WPPI Energy

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended December 31, 2023 and 2022

WPPI Energy

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December 31, 2023 and 2022

Independent Auditors' Report

To the Board of Directors of
WPPI Energy

Opinion

We have audited the accompanying financial statements of WPPI Energy, as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements, which collectively comprise WPPI Energy's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of WPPI Energy as of December 31, 2023 and 2022 and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WPPI Energy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WPPI Energy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WPPI Energy's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WPPI Energy's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Baker Tilly US, LLP

Madison, Wisconsin
February 20, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of WPPI Energy's (WPPI) condensed financial statements provides an overview of WPPI's activities for the years ended December 31, 2023 and 2022. The information presented should be read in conjunction with WPPI's financial statements and the accompanying notes.

WPPI follows authoritative sources of U. S. generally accepted accounting principles (GAAP) under the provisions of Governmental Accounting Standards Board (GASB) 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. WPPI complies with all applicable GASB pronouncements, including the application of GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62).

WPPI's financial statements include the following: The Statements of Net Position provides information about the nature and amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources of WPPI as of the end of the year. The Statements of Revenues, Expenses, and Changes in Net Position reports and classifies revenues, expenses and outflows and inflows of resources for the year. The Statements of Cash Flows reports and classifies cash receipts, cash payments and net changes in cash for the year. The notes to the financial statements provide additional information.

Significant Events

WPPI had several significant events occur in 2023 and 2022. The following is a description of these events and their impact on WPPI's financial statements and the accompanying notes.

2023

Wholesale Power Costs to Members
In 2023, WPPI passed lower power costs on to its members through its wholesale rate, including the power cost adjustment clause. The lower wholesale rate paid by members combined with lower megawatt hour (MWh) energy sales to members resulted in lower revenue from energy sales to members in 2023. The decrease in WPPI's power costs in 2023 was impacted by market conditions, as described below. WPPI's MWh energy sales to members were 0.7% lower in 2023 compared to 2022. WPPI's average power cost to members was 7.7% lower in 2023 compared to 2022.

Market Conditions
In 2023, natural gas prices and market energy prices in the Midcontinent Independent System Operator, Inc. (MISO) wholesale energy market were significantly lower compared to 2022. The lower prices in 2023 resulted in a decrease in both operating revenues and operating expenses in 2023 compared to 2022. Additionally, lower energy true-ups paid under certain purchased power agreements and certain refunds received impacted operating revenues and expenses.

Reserve Funds
WPPI utilized $3.5 million of the rate stabilization fund and $5.0 million of the self-insurance fund in 2022, as described below. In 2023, WPPI replenished the entire amount used in both funds in 2022. WPPI utilized the receipt of certain refunds and the low market energy prices to replenish the funds faster than anticipated.

Bond Issuance
On April 6, 2023, WPPI closed on the issuance of $107.5 million (par value) in fixed rate bonds, the Power Supply System Revenue Bonds, Series 2023 A (2023 A Bonds) pursuant to a forward delivery agreement with DNT Asset Trust, a Delaware business trust and a wholly-owned subsidiary of JPMorgan Chase Bank, N.A. WPPI used the proceeds from the 2023A Bonds, along with other available funds, to defease all outstanding maturities of WPPI's Power Supply System Revenue Bonds, Series 2013 A bonds (2013 A Refunded Bonds), and paying certain costs of issuance of the 2023 A Bonds.

2022

Wholesale Power Costs to Members

In 2022, WPPI passed higher power costs on to its members through its wholesale rate, including the power cost adjustment clause. The higher wholesale rate paid by members combined with higher megawatt hour (MWh) energy sales to members resulted in higher revenue from energy sales to members in 2022. The increase in WPPI's power costs in 2022 was impacted by market conditions, as described below. WPPI's MWh energy sales to members were 1.7% higher in 2022 compared to 2021. WPPI's average power cost to members was 9.4% higher in 2022 compared to 2021.

Market Conditions

Higher natural gas prices and market energy prices in the MISO wholesale energy market experienced during the second half of 2021 continued into 2022, and were significantly higher during the six month period of April through September compared to the same period in 2021. WPPI experienced an increase in both operating revenues and operating expenses in 2022 compared to 2021 as a result of (i) higher wholesale market energy prices, (ii) higher energy true-ups paid under certain purchased power agreements and (iii) impacts from certain unplanned outages at WPPI's owned generating units, as described below.

Reserve Funds

WPPI maintains several reserve funds for the purpose of stabilizing future rates, meeting future capital requirements and smoothing out the impact of long-term maintenance projects. Through the designation of earnings and use of regulatory accounting to collect expected maintenance activities through rates, WPPI accumulates monies in the renewal and replacement fund for use in funding future planned capital and maintenance projects at WPPI's owned generating units.

WPPI used $15.1 million of the renewal and replacement funds for several capital and maintenance projects at its owned generating units in 2022. Among the projects, (i) repaired bearing failure at Boswell Unit 4 and Island Street Peaking Plant (ISPP), (ii) repaired steam piping at Elm Road Generating Station (ERGS) Units 1 and 2, (iii) replaced a defective turbine steam chest at ERGS Unit 2 and (iv) completed a gas turbine overhaul at South Fond du Lac (SFDL) Unit 1.

Unplanned outages at Boswell Unit 4 and ERGS Units 1 and 2 during high market energy prices in June were partially offset by using $3.5 million in rate stabilization fund monies. WPPI also maintains a self-insurance fund to primarily cover potential uninsured losses or substantial deductibles under property and boiler and machinery insurance policies at its owned generating units. In June, a major compressor surge event occurred at SFDL Unit 1. WPPI recognized a $3.5 million decrease in its self-insurance reserve in 2022 relating to the deductible.

As a result, WPPI's unrestricted cash and investments decreased and the production at these owned generating units was impacted by the outages needed to perform these projects.

Condensed Statements of Net Position
(in millions)

	2023	2022	2021	2023-2022 Change	2022-2021 Change
Assets					
Current assets	$ 143.0	$ 147.0	$ 150.8	$ (4.0)	$ (3.8)
Non-current assets	263.5	257.7	267.5	5.8	(9.8)
Capital assets, net	337.5	346.6	354.1	(9.1)	(7.5)
Total assets	744.0	751.3	772.4	(7.3)	(21.1)
Deferred Outflows of Resources	16.3	23.1	20.4	(6.8)	2.7
Liabilities					
Current liabilities	49.9	56.9	58.6	(7.0)	(1.7)
Non-current liabilities	13.3	9.9	9.9	3.4	0.0
Long-term debt, including unamortized premium	249.9	284.0	303.8	(34.1)	(19.8)
Total liabilities	313.1	350.8	372.3	(37.7)	(21.5)
Deferred Inflows of Resources	91.7	86.5	92.0	5.2	(5.5)
Net Position	355.5	337.1	328.5	18.4	8.6

Assets & Deferred Outflows of Resources

Total assets at the end of 2023 were $744.0 million which was a decrease of $7.3 million from 2022. Total assets at the end of 2022 were $751.3 million which was a decrease of $21.1 million from 2021.

Current assets decreased $4.0 million in 2023 due primarily to lower receivables from sales to members, lower unrestricted cash and less cash held to pay debt service. This was partially offset by a receivable for insurance proceeds and increases in fuel inventory. Current assets decreased $3.8 million in 2022 due primarily to payment of certain capital costs and lower receivables from sales to members. This was partially offset by increases in fuel inventory.

Non-current assets increased $5.8 million in 2023 due primarily to the replenishment of the rate stabilization fund and self-insurance fund and an increase in WPPI's investment in ATC. This was partially offset by lower debt service reserve fund requirements and the reclassification of WPPI's proportionate share to a net pension liability from a net pension asset of the WRS. Non-current assets decreased $9.8 million in 2022 as a result of using the renewal and replacement fund for certain capital and maintenance projects at WPPI's owned generating units along with the use of the rate stabilization fund and self-insurance fund. This was partially offset by increases in WPPI's investment in ATC and increases in its proportionate share of the net pension asset of the WRS. WPPI made capital contributions to ATC to meet voluntary capital calls of $7.1 million and $5.0 million in 2023 and 2022, respectively.

Capital assets net of accumulated depreciation decreased $9.1 million in 2023 and $7.5 million in 2022 as a result of annual depreciation exceeding capital additions. Construction work in progress increased $1.0 million in 2023 and decreased $3.1 million in 2022, impacted by various capital projects at Boswell Unit 4 and ERGS Units 1 and 2.

Deferred outflows of resources decreased $6.8 million in 2023 due primarily to lower unamortized loss on reacquired debt as a result of being reclassified to an unamortized gain on reacquired debt offset by higher pension-related amounts associated with the WRS. Deferred outflows of resources increased $2.7 million in 2022 due primarily to higher pension-related amounts associated with the WRS offset by ongoing amortization of loss on reacquired debt and asset retirement obligations.

Liabilities & Deferred Inflows of Resources

Total liabilities at the end of 2023 were $313.1 million which was a decrease of $37.7 million from 2022. Total liabilities at the end of 2022 were $350.8 million which was a decrease of $21.5 million from 2021.

Current liabilities decreased $7.0 million in 2023 and $1.7 million in 2022 due primarily to lower payables from purchased power and lower current maturities of long-term debt. The change in current liabilities in 2023 was also impacted by lower payables from operation and maintenance and lower accrued bond interest.

Non-current liabilities increased $3.4 million in 2023 due primarily to the aforementioned reclassification of WPPI's proportionate share to a net pension liability from a net pension asset of the WRS. Non-current liabilities did not change in 2022 from 2021.

Long-term debt including unamortized premium decreased $34.1 million in 2023 and $19.8 million in 2022 due to the reclassification of certain long-term debt to current maturities and the amortization of premium. The change in long-term debt including unamortized premium in 2023 was also impacted by the issuance of the 2023 A Bonds and defeasance of all outstanding maturities of the 2013 A Refunded Bonds.

Deferred inflows of resources increased $5.2 million in 2023 and decreased $5.5 million in 2022 due primarily to aforementioned replenishment and use of the renewal and replacement fund, rate stabilization fund and self-insurance fund. The change in deferred inflows of resources in 2023 and 2022 was partially impacted by the change in future recoverable costs and pension-related amounts associated with the WRS.

Net Position

Net position was $355.5 million at the end of 2023 and $337.1 million at the end of 2022. The change in net position results primarily from margin collected through WPPI's wholesale rates to its members and WPPI's share of ATC earnings that are retained by ATC.

