




FISCAL YEAR 2018 SECOND QUARTER HIGHLIGHTS



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Financial Highlights

In the second quarter of 2018, WPPI Energy's change in net position was a loss of \$722,419 compared to a loss of \$628,347 in the second quarter of 2017. Due to seasonal wholesale rates that include a higher demand charge during the summer months, WPPI Energy planned for a loss in the second quarter of 2017 and 2018, and anticipates increased revenues and change in net position during the summer months.

Energy sales to members totaled 1,233,455 megawatt-hours (MWh) in the second quarter of 2018. This is 30,935 MWh or 2.6% more than the same period a year ago. Total operating revenues for the second quarter in 2018 were \$107,650,593 or 4.2% lower than the same period a year ago. Total operating expenses for the second quarter in 2018 were \$106,184,978 or 3.3% lower than the same period a year ago. The decrease in operating revenues is primarily due to a lower average cost of power to members in the second quarter of 2018 compared to 2017. The decrease in operating expenses is driven by lower purchased power expenses.

Power Supply Update

WPPI Energy's 20% share of Boswell Energy Center Unit 4 generated 205,922 megawatt-hours (MWh) at an average capacity factor of 80.6% during the second quarter. This compares to generation of 190,268 MWh and an average capacity factor of 74.5% in the second quarter of 2017. Unit 4 had a four-day planned outage during the second quarter of 2018.

WPPI Energy's 8.33% share of the Elm Road Generating Station units generated 194,089 MWh at an average capacity factor of 84.1%. In the same quarter a year ago, the units generated 135,083 MWh at an average capacity factor of 58.6%. Unit 2 was offline for 10 days during the second quarter of 2018 to repair a boiler tube leak.

News Highlights

WPPI Energy member utilities and staff got a firsthand look at the 53 new turbines that will more than double the wind energy in the WPPI Energy portfolio during a ribbon-cutting marking the official opening of the Bishop Hill III Wind Energy Center in Henry County, Ill. In 2017, WPPI Energy executed an agreement with an affiliate of Invenergy to purchase the 132-megawatt facility's output through mid-2040. The addition is projected to lower WPPI Energy's wholesale costs to members.

Company Profile

WPPI Energy is a regional power company serving 51 locally owned, not-for-profit electric utilities. Through WPPI Energy, these public power utilities share resources and own generation facilities to provide reliable, affordable electricity to more than 200,000 homes and businesses in Wisconsin, Michigan's Upper Peninsula and Iowa.

FINANCIAL STATEMENTS

Statements of Net Position (Unaudited)

June 30,	2018	2017
Assets		
Current assets	\$ 174,694,137	\$ 177,094,483
Non-current assets	244,241,710	231,558,447
Electric plant, equipment, and land, net	383,750,712	391,522,130
Construction work in progress	8,359,214	6,736,856
Total assets	811,045,773	806,911,916
Deferred Outflows of Resources	18,911,504	21,248,803
Liabilities		
Current liabilities	83,162,945	77,231,107
Non-current liabilities	8,060,880	7,894,174
Long-term debt, net	387,278,666	432,228,909
Total liabilities	478,502,491	517,354,190
Deferred Inflows of Resources	75,717,746	57,889,439
Net Position	\$ 275,737,040	\$ 252,917,090

Statements of Revenue, Expenses, and Changes in Net Position (Unaudited)

	Quarter Ended June 30,		Fiscal-to-Date	
	2018	2017	2018	2017
Operating Revenues	\$ 107,650,593	\$ 112,413,951	\$ 211,374,188	\$ 224,005,608
Operating Expenses				
Purchased power	66,413,304	72,682,930	131,148,524	145,682,321
Transmission	15,876,637	15,983,141	32,315,988	31,882,975
Fuel expense	9,125,563	7,336,320	16,991,279	16,430,654
Operation and maintenance	2,882,642	2,875,295	5,655,533	5,637,668
Customer service and administrative and general	5,242,537	5,000,903	10,141,579	9,977,560
Depreciation and amortization	4,830,329	4,105,401	8,219,069	8,247,985
Taxes	1,813,966	1,780,665	3,647,719	3,545,725
Total operating expenses	106,184,978	109,764,655	208,119,691	221,404,888
Operating Income	1,465,615	2,649,296	3,254,497	2,600,720
Non-Operating Revenues (Expenses)				
Investment income	3,685,725	3,148,679	7,093,557	6,221,591
Interest expense	(4,749,577)	(5,088,017)	(9,564,296)	(10,179,775)
Other	(1,124,182)	(1,338,305)	(4,036,239)	(4,023,518)
Total non-operating revenues (expenses), net	(2,188,034)	(3,277,643)	(6,506,978)	(7,981,702)
Change in Net Position	\$ (722,419)	\$ (628,347)	\$ (3,252,481)	\$ (5,380,982)

Some 2017 amounts were reclassified to conform to the 2018 presentation.

WPPI ENERGY IS THE POWER SUPPLIER FOR THE FOLLOWING LOCALLY-OWNED UTILITIES

WISCONSIN
Algoma
Black River Falls
Boscobel
Brodhead
Cedarburg
Columbus
Cuba City
Eagle River

Evansville
Florence
Hartford
Hustisford
Jefferson
Juneau
Kaukauna
Lake Mills
Lodi

Menasha
Mount Horeb
Muscoda
New Glarus
New Holstein
New London
New Richmond
Oconomowoc
Oconto Falls

Plymouth
Prairie du Sac
Reedsburg
Richland Center
River Falls
Slinger
Stoughton
Sturgeon Bay
Sun Prairie

Two Rivers
Waterloo
Waunakee
Waupun
Westby
Whitehall

MICHIGAN
Alger Delta
Baraga
Crystal Falls
Gladstone
L'Anse
Negaunee
Norway

IOWA
Independence
Maquoketa
Preston