on its treatment by the regulatory commissions.

The company provides life insurance for retirees and medical insurance benefits for participating retired employees and their dependents. The cost of these postretirement benefits is expensed when paid and was approximately $4,365,000 in 1991, $4,342,000 in 1990 and $4,827,000 in 1989. An Employees' Benefit Trust (Trust) is used to fund a major portion of postretirement life insurance benefits for current employees and retirees. Beginning in August 1991, medical benefits for active employees and participating retired employees and their dependents are funded by payments to the Trust.

D - Depreciation

Depreciation expense is accrued at straight line rates, certified by the PSCW, which include estimates for salvage and removal costs.

Nuclear plant decommissioning is accrued as depreciation expense based on an external sinking fund method. Total decommissioning is estimated at $252 million in 1991 dollars.

Depreciation as a percent of average depreciable utility plant was 4.0% in 1991 and 4.1% in 1990 and 1989.

E - Income Taxes

Following is a summary of income tax expense and a reconciliation of total income tax expense with the tax expected at the federal statutory rate.

	1991	1990	1989
	(Thousands of Dollars)		
Current tax expense	$ 92,878	$ 8[illegible],473	$ 89,706
Investment tax credit-net	(4,381)	(5,087)	(5,686)
Deferred tax expense	6,148	17,507	14,982
Total tax expense	$ 94,645	$ 95,893	$ 99,002
Income before income taxes	$276,214	$281,811	$289,284
Expected tax at federal statutory rate	$ 93,913	$ 95,816	$ 98,356
State income tax net of federal tax reduction	13,820	11,120	11,445
Investment tax credit restored	(4,394)	(5,142)	(5,928)
Other (no item over 5% of expected tax)	(8,694)	(5,9[illegible]1)	(4,871)
Total tax expense	$ 94,645	$ 95,893	$ 99,002

Pursuant to a PSCW order, beginning in 1991, deferred income tax accounting was adopted for federal and state timing differences. In prior years deferred income tax accounting was applied primarily to significant federal timing differences. Previously unrecorded deferred income taxes are being recorded ratably over the remaining life of the related property. At December 31, 1991, the cumulative amount of timing differences for which deferred income taxes have not been provided was approximately $43 million for federal tax purposes and $332 million for state tax purposes. Any tax effect of these amounts is expected to be recovered through future utility rates.

In February 1992, the FASB issued, for adoption by 1993, Standard No. 109, Accounting for Income Taxes. This income tax accounting standard requires an asset and liability approach, the adjustment of deferred income tax balances to reflect income tax rate changes and the recognition of previously unrecorded deferred taxes. Although the company has not quantified all the effects of adopting the standard, it is expected that any additional deferred income taxes will be offset primarily by regulatory assets and liabilities representing the expected future revenue impact of these adjustments. The company believes adoption of the standard will not have a material effect on its results of operations. The company intends to apply the standard prospectively.

F - Allowance for Funds Used During Construction (AFUDC)

AFUDC is included in utility plant accounts and represents the cost of borrowed funds used during plant construction and a return on stockholders' capital used for construction purposes. On the income statement the cost of borrowed funds (before income taxes) is a reduction of interest expense and the return on stockholders' capital is an item of noncash other income.

In 1991 and 1992 utility rates approved by the PSCW provide for a current return on investment for selected long-term projects included in construction work in progress (CWIP). AFUDC was capitalized on the remaining CWIP at a rate of 11.16% in 1991, 11.13% in 1990, and 11.41% in 1989, as approved by the PSCW.

G - Transactions with Associated Companies

Managerial, financial, accounting, legal, data processing and other services may be rendered between associated companies and are billed in accordance with service agreements approved by the PSCW. The company also buys gas from Wisconsin Natural (WN), another subsidiary of Wisconsin Energy Corporation, for electric generation at rates approved by the PSCW.

H - Preferred Stock

Serial Preferred Stock authorized but unissued is cumulative, $25 par value, 5,000,000 shares.