Condensed Statements of Revenues, Expenses, and Changes in Net Position
(in millions)

	2023	2022	2021	2023-2022 Change	2022-2021 Change
Operating revenues	$ 478.9	$ 552.4	$ 472.4	$ (73.5)	$ 80.0
Operating expenses	472.0	541.3	462.1	(69.3)	79.2
Operating income	6.9	11.1	10.3	(4.2)	0.8
Non-operating revenues (expenses), net	13.5	(0.7)	1.7	14.2	(2.4)
Future recoverable costs	(2.0)	(1.8)	(1.1)	(0.2)	(0.7)
Change in net position	18.4	8.6	10.9	9.8	(2.3)
Net position, beginning of year	337.1	328.5	317.6	8.6	10.9
Net position, end of year	$ 355.5	$ 337.1	$ 328.5	$ 18.4	$ 8.6

Operating Revenues

Operating revenues in 2023 were $478.9 million which was a decrease of $73.5 million from 2022. Operating revenues in 2022 were $552.4 million which was an increase of $80.0 million from 2021. Higher operating revenues in 2022 compared to 2023 and 2021 were due to higher revenue from sales to members from both increases in revenue per MWh energy sold and total MWh energy sold to members, along with higher revenue from sales to others.

Revenue from energy sales to members decreased $33.7 million in 2023 and increased $40.7 million in 2022. The change in revenue from energy sales to members in 2023 and 2022 is due primarily to passing lower and higher power costs on to members through WPPI's wholesale rate, including the power cost adjustment clause, and lower and higher MWh energy sales to members.

Average Power Cost and Energy Sales to Members

	2023	2022	2021	% Change 2023-2022	% Change 2022-2021
Avereage power cost ($/MWh)	$ 76.11	$ 82.50	$ 75.42	-7.7%	9.4%
Energy sales (MWh)	4,974,427	5,007,624	4,924,645	-0.7%	1.7%

Revenue from sales to others decreased $33.0 million in 2023 and increased $35.5 million in 2022. The change in revenue from sales to others in 2023 and 2022 was due primarily to the relative level of market energy prices and the availability and dispatch of WPPI's power supply resources. Revenue from sales to others includes revenue from WPPI's owned transmission, consisting of the CapX 2020 La Crosse project and the Badger-Coulee project, which was $2.7 million in 2023 and 2022, respectively.

Operating Expenses

Operating expenses were $472.0 in 2023 which was a decrease of $69.3 million from 2022. Operating expenses were $541.3 million in 2022 which was an increase of $79.2 million from 2021. The change in operating expenses in 2023 was due primarily to decreases in purchased power expense, offset in part by increases in customer service and administrative and general expense. The change in operating expenses in 2022 was due primarily to increases in purchased power expense.

Purchased power expense decreased $79.1 million in 2023 due primarily to lower market energy costs and lower MWh sales to members. Purchased power expense increased $74.7 million in 2022 due primarily to higher market energy costs and higher MWh sales to members.

Transmission expense increased by $1.3 million in 2023 and $1.0 million in 2022 due primarily to higher transmission service charges.

Fuel expense decreased by $0.3 million in 2023 and increased $1.9 million in 2022 due primarily to relative level of fuel prices and the availability and changes in total production at WPPI's owned generating units.

Owned Generation Production by Unit (MWh)

	2023	2022	2021	% Change 2023-2022	% Change 2022-2021
Boswell Unit 4	583,180	600,507	594,881	-2.9%	0.9%
ERGS Unit 1	254,247	304,266	292,162	-16.4%	4.1%
ERGS Unit 2	304,140	192,838	351,957	57.7%	-45.2%
SFDL Units 1 and 4	7,102	24,306	28,899	-70.8%	-15.9%
ISPP	8,000	11,760	12,815	-32.0%	-8.2%
Total	1,156,669	1,133,677	1,280,714	2.0%	-11.5%

The production at Boswell Unit 4 was higher in 2022 compared to 2023 and 2021 due primarily to higher dispatch as a result of higher market energy prices in 2022. Boswell Unit 4 was offline for approximately eleven weeks beginning in August 2023 to repair equipment damage resulting from a loss of station power.

The production at ERGS Unit 1 was lower in 2023 compared to 2022 and 2021 due primarily to higher outage hours. ERGS Unit 1 was offline for approximately seven and half weeks during the fourth quarter of 2023 to repair a high pressure steam leak. ERGS Unit 1 was offline for approximately eleven and half weeks during the fourth quarter of 2021 for a planned outage for a major steam turbine generator overhaul and other work.

The production at ERGS Unit 2 was higher in 2023 and 2021 compared to 2022 due primarily to lower outage hours. ERGS Unit 2 was offline for approximately 13 weeks beginning in September 2022 to replace a defective turbine steam chest, which had limited unit output during 2022.

The production at SFDL Units 1 and 4 and ISPP has varied due to changes in generation dispatch patterns in the market footprint of MISO. SFDL Unit 1 was taken offline near the end of the third quarter of 2021 for a planned outage for a gas turbine overhaul, returning at the end of May 2022. In June 2022, a major compressor surge occurred at SFDL Unit 1. SFDL Unit 1 returned to service in October 2023. Also in June 2022, a power turbine bearing failed at ISPP, which limited the unit to 50% operation until the end of September 2022.

Non-Operating Revenues (Expenses), Net

Net non-operating revenues increased $14.2 million in 2023 and decreased $2.4 million in 2022 due primarily to the relative level of investment income and corresponding net changes in the fair market value of investments along with lower interest expense. Investment income includes ATC earnings distributed as cash dividends that were used to lower the wholesale rate paid by members.

Interest expense decreased $2.6 million in 2023 and $0.8 million in 2022 as WPPI's outstanding debt decreased in both years.

Future Recoverable Costs

As allowed through the application of GASB 62, future recoverable costs represent the difference between depreciation and amortization expenses for assets that are financed with bond proceeds and the related principal collected from rates in the present period. Future recoverable costs equaled $(2.0) million in 2023, a change of $(0.2) million from 2022. Future recoverable costs equaled $(1.8) million in 2022, a change of $(0.7) million from 2021.

Contact Information

This financial report is designed to provide a general overview of WPPI's finances. Questions or requests for additional information should be addressed to:

WPPI Energy
Attn: CFO
1425 Corporate Center Drive
Sun Prairie, Wisconsin 53590

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WPPI Energy
Statements of Net Position
December 31, 2023 and 2022

	2023	2022
Assets		
Current assets		
Unrestricted cash and investments	$ 71,013,139	$ 72,439,014
Restricted cash and investments	13,486,322	14,901,597
Receivables	38,608,817	42,193,798
Inventories	15,866,619	14,260,682
Regulatory assets	-	150,808
Prepayments and other assets	4,005,365	3,075,413
Total current assets	142,980,262	147,021,312
Non-current assets		
Unrestricted cash and investments	72,207,030	65,046,231
Restricted cash and investments	19,302,276	25,657,458
Investment in ATC	167,386,251	156,585,587
Receivables	2,474,922	3,075,209
Regulatory assets	1,996,629	1,584,909
Prepayments and other assets	187,679	328,267
Restricted net pension asset	-	5,446,778
Total non-current assets	263,554,787	257,724,439
Capital assets		
Electric plant and equipment	592,076,274	588,086,518
Accumulated depreciation and amortization	(263,079,502)	(249,059,721)
Electric plant and equipment, net	328,996,772	339,026,797
Land	1,354,907	1,359,840
Construction work in progress	7,127,191	6,168,067
Total capital assets	337,478,870	346,554,704
Total assets	**744,013,919**	**751,300,455**
Deferred Outflows of Resources		
Unamortized loss on reacquired debt	-	9,725,547
Other postemployment benefits	765,895	852,253
Pension	13,459,590	10,631,465
Asset retirement obligation	2,054,097	1,911,967
Total deferred outflows of resources	**16,279,582**	**23,121,232**

WPPI Energy
Statements of Net Position (cont'd)
December 31, 2023 and 2022

	2023	2022
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 28,140,705	$ 33,854,297
Restricted current maturities of long-term debt	16,630,000	16,325,000
Restricted accrued interest	5,171,322	6,739,097
Total current liabilities	49,942,027	56,918,394
Non-current liabilities		
Asset retirement obligations	6,391,615	6,506,199
Pension	3,596,328	-
Other postemployment benefits	2,579,239	2,838,263
Other benefits liabilities	686,664	501,757
Total non-current liabilities	13,253,846	9,846,219
Long-term debt		
Revenue bonds, net of unamortized premium	249,869,568	284,030,264
Total liabilities	**313,065,441**	**350,794,877**
Deferred Inflows of Resources		
Rate stabilization	46,975,540	43,475,539
Pension	7,545,167	12,835,719
Other postemployment benefits	706,707	411,105
Unamortized gain on reacquired debt	246,267	-
Regulatory credits	36,255,901	29,809,025
Total deferred inflows of resources	**91,729,582**	**86,531,388**
Net Position		
Net investment in capital assets	65,413,328	51,003,696
Restricted		
Debt service	8,315,000	8,162,500
Debt service reserve	18,799,379	25,026,028
Net pension asset	-	5,446,778
Other	502,897	631,430
Unrestricted	262,467,874	246,824,990
Total net position	**355,498,478**	**337,095,422**

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WPPI Energy
Statements of Revenue, Expenses, and Changes in Net Position
For the Years Ended December 31, 2023 and 2022

	2023	2022
Operating revenues		
Sales to members	$ 380,879,259	$ 414,607,519
Sales to others	98,320,675	131,353,888
Rate stabilization	(3,500,000)	3,525,396
Other income	3,191,624	2,889,635
Total operating revenues	478,891,558	552,376,438
Operating expenses		
Purchased power	300,713,975	379,776,813
Transmission	72,306,597	71,039,306
Fuel expense	30,634,357	30,912,206
Operation and maintenance	17,176,411	16,890,319
Customer service and administrative and general	27,501,060	18,952,663
Depreciation and amortization	18,127,803	17,641,281
Taxes	5,580,807	6,114,871
Total operating expenses	472,041,010	541,327,459
Operating income	6,850,548	11,048,979
Non-operating revenues (expenses)		
Investment income	14,485,462	10,726,173
Equity in earnings of ATC	3,739,694	3,283,122
Net change in fair value of investments	3,028,150	(4,926,845)
Gain on sale of allowances	1,699,059	2,298,207
Interest expense	(11,329,693)	(13,925,041)
Amortization of debt-related costs	2,117,213	1,922,020
Other	(242,110)	(53,241)
Total non-operating revenues (expenses), net	13,497,775	(675,605)
Future recoverable costs	(1,945,267)	(1,813,478)
Change in net position	18,403,056	8,559,896
Net position, beginning of year	337,095,422	328,535,526
Net position, end of year	$ 355,498,478	$ 337,095,422