In the event of default in the payment of preferred dividends or in the mandatory redemption requirements, no dividends or other distributions may be paid on the company's common stock.

Redemption Not Required -

The 3.60% Series Preferred Stock is redeemable in whole or in part at the option of the company at $101 per share plus any accrued dividends.

Redemption Required -

The 6.75% Series Preferred Stock has a redemption requirement of 21,000 shares at par value annually on each June 1 beginning in 1993 (with a noncumulative option to redeem up to 31,500 additional shares annually) with redemption of the remaining shares required on June 1, 2026. In addition to the mandatory redemption, the company may at its option redeem the stock at $106.75 per share plus any accrued dividends prior to June 1, 1992 and at declining amounts thereafter to $100 per share plus any accrued dividends, on or after June 1, 2002.

I - Long-Term Debt

The maturities and sinking fund requirements through 1996 for the aggregate amount of long-term debt outstanding (excluding obligations under capital lease, see Note B) at December 31, 1991 are shown below.

1992	$ 4,550,000
1993	32,660,000
1994	3,690,000
1995	3,690,000
1996	40,397,000

Sinking fund requirements for the years 1992 through 1996, included in the table above, are $19,310,000, of which $17,150,000 has been anticipated by the advance purchase of bonds and $2,160,000 may be satisfied by certifying additional mortgaged property. Substantially all utility plant is subject to the applicable mortgage.

In February 1992 the company refunded all $23,985,000 of 7% Series Debentures due November 15, 1993. The company entered into a contract which effectively fixes the interest rate on up to $24 million of commercial paper at approximately 5% through November 15, 1993.

J - Lines of Credit

Unused lines of credit for short-term borrowing amounted to $101,600,000 at December 31, 1991. In support of various informal lines of credit from banks, the company has agreed to maintain unrestricted compensating balances or to pay commitment fees; neither the compensating balances nor the commitment fees are significant.

K - Commitments and Contingencies

Plans for the construction and financing of future additions to utility plant can be found elsewhere in this report in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

L - Information by Segments of Business

Year ended December 31	1991	1990	1989
	(Thousands of Dollars)		
Electric Operations			
Operating revenues	$1,292,809	$1,208,045	$1,245,701
Operating income before income taxes	323,075	311,130	341,333
Depreciation	132,912	130,970	128,397
Construction expenditures	212,408	174,891	176,327
Steam Operations			
Operating revenues	12,986	12,126	12,292
Operating income before income taxes	2,479	1,966	2,113
Depreciation	1,085	1,011	947
Construction expenditures	2,803	1,716	1,669
Total			
Operating revenu	1,305,795	1,220,171	1,257,993
Operating income before income taxes	325,554	313,096	343,446
Depreciation	133,997	131,981	129,344
Construction expenditures (including nonutility)	215,446	176,954	178,087
At December 31			
Net Identifiable Assets			
Electric	$3,028,283	$2,951,217	$2,945,900
Steam	20,963	18,698	18,609
Nonutility	2,887	2,988	2,497
Total Assets	$3,052,133	$2,972,903	$2,967,006

DIRECTORS

The information in "Information Concerning Nominees for Directors" appearing on pages 2-4 of Wisconsin Electric's definitive Information Statement dated April 20, 1992, attached hereto, is incorporated herein by reference.

OFFICERS

The information in "Officers" appearing on page 4 of Wisconsin Electric's definitive Information Statement dated April 20, 1992, attached hereto, is incorporated herein by reference.

100 East Wisconsin Avenue
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Telephone 414 276 9500

Price Waterhouse

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders
of Wisconsin Electric Power Company

In our opinion, the accompanying balance sheet and capitalization statement and the related statements of income, of common stock equity and of cash flows present fairly, in all material respects, the financial position of Wisconsin Electric Power Company at December 31, 1991 and 1990, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1991, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Price Waterhouse

January 29, 1992