WPPI Energy
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows provided by operating activities		
Cash receipts from members and others	$ 488,263,780	$ 553,565,611
Cash payments for purchased power	(374,840,236)	(451,800,311)
Cash payments for fuel	(32,165,162)	(32,903,145)
Cash payments for operations and maintenance	(16,438,404)	(16,793,162)
Cash payments for payroll and ad valorem taxes	(5,580,772)	(6,114,931)
Cash payments to employees	(13,495,290)	(12,453,878)
Cash payments for customer service & adm. and general	(17,741,362)	(11,252,969)
Net cash provided by operating activities	28,002,554	22,247,215
Cash flows provided by non-capital financing activities		
Cash receipts from outside parties	788,460	977,894
Cash payments to outside parties	(78,523)	(827,693)
Net cash provided by non-capital financing activities	709,937	150,201
Cash flows provided by investing activities		
Investments purchased	(50,528,426)	(55,957,004)
Investment in ATC	(7,060,970)	(5,042,191)
Investments sold	68,289,689	60,049,683
Investment income	3,814,739	1,906,695
Cash distributions received from ATC	10,042,254	8,478,784
Net cash provided by investing activities	24,557,286	9,435,967
Cash flows used in capital and related financing activities		
Acquisition and construction of capital assets	(6,831,868)	(13,415,216)
Principal paid	(16,325,000)	(16,940,000)
Debt costs and escrow payment	(4,643,526)	(140,107)
Interest paid	(12,897,468)	(14,348,542)
Net cash used in capital and related financing activities	(40,697,862)	(44,843,865)
Change in cash and cash equivalents	12,571,915	(13,010,482)
Cash and cash equivalents, beginning of year	80,114,060	93,124,542
Cash and cash equivalents, end of year	$ 92,685,975	$ 80,114,060

WPPI Energy
Statements of Cash Flows (cont'd)
Years Ended December 31, 2023 and 2022

	2023	2022
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 6,850,548	$ 11,048,979
Depreciation and amortization	18,127,803	17,641,281
Other non-operating revenues (expenses), net	1,594,670	2,194,457
Changes in assets, liabilities, deferred outflows and inflows of resources		
Receivables	4,026,544	2,351,135
Inventories	(1,605,937)	(2,983,641)
Prepayments and other assets	(929,953)	59,169
Regulatory asset	(773,913)	1,813,443
Non-current prepayments and other assets	5,587,367	(1,115,456)
Pension	(8,032,318)	(380,235)
Accounts payable and accrued liabilities	(4,870,638)	(830,083)
Other postemployment benefits	36,578	357,942
Other benefits liabilities	3,781,236	(289,971)
Rate stabilization	3,500,000	(3,525,396)
Regulatory credits	710,567	(4,094,409)
Net cash provided by operating activities	$ 28,002,554	$ 22,247,215
Reconciliation of cash and cash equivalents to the Statements of Net Position		
Current assets		
Unrestricted cash and investments	$ 71,013,139	$ 72,439,014
Restricted cash and investments	13,486,322	14,901,597
Non-current assets		
Unrestricted cash and investments	72,207,030	65,046,231
Restricted cash and investments	19,302,276	25,657,458
Total cash and investments	176,008,767	178,044,300
Less: long-term investments	83,322,792	97,930,240
Total cash and cash equivalents	$ 92,685,975	$ 80,114,060

WPPI Energy
Statements of Cash Flows (cont'd)
Years Ended December 31, 2023 and 2022

Noncash investing, capital and related-financing activities

During 2023 and 2022, WPPI Energy recognized $3,739,693 and $3,283,122 of equity earnings in ATC.
WPPI Energy recognized a change in fair market value of investments increase of $3,028,150 in 2023 and a decrease of $4,926,846 in 2022.
During 2023, WPPI Energy issued revenue bonds to refund debt issued in 2013. Bond proceeds of $107,500,000 and additional cash funds of $17,974,275 were deposited immediately into an irrevocable trust for the defeasance of $122,460,000 of revenue bond principal and $3,014,275 of interest.

NOTES TO THE FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

(a) Organization and Operations

WPPI Energy (WPPI) is a municipal electric company and political subdivision of the State of Wisconsin, formed in 1980. It is WPPI's mission to help member utilities accomplish more by working together for reliable, affordable, responsible electricity, forward-thinking services and effective advocacy. WPPI sells wholesale power to its 41 Wisconsin municipal members and 9 non-Wisconsin municipal members. WPPI also sells wholesale electricity under a long-term contract to a Michigan electric cooperative association. Including the Michigan electric cooperative association, WPPI served 51 customer-owned electric utilities (the "members") as of December 31, 2023 and 2022, respectively.

WPPI sells wholesale electricity to its members under long-term contracts. As of December 31, 2023, 50 members, representing approximately 99.8% of WPPI's existing load, have long-term contracts through December 31, 2055. The remaining member has a long-term contract through December 31, 2037. Under the long-term contracts, WPPI has agreed to sell and deliver to each member, and each member has agreed to take and pay for all of its electric power requirements, with certain exceptions related to existing member-owned hydroelectric facilities and other specified generation. WPPI supplies the electric power requirements of its members from a mix of resources, including owned generation and purchased power from other entities including the Midcontinent Independent System Operator, Inc. (MISO) and PJM Interconnection, LLC (PJM) markets and as described in Note 1(n), Note 1(u) and Note 11, respectively. WPPI also receives operating revenues from sales of capacity, energy and other products to entities including sales in the MISO and PJM markets.

WPPI offers various member utility services and customer programs, including, but not limited to: advanced metering, customer information system, retail billing and tariff compliance, electric rate studies and financial modeling, customer engagement, program marketing, website development, distribution system support, shared meter technician, lineman construction maintenance, cyber security and network support, joint purchasing of electric materials, government relations and advocacy, communications, incentives and loans, education, and community outreach.

(b) Basis of Accounting

WPPI follows authoritative sources of U.S. generally accepted accounting principles (GAAP) under the provisions of Governmental Accounting Standards Board (GASB) 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. WPPI complies with all applicable GASB pronouncements, including the application of GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62).

Under GASB 62, WPPI defers revenues and expenses for future recognition as they are recovered or returned through the rate-making process. Where applicable, the Federal Energy Regulatory Commission's (FERC) Uniform System of Accounts is used.

(c) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred outflows and inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and outflows and inflows of resources during the reporting period. Actual results could differ from those estimates.

(d) Fair Value Measurements

WPPI follows GASB 72, *Fair Value Measurement and Applications* for measuring fair value and reporting assets and liabilities measured at fair value within the fair value hierarchy.

(e) Cash and Investments

Cash and investments of WPPI's funds are governed by (i) Section 66.0825 of the Wisconsin Statutes, which states that notwithstanding the provision of any other law, WPPI may invest any funds held in reserve or sinking funds, or any funds not required for immediate disbursement in obligations, securities and other investments that it deems proper, and (ii) WPPI's bond resolution, which provides that such investments shall mature not later than such times as necessary to provide moneys when needed for payments from such funds.

(f) Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, cash and cash equivalents are cash and investments maturing in three months or less.

(g) Restricted Cash and Investments

WPPI's bond resolution requires the segregation of bond proceeds and prescribes the application of WPPI's revenues. Amounts classified as restricted cash and investments on the Statements of Net Position represent cash and investments whose use is restricted by the bond resolution. It is WPPI's practice to use restricted funds on hand for their designated purpose, when available, before using unrestricted funds for such purpose. Current liabilities payable from these restricted assets are also classified.

(h) Current Receivables

Current receivables include sales accounts receivable, representing power sales to members and non-members for the period between the last billing date and the end of the reporting period, and are accrued in the period sold. Current receivables also include proceeds related to reimbursement for an insured event. Current receivable balances were as follows at December 31:

	2023	2022
Sales, members	$ 24,249,345	$ 34,204,204
Sales, non-members	4,281,883	4,159,265
Notes, members	669,428	773,108
Insurance proceeds	5,802,298	-
ATC dividends	2,558,421	2,537,907
Unrestricted interest	992,630	488,913
Restricted interest	54,812	30,401
	$ 38,608,817	$ 42,193,798

(i) Non-Current Receivables

The non-current receivables balance includes amounts not due within the next year associated with member energy efficiency and renewable energy project loans.

(j) ***Inventories***

Inventories include fuel and repair spare parts and are charged to plant or operation and maintenance expense at average cost when used. Inventories are valued at the lower of average cost or fair value.

(k) ***Prepayments and Other Assets***

Prepayments and other assets include unamortized costs of expenses paid in advance for which the future benefits have yet to be realized. WPPI recognizes an expense or asset when such benefit is realized. Prepayments and other assets are for i) a member generation contract entered into in 2016, ii) other prepaid general operating costs, such as insurance and iii) upfront payments for community-based renewable energy purchased from members and their customers.

Prepayment and other asset balances and classifications were as follows at December 31:

	2023	2022
Capacity contract	$ 328,267	$ 476,491
Other general operating costs	3,864,777	2,910,270
Solar purchases	-	16,919
	$ 4,193,044	$ 3,403,680
Current	$ 4,005,365	$ 3,075,413
Non-current	187,679	328,267
	$ 4,193,044	$ 3,403,680

(l) ***Regulatory Assets***

Regulatory assets are for i) unamortized bond issuance costs to be recovered over the repayment period of the related bond issues, ii) certain capacity revenue recognized through rates in 2022 that was received in January 2023 and iii) the difference between pension expense as calculated in accordance with GASB 68, *Accounting and Financial Reporting for Pensions—an amendment to GASB Statement No. 27* (GASB 68) and the cash expenditure WPPI paid the Wisconsin Retirement System (WRS) as an employer contribution for rate-making purposes (see Note 9). Under GASB 65, *Items Previously Reported as Assets and Liabilities* (GASB 65), bond issuance costs are to be expensed in the period incurred. However, WPPI borrows for and systematically spreads the costs associated with issuing bonds over the life of the related bond issue for rate-making purposes using a method that approximates the effective-interest method. Regulatory asset balances were as follows at December 31:

	2023	2022
Unamortized bond issuance costs	$ 1,071,908	$ 1,584,909
Revenue recognized not yet received	-	150,808
Pension	924,721	-
	$ 1,996,629	$ 1,735,717
Current	$ -	$ 150,808
Non-current	1,996,629	1,584,909
	$ 1,996,629	$ 1,735,717

(m) Capital Assets

Additions to and replacements of capital assets are recorded at original cost, including allowance for borrowed funds. Assets with an initial cost greater than $5,000 and a useful life of two years or more are capitalized. Depreciation is recorded using the straight-line method using service lives of 2 to 45 years.

(n) Owned Generation

WPPI had owned generation of approximately 431 MW at December 31, 2023 and 2022, respectively, from Boswell Unit 4, Elm Road Generating Station (ERGS) Units 1 and 2, South Fond du Lac (SFDL) Units 1 and 4, the Island Street Peaking Plant (ISPP) and other small generation. Generally, WPPI's share of the assets and the cost to operate and maintain its owned generation is included in the accompanying financial statements.

Boswell Unit 4. WPPI has a 20% undivided interest (approximately 117 MW) in the 585 MW Boswell Unit 4, a coal-fired steam unit near Grand Rapids, Minnesota. Minnesota Power owns the remaining interest in Boswell Unit 4 and is the operating agent responsible for operation and maintenance of the unit.

Elm Road Generating Station Units 1 and 2. WPPI has an 8.33% undivided interest (approximately 53 MW in each unit) in ERGS Units 1 and 2, two 634 MW supercritical coal-fired steam units near Oak Creek, Wisconsin. WEC Energy Group and MGE Energy, both through wholly owned subsidiaries, own the remaining 83.34% and 8.33% of ERGS Units 1 and 2, respectively. Wisconsin Electric Power Company (WEPCO) is the operating agent responsible for operation and maintenance of the units.

South Fond du Lac Units 1 and 4. WPPI owns two 77 MW combustion turbine units near Fond du Lac, Wisconsin. SFDL Units 1 and 4 are two of four combustion turbine units located on a site owned by Wisconsin Power & Light (WPL). WPL owns the other two units on the site and operates and maintains the units owned by WPPI.

Island Street Peaking Plant. WPPI owns a 52 MW combustion turbine unit in Kaukauna, Wisconsin. Kaukauna Utilities operates and maintains the unit.

(o) Owned Transmission

WPPI's transmission ownership consists of the CapX 2020 La Crosse project and the Badger-Coulee project. Generally, WPPI's share of the assets and cost to operate and maintain these transmission projects, along with associated transmission service revenue, is included in the accompanying financial statements. As of March 9, 2021, CapX 2020 was renamed Grid North Partners. In addition, WPPI owns an equity interest in ATC Management Inc. and American Transmission Company LLC (collectively ATC) (see Note 3). WPPI takes service for all of its transmission requirements under contracts and tariffs approved by FERC.

CapX 2020 La Crosse project. WPPI has a 3% interest in the total CapX 2020 La Crosse project. However, WPPI's physical ownership of transmission consists only of facilities physically located in Wisconsin and amounts to approximately 9.5% of such facilities. The CapX 2020 La Crosse project is an approximate 125 mile 345 kV transmission line from Red Wing, Minnesota to the La Crosse, Wisconsin area. Five other utilities own the remaining interest in the CapX 2020 La Crosse project, including Xcel Energy, the operating agent responsible for operation and maintenance of the project. Electric plant and equipment, net balances for the CapX 2020 La Crosse project were as follows at December 31:

		2023		2022
Electric plant and equipment	$	15,466,606	$	15,339,079
Accumulated depreciation and amortization		(3,312,716)		(2,908,844)
Electric plant and equipment, net	$	12,153,890	$	12,430,235

Badger-Coulee project. WPPI has a 1.5% interest in the Badger-Coulee project. The Badger-Coulee project is a 345 kV transmission line that begins north of La Crosse where it interconnects with the CapX 2020 La Crosse project and runs approximately 180 miles to northern Dane County, also in Wisconsin. Four other utilities own the remaining interest in the Badger-Coulee project, including ATC and Xcel Energy, the operating agents responsible for operation and maintenance of the project. Electric plant and equipment, net balances for the Badger-Coulee project were as follows at December 31:

		2023		2022
Electric plant and equipment	$	7,230,296	$	7,285,108
Accumulated depreciation and amortization		(880,456)		(736,199)
Electric plant and equipment, net	$	6,349,840	$	6,548,909

(p) Deferred Outflows and Inflows of Resources

WPPI follows GASB 65 which reclassify as deferred outflows of resources or deferred inflows of resources or recognize outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

(q) Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension liability (asset) and total OPEB liability, related deferred outflows of resources and deferred inflows of resources, and related expense, information about fiduciary net position and additions to/deductions from its respective fiduciary net position have been determined on the same basis as they are reported by the WRS and the WPPI Post-Employment Benefit Plan, respectively. Benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms.

(r) Derivative Instruments

WPPI follows GASB 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53) to recognize, measure and disclose information regarding its derivative instruments. WPPI may enter into derivative instruments to stabilize power costs to its members, consisting primarily of natural gas and electricity financial contracts. Under GASB 62, a regulatory asset or credit may be recorded as an offset to the net fair value of the hedging derivative instrument until settlement month is reached. WPPI did not hold any potential hedging derivatives at December 31, 2023 and 2022. All other power contracts fall under the normal purchases and sales exception within GASB 53, or are contracts where WPPI expects to take physical delivery of the power.

(s) Regulatory Credits

Regulatory credits are for i) amounts subject to refund in future periods for WPPI's share of the CapX 2020 La Crosse project and Badger-Coulee project, ii) self-insurance reserve, iii) long-term maintenance reserve and iv) future recoverable costs.

WPPI maintains assets in the Self-Insurance Fund and Renewal and Replacement Fund (see Note 2).

Revenues from members include amounts to pay bond principal and interest. For financial reporting purposes, WPPI recognizes depreciation and amortization pertaining to fixed assets and other assets financed with bond principal. As allowed through the application of GASB 62, future recoverable costs represent the difference between depreciation and amortization of assets financed with bond proceeds and the related principal recovered in rates in the present period. When the depreciation and amortization recognized exceeds the related principal amounts recovered in rates, these costs will be recovered in future periods. When the principal amounts recovered in rates exceed the related depreciation and amortization recognized, these costs will be returned in future periods.

Regulatory credit balances were as follows at December 31:

	2023	2022
CapX 2020 La Crosse & Badger-Coulee projects	$ 7,709	$ 7,212
Self-insurance reserve	5,296,894	1,790,994
Long-term maintenance reserve	6,614,472	5,904,402
Future recoverable costs	24,336,826	22,106,417
	$ 36,255,901	$ 29,809,025

(t) Vacation and Sick Leave

Employees are allowed to carry over up to 80 hours of unused vacation at the end of each calendar year. In 2023 and 2022, accrued vacation was not considered material; therefore, no liability was recorded.

Under terms of employment, full time employees are granted one day of sick leave per month. Full time employees are paid annually for any sick leave accrued in excess of 960 hours at one-half their hourly rate. Accrued sick leave is not paid to employees when they leave employment.

(u) Purchased Power

WPPI has major purchase power agreements, as further described below, of approximately 590 MW and 615 MW at December 31, 2023 and 2022, respectively.

WPS Long-Term Power Sale and Purchase Agreement. WPPI purchases firm partial requirements service from WPS under a long-term power sale and purchase agreement dated May 1, 2006. WPPI pays formula-based average embedded cost rates under two purchases with an initial term that runs through May 31, 2023 and May 31, 2029, respectively. WPPI purchased 125 MW, 100 MW and 75 MW for the contract years commencing June 1, 2021, 2022 and 2023, respectively. WPPI will purchase 50 MW for the contract years commencing June 1, 2024, 2025 and 2026, respectively. WPPI may change its purchased amount, subject to contractual restrictions.

Point Beach Nuclear Plant. WPPI purchases approximately 167 MW (117 MW net of sales below) of unit contingent capacity and energy from the Point Beach Nuclear Plant near Two Rivers, Wisconsin under a purchase power agreement with NextEra dated May 20, 2011. The aggregate generating capacity of the Point Beach Nuclear Plant is approximately 1,185 MW. The term extends through the term of the current Nuclear Regulatory Commission operating license for each unit, which is October 5, 2030 for Unit 1 and March 8, 2033 for Unit 2.

WPPI sells 20% of its share of unit contingent capacity and energy for the life of WPPI's purchase power agreement with NextEra under a purchase power agreement with Missouri River Energy Services (MRES) dated July 13, 2011.

WPPI sells 10% of its share of unit contingent capacity and energy for the life of WPPI's purchase power agreement with NextEra under a purchase power agreement with Central Minnesota Municipal Power Agency dated August 8, 2012.

Nelson Energy Center. WPPI purchases 15.6% (approximately 45 MW in each unit) of unit contingent capacity and energy from Nelson Energy Center Units 1 and 2 (Nelson Energy Center) under a purchase power agreement with Invenergy dated March 12, 2014. Nelson Energy Center is a 575 MW gas-fired combined-cycle plant located near Rock Falls, Illinois. The initial term runs through May 31, 2037.

Bishop Hill III Wind Energy Center. WPPI purchases all of the output from the Bishop Hill III Wind Energy Center in Henry County, Illinois under a purchase power agreement with Bishop Hill Energy III LLC dated July 13, 2017. Bishop Hill III Wind Energy Center has an installed capacity of 132 MW, although the maximum output will not exceed 119 MW due to transmission interconnection rights limitations. The initial term runs through May 31, 2040.

Point Beach Solar Energy Center. WPPI purchases all of the output from the Point Beach Solar Energy Center under a purchase power agreement with NextEra dated January 12, 2017. Point Beach Solar Energy Center is a 99 MW photovoltaic solar energy generating facility located in Manitowoc County, Wisconsin. The initial term runs through May 31, 2042.

Member Generation under Contract. Member generation under contract to WPPI consists of a number of small generating units, totaling approximately 40 MW of capacity in 2023 and 2022, respectively.

(v) Operating Revenues and Expenses

Operating revenues result from exchange transactions associated with the principal activity of WPPI, the sale of electricity and the provision of other services. Reported operating revenues are affected by the contributions to or distributions from the Rate Stabilization Fund. Operating expenses are defined as expenses directly related to, or incurred in support of, the provision of electricity and other services. All other expenses are classified as non-operating expenses.

(w) Taxes

WPPI is exempt from Federal, Wisconsin, and Minnesota income taxes as a political subdivision of the State of Wisconsin. Tax expense includes Minnesota property taxes, Wisconsin payments in lieu of ad valorem taxes, payroll-related taxes and emission fees.

(x) Rates to Members

Rates to members are reviewed and adopted by WPPI's Board of Directors annually. Under WPPI's bond resolution, WPPI's rates for wholesale power sales to members are set at levels expected to yield net revenues for an annual period equal to at least 1.10 times the aggregate debt service for that period. These rates are not subject to state or federal regulation. For the years ended December 31, 2023 and 2022, WPPI's Board of Directors approved rates that were expected to yield net revenues 1.46 and 1.30 times aggregate debt service, respectively.

WPPI's Board of Directors may annually determine whether revenues that provide margin above 1.10 times debt service coverage shall be deferred and deposited to the Rate Stabilization Fund. As allowed through the application of the provisions of GASB 62, the margin may be deposited in the Rate Stabilization Fund and reported as a deferred inflow of resources on the accompanying Statements of Net Position to be distributed in future years to cover costs that otherwise would be recovered through rates to members and reported as operating revenues in the Statements of Revenues, Expenses, and Changes in Net Position. For the years ended December 31, 2023 and 2022, WPPI deferred revenues of $3,500,000 and $0, respectively, to the Rate Stabilization Fund. For the years ended December 31, 2023 and 2022, WPPI utilized $0 and $3,525,396, respectively, of the Rate Stabilization Fund to mitigate a portion of the impact of certain unplanned outages at WPPI's owned generating units in June 2022.

(y) Recently Issued Accounting Pronouncements

GASB has issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, Statement No. 101, *Compensated Absences* and Statement No. 102, *Certain Risk Disclosures*. Application of these recently issued accounting pronouncements, when effective, may restate portions of these financial statements.

(2) Cash and Investments

WPPI's bond resolution requires the segregation of bond proceeds and maintenance of various funds, and prescribes the application of WPPI's revenues. WPPI has an internal investment policy with guidelines to help ensure safety of principal, liquidity and diversification of its investment portfolio. Investments permitted are defined by the internal investment policy within the limits of WPPI's bond resolution and Section 66.0825 of the Wisconsin Statutes. Funds principally consist of and/or investments generally include cash and deposits, money market mutual funds, certificates of deposit, guaranteed investment contracts, U.S. treasury securities, U.S. agency securities, commercial paper, corporate bonds, investment in the State of Wisconsin Local Government Investment Pool (LGIP) and investment in ATC. The funds' purposes and balances were as follows at December 31:

Fund	Held by	Purpose
Construction*	WPPI	To provide for the acqusition and construction of the power supply system.
Debt Service*	Trustee	To accumulate principal and interest associated with each bond series.
Debt Service Reserve*	Trustee	To establish a reserve for the payment of principal and interest. The level of reserve is defined in the Supplemental Resolution for each bond issuance.
Revenue	WPPI	To accumulate revenues and to provide for the payment of expenses and for disposition of revenues to various funds.
Renewal & Replacement**	WPPI	To provide a reserve to be applied to the payment of the costs of renewals, replacements and repairs to the power supply system.
Self-Insurance**	WPPI	To provide a reserve to be applied to the payment of claims and losses arising from hazards and risks to the extent that the insurance required to be maintained does not cover such claims or losses.
Rate Stabilization**	WPPI	To accumulate revenues which will be used to reduce rates in a future period.
Decommissioning**	WPPI	To accumulate funds to pay for the eventual costs of decommissioning, retirement or disposal of major facilities.
General Reserve	WPPI	To be used for any lawful purpose not otherwise prohibited by WPPI's bond resolution.

*Fund balances are restricted for the purposes above.

**Fund balances have been board designated for the purposes above, but could be used for other purposes subject to approval by WPPI's Board of Directors.

	2023	2022
Current		
Unrestricted cash and investments		
Working capital	$ 70,555,749	$ 72,145,223
Post retirement medical fund	457,390	293,791
Total unrestricted cash and investments	71,013,139	72,439,014
Restricted cash and investments		
Debt service funds	13,486,322	14,901,597
Total current restricted cash and investments	13,486,322	14,901,597
Total current	84,499,461	87,340,611
Non-current		
Unrestricted cash and investments		
Renewal and replacement fund	14,935,303	15,040,636
Self-insurance fund	5,232,321	2,858,547
Rate stabilization fund	46,420,273	41,497,578
Decommissioning fund	5,026,133	5,123,470
Post retirement medical fund	593,000	526,000
Total non-current unrestricted cash and investments	72,207,030	65,046,231
Restricted cash & investments		
Debt service reserve funds	18,799,379	25,026,028
Collateral accounts	502,897	631,430
Total non-current restricted cash and investments	19,302,276	25,657,458
Investment in ATC	167,386,251	156,585,587
Total non-current	258,895,557	247,289,276
Total cash and investments	$ 343,395,018	$ 334,629,887
Current & non-current cash and investments	$ 176,008,767	$ 178,044,300
Investment in ATC	167,386,251	156,585,587
Total cash and investments	$ 343,395,018	$ 334,629,887

WPPI's cash and investments are subject to various potential risks, including the following:

- **Custodial credit risk** – The risk that in the event of a failure of the counterparty to an investment transaction (typically a brokerage firm or financial institution), WPPI would not be able to recover the value of the investment or collateral securities.

  Cash and investments in each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of $250,000.

  WPPI held in deposit accounts $732,985 ($632,999 in book balances) and $1,558,954 ($1,464,850 in book balances) at December 31, 2023 and 2022, respectively. WPPI held $502,342 and $630,901 in a collateral account with MISO at December 31, 2023 and 2022, respectively. WPPI also held $556 and $530 in a collateral account with PJM at December 31, 2023 and 2022, respectively. With the exception of WPPI's investment in the LGIP, all cash and investments held as of December 31, 2023 and 2022 were held in custody on behalf of and in WPPI's name.

  The FDIC insures the pro rata share of certificates of deposit held by the LGIP up to $250,000, and the State of Wisconsin appropriation for losses on public deposits protects a depositing municipality up to $400,000, subject to the total amount available of the State of Wisconsin Public Deposit Guarantee Fund.

  The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission as an investment company, but operates under the statutory authority in accordance with Chapter 25 of the Wisconsin Statutes. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. WPPI held $9,123 and $8,677 in the LGIP which is included within WPPI's cash and investments as of December 31, 2023 and 2022, respectively.

- **Concentration risk** – Investing 5% or more of WPPI's portfolio in the securities of a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments issued and guaranteed by U.S. agencies, investments in mutual funds, external investment pools and other pooled investments are excluded. There were no investments of 5% or more in a single-issuer security, excluding such aforementioned exceptions, in WPPI's portfolio at December 31, 2023 and 2022, respectively.

- **Credit risk** – The risk that an issuer or other counterparty to an investment will not fulfill its obligations. WPPI's investments must meet the following minimum credit standards, and must be rated in the rating category indicated below (or higher) by at least two of the Nationally Recognized Statistical Rating Organizations at the time of purchase.

	Standard & Poor's	Moody's	Fitch
Minimum short-term rating	A-1	P-1	F-1
Minimum long-term rating	A-	A3	A-

WPPI's cash and investments were rated as follows at December 31:

	Standard & Poor's	Moody's	2023	2022
Money market mutual funds	AAAm	Aaa-mf	$ 76,556,638	$ 75,771,856
U.S. treasury/agency securities	AA+	Aaa	64,138,071	69,048,267
Municipal bonds	AAA	Aaa	-	24,413
Municipal bonds	AAA	N/A	-	662,317
Municipal bonds	AA+	N/A	694,837	944,306
Municipal bonds	AA-	Aa3	200,000	192,386
Municipal bonds	NR	Aa1	291,637	289,551
Municipal bonds	NR	Aa2	-	208,239
Corporate bonds	AA+	Aaa	654,766	698,978
Corporate bonds	AA+	Aa3	197,918	195,642
Corporate bonds	AA	Aa2	1,085,798	366,285
Corporate bonds	AA	Aa3	-	672,185
Corporate bonds	AA	A1	127,703	122,447
Corporate bonds	AA-	Aa2	-	291,696
Corporate bonds	AA-	Aa3	3,831,342	3,797,963
Corporate bonds	AA-	A1	602,162	599,432
Corporate bonds	AA-	A3	9,779	9,617
Corporate bonds	A+	Aa1	254,615	-
Corporate bonds	A+	Aa2	500,045	493,168
Corporate bonds	A+	Aa3	1,667,795	1,025,596
Corporate bonds	A+	A1	2,381,540	2,145,260
Corporate bonds	A+	A2	556,563	732,736
Corporate bonds	A+	A3	373,335	139,863
Corporate bonds	A	A1	3,719,889	3,527,859
Corporate bonds	A	A2	3,339,592	3,011,647
Corporate bonds	A-	A1	2,269,651	170,956
Corporate bonds	A-	A2	3,332,441	3,447,413
Corporate bonds	A-	A3	2,049,391	2,678,777
Corporate bonds	BBB+	A1	527,839	1,006,955
Corporate bonds	BBB+	A2	1,171,170	770,055
Corporate bonds	BBB+	A3	1,272,883	858,080
Bank deposits, certificates of deposit, commercial paper & LGIP	n/a	n/a	4,201,367	4,140,355
			$ 176,008,767	$ 178,044,300

WPPI has entered into forward delivery agreements to provide a fixed rate of return for a portion of its debt service reserve funds. The provider delivers a short-term security that matures prior to WPPI's next bond payment. After the bond payment is made a new security is delivered under the forward delivery agreements. The securities delivered under the forward delivery agreements are included within WPPI's investments as of December 31, 2023 and 2022. WPPI is exposed to risk of nonperformance if the counterparties default or if the forward delivery agreements are terminated.

Forward delivery agreements held by WPPI were as follows at December 31:

	Interest Rate	Termination Date	2023	2022
Bank of America, N.A.	4.875%	7/1/2037	$ 4,973,763	$ 4,973,763
Bank of America, N.A.	4.980%	7/1/2037	3,119,000	3,119,000
			$ 8,092,763	$ 8,092,763

- **Interest rate risk** – The risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). Investments of greater than 39 months must be authorized by WPPI's CEO and approved by WPPI's Finance and Audit and Executive Committees, respectively.

As of December 31, 2023, WPPI's cash and investments were classified by maturity as follows:

		Maturity in Years		
	Total	Less than 1	1-5	Over 5
Money market mutual funds	$ 76,556,638	$ 76,556,638	$ -	$ -
U.S. treasury/agency securities	64,138,071	31,851,698	32,230,221	56,152
Municpal bonds	1,186,474	685,345	501,129	-
Corporate bonds	29,926,217	10,976,015	18,950,202	-
Bank deposits, certificates of deposit, commercial paper & LGIP	4,201,367	3,380,685	820,682	-
	$ 176,008,767	$ 123,450,381	$ 52,502,234	$ 56,152

As of December 31, 2022, WPPI's cash and investments were classified by maturity as follows:

		Maturity in Years		
	Total	Less than 1	1-5	Over 5
Money market mutual funds	$ 75,771,856	$ 75,771,856	$ -	$ -
U.S. treasury/agency securities	69,048,267	27,501,703	41,212,108	334,456
Municpal bonds	2,321,212	1,167,807	1,153,405	-
Corporate bonds	26,762,610	2,999,909	23,762,701	-
Bank deposits, certificates of deposit, commercial paper & LGIP	4,140,355	3,065,155	1,075,200	-
	$ 178,044,300	$ 110,506,430	$ 67,203,414	$ 334,456

• **Fair value measurements** – WPPI categorizes its fair value measurements within the fair value hierarchy. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Debt securities classified in Level 1 of the fair value hierarchy were valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy were valued using institutional bond quotes and/or evaluations based on various market and industry inputs with the exception of money market mutual funds, which were valued using one dollar per share.

As of December 31, 2023, WPPI's recurring fair value measurements by level were as follows:

		Fair Value Measurements Using		
	Total	Level 1	Level 2	Level 3
Investments at fair value				
Debt securities				
Money market mutual funds	$ 76,556,638	$ -	$ 76,556,638	$ -
U.S. treasury securities	62,707,244	62,707,244	-	-
U.S. agency securities	1,430,827	-	1,430,827	-
Municipal bonds	1,186,474	-	1,186,474	-
Corporate bonds	29,926,217	-	29,926,217	-
Negotiable certificates of deposit	549,146	-	549,146	-
Commercial paper	1,456,811	-	1,456,811	-
Total investments at fair value	$ 173,813,357	$ 62,707,244	$ 111,106,113	$ -

As of December 31, 2022, WPPI's recurring fair value measurements by level were as follows:

		Fair Value Measurements Using		
	Total	Level 1	Level 2	Level 3
Investments at fair value				
Debt securities				
Money market mutual funds	$ 75,771,856	$ -	$ 75,771,856	$ -
U.S. treasury securities	52,793,414	52,793,414	-	-
U.S. agency securities	16,254,853	-	16,254,853	-
Municipal bonds	2,321,212	-	2,321,212	-
Corporate bonds	26,762,610	-	26,762,610	-
Negotiable certificates of deposit	1,314,224	-	1,314,224	-
Commercial paper	-	-	-	-
Total investments at fair value	$ 175,218,169	$ 52,793,414	$ 122,424,755	$ -

(3) Investment in ATC

WPPI owns an equity interest in ATC. ATC is a for-profit, transmission only company. It owns, plans, maintains, monitors and operates electric transmission assets in portions of Wisconsin, Michigan, Illinois and Minnesota. ATC is a transmission-owning member of MISO and service over ATC's transmission system is currently provided under the MISO tariff. ATC began operations on January 1, 2001. WPPI's equity interest in ATC was approximately 6.7% at December 31, 2023 and 2022. WPPI's investment in ATC qualifies for the equity method of accounting.

Under the terms of the ownership agreement with ATC, WPPI has the right, but not the obligation, to purchase additional member units in ATC through participation in voluntary additional capital calls. At December 31, 2023, WPPI had outstanding commitments to fund ATC of $1,345,706. The amount was paid in January, 2024.

Condensed financial information (in millions) of ATC was as follows as of and for the years ended December 31:

	2023	2022
Operating revenues	$ 818.9	$ 751.2
Operating expenses	(407.6)	(381.5)
Other income, net	2.4	1.1
Interest expense, net	(134.1)	(124.1)
Earnings before members' income taxes	$ 279.6	$ 246.7
Current assets	$ 115.2	$ 89.6
Net property, plant and equipment	6,298.9	5,964.3
Regulatory and other assets	38.1	33.5
Total assets	$ 6,452.2	$ 6,087.4
Current liabilities	$ 495.9	$ 511.9
Long-term debt	2,736.0	2,613.0
Regulatory and other liabilities	585.2	485.8
Members' equity	2,635.1	2,476.7
Total liabilities and capitalization	$ 6,452.2	$ 6,087.4

(4) Capital Assets

Capital asset activity was as follows for the years ended December 31:

2023	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Depreciable assets					
Electric plant and equipment	$ 588,086,518	$ 944,594	$ (4,279,842)	$ 7,325,004	$ 592,076,274
Accumulated depreciation and amortization	(249,059,721)	(18,026,839)	4,007,058	-	(263,079,502)
Electric plant and equipment, net	339,026,797	(17,082,245)	(272,784)	7,325,004	328,996,772
Nondepreciable assets					
Land	1,359,840	-	(11,243)	6,310	1,354,907
Construction work in progress	6,168,067	8,228,099	-	(7,268,975)	7,127,191
Total capital assets	$ 346,554,704	$ (8,854,146)	$ (284,027)	$ 62,339	$ 337,478,870

2022	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Depreciable assets					
Electric plant and equipment	$ 578,484,976	$ 687,721	$ (3,363,307)	$ 12,277,128	$ 588,086,518
Accumulated depreciation and amortization	(234,996,082)	(17,408,260)	3,344,621	-	(249,059,721)
Electric plant and equipment, net	343,488,894	(16,720,539)	(18,686)	12,277,128	339,026,797
Nondepreciable assets					
Land	1,349,703	-	-	10,137	1,359,840
Construction work in progress	9,251,754	9,203,578	-	(12,287,265)	6,168,067
Total capital assets	$ 354,090,351	$ (7,516,961)	$ (18,686)	$ -	$ 346,554,704

At December 31, 2023 and 2022, the balance in construction work in progress consisted primarily of various capital projects at Boswell Unit 4 and ERGS Units 1 and 2.

(5) Asset Retirement Obligations

WPPI's asset retirement obligation (ARO) liability was measured based on the best estimate of the current value of outlays expected to be incurred as of December 31, 2023 and 2022, respectively. WPPI used information from Minnesota Power, WEPCO, WPL and MRES, as applicable, to estimate certain outlays expected to be incurred. See Note 1(n) for ownership information and operating agent responsibility. WPPI maintains assets in the Decommissioning Fund (see Note 2).

WPPI's AROs was comprised of the following at December 31:

2023	Description	Date of Measurement (Year)	Estimated Remaining Useful Life (Years)	ARO
Boswell Unit 4	Plant, common, coal pile, ash ponds (1)	2020	13	$ 4,842,822
ERGS Unit 1	Plant (2)	2010	33	708,776
ERGS Unit 2	Plant (2)	2011	33	140,911
SFDL Unit 1	Diesel storage tanks (3)	2005	11	93,403
SFDL Unit 4	Diesel storage tanks (3)	2005	11	93,403
ISPP	Diesel storage tanks (3)	2019	11	159,503
Worthington Wind	Plant (2)	2020	-	352,797
Total				$ 6,391,615

2022	Description	Date of Measurement (Year)	Estimated Remaining Useful Life (Years)	ARO
Boswell Unit 4	Plant, common, coal pile, ash ponds (1)	2020	14	$ 5,004,511
ERGS Unit 1	Plant (2)	2010	34	680,861
ERGS Unit 2	Plant (2)	2011	34	135,361
SFDL Unit 1	Diesel storage tanks (3)	2005	12	89,724
SFDL Unit 4	Diesel storage tanks (3)	2005	12	89,724
ISPP	Diesel storage tanks (3)	2019	12	153,221
Worthington Wind	Plant (2)	2020	1	352,797
Total				$ 6,506,199

(1) Source of obligations; contracts (plant, common), federal laws (coal pile, ash ponds)
(2) Source of obligations; contracts
(3) Source of obligations; state laws

(6) Long-Term Debt

The following outstanding Power Supply System Revenue Bonds were issued to finance WPPI's acquisition and construction of electric plant and equipment:

	2023	2022
2013 Series A 4.00% to 5.00%		
Due July 1, 2022 - 2023	$ -	$ 122,460,000
2014 Series A 5.00%		
Due July 1, 2025 - 2037	66,410,000	66,410,000
2016 Series A 3.00% to 5.00%		
Due July 1, 2022 - 2037	42,615,000	46,970,000
2018 Series A 5.00%		
Due July 1, 2022 - 2037	36,095,000	37,735,000
2023 Series A 2.97%*		
Due July 1, 2024 - 2037	107,500,000	-
Total revenue bonds outstanding	252,620,000	273,575,000
Current maturities	(16,630,000)	(16,325,000)
Unamortized premium	13,879,568	26,780,264
Revenue bonds, net of unamortized premium	$ 249,869,568	$ 284,030,264

*Direct placement in accordance with GASB 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

On May 31, 2022, WPPI entered into a forward delivery agreement with DNT Asset Trust, a Delaware business trust and a wholly-owned subsidiary of JPMorgan Chase Bank, N.A. (JPMorgan). On April 6, 2023, WPPI issued $107,500,000 of Power Supply System Revenue Bonds, Series 2023 A bonds (2023 A Bonds) for the purpose of refunding WPPI's Power Supply System Revenue Bonds, Series 2013 A bonds (2013 A Refunded Bonds) maturing on or after July 1, 2023 with a total par value amount of $122,460,000.

On April 6, 2023, proceeds of the 2023 A Bonds along with certain other funds totaling $125,474,275 were irrevocably deposited into an escrow account defeasing the 2013 A Refunded Bonds. The 2013 A Refunded Bonds plus all interest due was redeemed or paid on July 1, 2023.

The current refunding of the 2013 A Refunded Bonds reduced total debt service payments between the new and old debt by $24,253,633, resulting in an economic gain of $13,392,215. A gain on reacquired debt in the amount of $9,017,329 was recognized and resulted in a net deferred inflow of resources which will be amortized over the repayment period of the 2023 A Bonds.

The Power Supply System Revenue Bonds contain provisions that apply in the event of default and are generally secured by all funds and revenues of WPPI derived from the ownership and operation of its power supply system. The unamortized premium is amortized over the terms of the related bond issues using a method that approximates the effective-interest method.

Debt service payments on WPPI's outstanding bonds are as follows:

	Direct Borrowings and Direct Placements		Other Borrowings		Total	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 11,360,000	$ 3,192,750	$ 5,270,000	$ 7,149,894	$ 16,630,000	$ 10,342,644
2025	6,730,000	2,855,358	9,850,000	6,886,394	16,580,000	9,741,752
2026	6,810,000	2,655,477	10,260,000	6,393,894	17,070,000	9,049,371
2027	7,095,000	2,453,220	10,935,000	5,880,894	18,030,000	8,334,114
2028	7,205,000	2,242,498	11,580,000	5,334,144	18,785,000	7,576,642
2029-2033	39,405,000	7,865,600	53,990,000	18,638,718	93,395,000	26,504,318
2034-2037	28,895,000	2,174,783	43,235,000	4,656,225	72,130,000	6,831,008
Total	$ 107,500,000	$ 23,439,686	$ 145,120,000	$ 54,940,163	$ 252,620,000	$ 78,379,849

Long-term debt and non-current liability activity was as follows for the years ended December 31:

2023	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Long-term debt					
Revenue bonds, net of unamortized premium	$ 284,030,264	$ 107,500,000	$ (141,660,696)	$ 249,869,568	$16,630,000
Non-current liabilities					
Asset retirement obligations	$ 6,506,199	$ 252,290	$ (366,874)	$ 6,391,615	$ -
Other postemployment benefits	2,838,263	-	(259,024)	2,579,239	-
Pension	-	3,596,328	-	3,596,328	-
Other benefits liabilities	501,757	412,282	(227,375)	686,664	-
Total non-current liabilities	$ 9,846,219	$ 4,260,900	$ (853,273)	$ 13,253,846	$ -

2022	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Long-term debt					
Revenue bonds, net of unamortized premium	$ 303,846,599	$ -	$ (19,816,335)	$ 284,030,264	$16,325,000
Non-current liabilities					
Asset retirement obligations	$ 6,322,606	$ 505,809	$ (322,216)	$ 6,506,199	$ -
Other postemployment benefits	2,812,957	78,747	(53,441)	2,838,263	-
Other benefits liabilities	791,727	394,905	(684,875)	501,757	-
Total non-current liabilities	$ 9,927,290	$ 979,461	$ (1,060,532)	$ 9,846,219	$ -

(7) Available Financing

WPPI has a credit agreement and letter of credit commitment with JPMorgan through January 31, 2025. The terms permit borrowing of up to $40,000,000 less any outstanding letters of credit issued, with interest accruing on the unpaid amount outstanding at a rate per annum equal to applicable SOFR Rate plus 125 basis points.

As of December 31, 2023, JPMorgan has issued a $3,000,000 letter of credit on behalf of WPPI for the benefit of MISO as collateral for WPPI's participation in MISO's financial transmission rights market.

At December 31, 2023 and 2022, there was no outstanding balance on the revolving line of credit.

(8) Significant Members

On a combined basis, two significant members of WPPI accounted for $70,690,479 and $75,841,322, or approximately 14.8% and 13.7%, of total operating revenues for the years ended December 31, 2023 and 2022, respectively, and have long-term contracts through December 31, 2055 (see Note 1(a)).

(9) Employee Benefits

(a) Retention Plan

WPPI maintains an employee retention plan with payment obligations out until 2027. The plan will make payments to specific employees who complete defined years of continuing employment. Plan benefit expenses accrued for the years ended December 31, 2023 and 2022 were $412,283 and $394,904, respectively.

(b) Pension

All eligible employees participate in the WRS, a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are in accordance with Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The WRS provides coverage to all eligible State of Wisconsin, local government and other public employees and is administered by the Wisconsin Department of Employee Trust Funds (ETF). As a municipal electric company, all eligible employees of WPPI are classified in the WRS under the general employee category. For reporting purposes, the following WRS participating terms are based on the general employee category classification only.

All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Employees who retire at or after age 65 are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are (i) final average earnings, (ii) years of creditable service and (iii) a formula factor. Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category. Employees may retire at age 55 and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits. The WRS also provides death and disability benefits for employees.

The EFT's Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with Section 40.27 of the Wisconsin Statutes. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the WRS' consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2012	-7.0%	-7.0%
2013	-9.6%	9.0%
2014	4.7%	25.0%
2015	2.9%	2.0%
2016	0.5%	-5.0%
2017	2.0%	4.0%
2018	2.4%	17.0%
2019	0.0%	-10.0%
2020	1.7%	21.0%
2021	5.1%	13.0%
2022	7.4%	15.0%

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. For the reporting period ending December 31, 2022 and 2021, the WRS recognized $796,071 and $782,407, respectively, in contributions from WPPI. Contribution rates for the employee and employer were 6.50% and 6.75% as of December 31, 2022 and 2021, respectively.

At December 31, 2023, WPPI recognized a liability of $3,596,328 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022.

At December 31, 2022, WPPI recognized an asset of $5,446,778 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021.

No material changes in actuarial assumptions used to develop the total pension liability or benefit terms occurred between the respective actuarial valuation dates and the measurement dates. WPPI's proportion of the net pension liability (asset) was based on its share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, WPPI's proportion was 0.06788467%, which was an increase of 0.00030832% from its proportion measured at December 31, 2021. At December 31, 2021, WPPI's proportion was 0.06757635%, which was an increase of 0.00084421% from its proportion measured as of December 31, 2020. For the year ended December 31, 2023, WPPI recognized pension expense of $904,988, the cash expenditure WPPI paid the WRS as an employer contribution and a regulatory asset of $924,721, the difference in pension expense calculated in accordance with GASB 68 (see Note 1(l)). For the year ended December 31, 2022, WPPI recognized pension expense of $(722,738).

A schedule of deferred outflows and inflows of resources related to pension is as follows at December 31:

2023	Deferred Outlfows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 5,727,838	$ 7,525,093
Net difference between projected and actual earnings on pension plan investments	6,109,332	-
Changes in assumptions	707,187	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,245	20,074
Employer contributions subsequent to the measurement date	904,988	-
Total	$ 13,459,590	$ 7,545,167

2022	Deferred Outlfows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,798,996	$ 634,504
Net difference between projected and actual earnings on pension plan investments	-	12,184,895
Changes in assumptions	1,016,182	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,337	16,320
Employer contributions subsequent to the measurement date	797,950	-
Total	$ 10,631,465	$ 12,835,719

During 2023 and 2022, WPPI provided additional voluntary employer contributions of $320,919 and $304,765, respectively, to the WRS on behalf of certain employees, which does not impact WPPI’s proportionate share of the net pension liability nor its pension expense.

WPPI reported $904,988 as deferred outflows of resources related to pension resulting from its contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability (asset) in the year ending December 31, 2024. Other net balances reported as deferred outflows (inflows) of resources related to pension will be recognized in pension expense as follows for the years ending December 31:

2024	$	208,268
2025		1,035,559
2026		1,060,539
2027		2,705,069
2028		-
Thereafter		-
Total	$	5,009,435

The total pension liability in the respective actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2023	2022
Actuarial valuation date	12/31/2021*	12/31/2020*
Measurement date	12/31/2022	12/31/2021
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	Fair Value	Fair Value
Long-term expected rate of return	6.8%	6.8%
Discount rate	6.8%	6.8%
Salary increases - inflation	3.0%	3.0%
Salary increases - seniority/merit	0.1% - 5.6%	0.1% - 5.6%
Mortality	2020 WRS Exp. Mortality Table	2020 WRS Exp. Mortality Table
Post-retirement adjustments**	1.7%	1.7%

*Actuarial assumptions are based upon an experience study conducted in 2021 using experience from 2018 through 2020.

**No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. The assumed annual adjustment is based on the investment return assumption and post-retirement discount rate.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows as of December 31:

	2023			2022		
	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class						
Public equity	48.0%	7.6%	5.0%	52.0%	6.8%	4.2%
Public fixed income	25.0%	5.3%	2.7%	25.0%	4.3%	1.8%
Inflation sensitive	19.0%	3.6%	1.1%	19.0%	2.7%	0.2%
Real estate	8.0%	5.2%	2.6%	7.0%	5.6%	3.0%
Private equity/debt	15.0%	9.6%	6.9%	12.0%	9.7%	7.0%
Total core fund	115.0%	7.4%	4.8%	115.0%	6.6%	4.0%
Variable Fund Asset Class						
U.S. equitities	70.0%	7.2%	4.6%	70.0%	6.3%	3.7%
International equitities	30.0%	8.1%	5.5%	30.0%	7.2%	4.6%
Total variable fund	100.0%	7.7%	5.1%	100.0%	6.8%	4.2%

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast:
2.50% (2023) and 2.50% (2022)

Asset allocations are managed within established ranges; target percentages may differ from actual monthly allocations.

The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

A single discount rate of 6.80% was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 4.05% compared to 6.80% and 1.84%, respectively, from the prior year. Because of the unique structure of the WRS, the expected rates of return imply that the dividend will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset) for the years presented.

The following presents WPPI's proportionate share of the net pension liability (asset) calculated using the current discount rate, as well as what the its proportionate share of the net pension liability (asset) would be if it were calculated using discount rates that are one percentage point lower and one percentage point higher than the current discount rate was as follows at December 31:

	2023	2022
One percentage point lower (5.80%)	$ 11,936,097	$ 3,864,875
Current discount rate (6.80%)	3,596,328	(5,446,778)
One percentage point higher (7.80%)	(2,140,717)	(12,149,436)

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements at:

https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements.

WPPI had a payable of $127,794 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2023. The amount was paid in January, 2024.

(c) Other Postemployment Benefits (OPEB)

The WPPI Post-Employment Benefit Plan (Plan) is a single-employer defined benefit plan that provides limited postemployment health benefits for eligible employees. An employee who reaches age 60 and has ten years of service with WPPI qualifies for retiree benefits. For each full year worked past ten, the employee receives one year of benefit credit. An employee can earn up to a maximum of five years of benefit credits. For each year of benefit credit, WPPI will reimburse the employee for a portion of the cost of health insurance. Full-time employees qualify for 50% reimbursement and part-time employees will receive a pro rata portion. Upon eligibility for Medicare, full-time employees may be reimbursed up to 100% and part-time employees a pro rata portion of the cost of a Medicare supplemental policy, subject to certain caps. Separate arrangements provide health insurance premium payments for life for one retired participant and one retired participant and spouse. WPPI administers the Plan and does not charge for services. WPPI's Executive Committee approves amendments to the Plan. At December 31, 2023, there were 115 eligible active participants, 1 ineligible active participant, 1 eligible inactive participant and 12 retirees and surviving spouses. At December 31, 2022, there were 112 eligible active participants, 1 ineligible active participant, 1 eligible inactive participant and 6 retirees and surviving spouses.

WPPI's Board of Directors designated earnings of $250,000 and $0 to be held for the purpose of funding future OPEB obligations in 2023 and 2022, respectively. Since inception, $1,615,000 has been designated for the purpose of funding future OPEB obligations. For these designations to be recognized toward funding future OPEB obligations under GASB 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions* (GASB 75), they would need to be administered through a qualifying trust. WPPI holds the dollars in a segregated account, but the dollars remain under WPPI's control. There are no standalone financial statements for the Plan. Additional schedules are presented in the Required Supplementary Information section.

Components of and changes in WPPI's total OPEB liability were as follows at December 31:

	2023	2022
Balance, beginning of year	$ 2,838,263	$ 2,812,957
Service cost	133,057	185,179
Interest on total OPEB liability	57,460	60,121
Differences between expected and actual experience	-	(378,803)
Changes of assumptions	(379,744)	204,975
Benefit payments	(69,797)	(46,166)
Balance, end of year	$ 2,579,239	$ 2,838,263

The total OPEB liability was determined by an actuarial valuation as of the measurement date, calculated based on the discount rate and actuarial assumptions, and where consistent with the terms of the Plan. Key actuarial assumptions were as follows at December 31:

	2023	2022
Actuarial valuation date	12/31/2022	12/31/2022
Measurement date	12/31/2022	12/31/2021
Actuarial cost method	Entry Age	Entry Age
Discount rate	4.00%	2.00%
Inflation rate	2.5%	2.0%
Salary increases including inflation	3.9% - 7.0%	3.4% - 6.5%
Mortality	Pub-2010 Mortality Table with MP-2021 GIS	Pub-2010 Mortality Table with MP-2021 GIS

Medical trend rates have been chosen based on a review of historical health care increase rates, projected health care increase rates and projected health care expenditures as a percentage of gross domestic product. Medical trend rate pre 65 was 6.50% as of December 31, 2022 grading to 5.00% over 6 years and then to 4.00% over the next 48 years. Medical trend rate post 65 was 4.00% as of December 31, 2022.

Under GASB 75, employers not accumulating assets through a qualifying trust are required to select a discount rate based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The discount rate selected by WPPI was based on the 20-year Bond Buyer GO Index rate published closest to, but not later than, the measurement date.

The total OPEB liability, calculated using the current discount rate, as well as what the total OPEB liability would be if it were calculated using discount rates that are one percentage point lower and one percentage point higher than the current discount rate was as follows at December 31:

	2023	2022
One percentage point lower (3.00%, 1.00%)	$ 2,788,059	$ 3,077,946
Current discount rate (4.00%, 2.00%)	2,579,239	2,838,263
One percentage point higher (5.00%%, 3.00%)	2,387,486	2,617,317

The total OPEB liability, calculated using the annual medical trend rates above as well as what the total OPEB liability would be if it were calculated using annual medical trend rates that are one percentage point lower and one percentage point higher than the current annual medical trend rates was as follows at December 31:

	2023	2022
One percentage point lower	$ 2,328,485	$ 2,558,499
Current annual medical trend rates	2,579,239	2,838,263
One percentage point higher	2,871,957	3,165,396

For the years ended December 31, 2023 and 2022, WPPI recognized OPEB expense of $191,498 and $284,256, respectively. Components of OPEB expense and deferred outflows and inflows of resources related to OPEB were as follows at December 31:

2023	Original Amount	Date Established	Recognized in OPEB Expense	Balance of Deferred Outflows of Resources	Balance of Deferred Inflows of Resources
Service cost (1)	$ 133,057	12/31/2022	$ 133,057	$ -	$ -
Interest on total OPEB liability (1)	57,460	12/31/2022	57,460	-	-
Differences between expected and actual experience (2)	(378,803)	12/31/2022	(37,881)	-	303,041
Differences between expected and actual experience (2)	45,515	12/31/2020	3,737	30,567	-
Changes of assumptions (2)	(379,744)	12/31/2023	(37,975)	-	341,769
Changes of assumptions (2)	204,975	12/31/2022	20,498	163,979	-
Changes of assumptions (2)	143,473	12/31/2021	11,779	108,136	-
Changes of assumptions (2)	547,881	12/31/2020	44,982	367,953	-
Changes of assumptions (2)	(103,327)	12/31/2019	(8,286)	-	61,897
Changes of assumptions (2)	51,460	12/31/2018	4,127	26,699	-
Contributions made subsequent to measurement date	68,561	12/31/2023	-	68,561	-
Total	$ 390,508		$ 191,498	$ 765,895	$ 706,707

2022	Original Amount	Date Established	Recognized in OPEB Expense	Balance of Deferred Outflows of Resources	Balance of Deferred Inflows of Resources
Service cost (1)	$ 185,179	12/31/2022	$ 185,179	$ -	$ -
Interest on total OPEB liability (1)	60,121	12/31/2022	60,121	-	-
Differences between expected and actual experience (2)	(378,803)	12/31/2022	(37,881)	-	340,922
Differences between expected and actual experience (2)	45,515	12/31/2020	3,737	34,304	-
Changes of assumptions (2)	204,975	12/31/2022	20,498	184,477	-
Changes of assumptions (2)	143,473	12/31/2021	11,779	119,915	-
Changes of assumptions (2)	547,881	12/31/2020	44,982	412,935	-
Changes of assumptions (2)	(103,327)	12/31/2019	(8,286)	-	70,183
Changes of assumptions (2)	51,460	12/31/2018	4,127	30,825	-
Contributions made subsequent to measurement date	69,797	12/31/2022	-	69,797	-
Total	$ 826,271		$ 284,256	$ 852,253	$ 411,105

(1) WPPI recognized in OPEB expense, the original amount associated with these components in the year presented (the period of the change).

(2) WPPI recognized in OPEB expense over a closed period equal to the average of the expected remaining service lives of active and inactive participants that are provided benefits through the Plan, beginning with the year ended that corresponds to the date established.

WPPI reported $68,561 as deferred outflows of resources related to OPEB resulting from its contributions subsequent to the measurement date, which will be recognized as a reduction of the total OPEB liability in the year ending December 31, 2024. Other net balances reported as deferred outflows (inflows) of resources related to OPEB will be recognized in OPEB expense as follows for the years ending December 31:

2024	$ 981
2025	981
2026	981
2027	981
2028	981
Thereafter	(14,279)
Total	$ (9,374)

(10) Risk Management

WPPI is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers' compensation; and health care of its employees. The generating units are covered by insurance, including property and boiler and machinery policies. WPPI is responsible for deductibles under the policies. Other risks are covered through the purchase of commercial insurance, with minimal deductibles. For 2023 and 2022, there were no settlements exceeding coverage.

(11) Commitments and Contingencies

WPPI follows GASB 62, which addresses financial accounting and disclosure requirements for loss and gain contingencies. A liability associated with a loss contingency is recognized only if the available information indicates that it is probable and can be reasonably estimated. Gain contingencies are not recognized until realized.

WPPI has a mix of purchase power agreements of varying durations with a number of suppliers used to meet a portion of the electric power requirements of its members. In addition to the major purchase power agreements described in Note 1(u), WPPI has purchase power agreements from other wind, run of river hydro, landfill gas and solar resources with name plate capacity totaling approximately 168 MW at December 31, 2023 and 2022, respectively. WPPI also has agreements to purchase blocks of monthly on peak energy for certain times periods out to 2027.

WPPI participates in the MISO market. MISO routinely trues-up revenues and expenses for up to 105 days. Under special circumstances, MISO has trued-up revenues and expenses for longer durations. WPPI accrues items that are known at the time of closing, but since there is such a large window of true-ups, actual results may differ from the estimates.

On May 11, 2023, the U.S. EPA announced a proposed rule establishing greenhouse gas emission standards for certain existing fossil fuel-fired power plants. The proposed rule sets New Source Performance Standards (NSPS) for new fossil fuel-fired stationary combustion turbine power plants and fossil-fuel fired steam generating units that undertake a major modification. In addition, the proposed rule sets guidelines for GHG emissions from existing fossil fuel-fired steam generating power plants and certain existing stationary combustion turbines. The proposed standards are based on technologies such as carbon capture and sequestration/storage, low-GHG hydrogen co-firing, and natural gas co-firing, which can be applied directly to power plants that use fossil fuels to generate electricity. According to the proposed rule, the NSPS and emission guidelines reflect the application of the best system of emission reduction that, considering costs, energy requirements, and other statutory factors, is adequately demonstrated for the purpose of improving the emissions performance of the covered electric generating units. Compliance with the standards would be required beginning in 2030. WPPI cannot predict the likelihood that the proposed rule will be finalized as proposed, nor the potential cost impact of compliance with the rule.

WPPI's electric utility operations are subject to continuing environmental regulation and federal, state, regional and local standards and procedures that regulate the environmental impact of WPPI's system, and the systems of utilities from which WPPI purchases power, and are subject to change. Any such changes may arise from legislative, regulatory or judicial actions.

REQUIRED SUPPLEMENTARY INFORMATION

WPPI Energy
Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System

Fiscal Year End	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/23	0.06788467%	$ 3,596,328	$ 12,270,935	29.31%	95.72%
12/31/22	0.06757635%	(5,446,778)	11,591,237	-46.99%	106.02%
12/31/21	0.06673214%	(4,166,180)	11,512,360	-36.19%	105.26%
12/31/20	0.06544169%	(2,110,138)	10,653,423	-19.81%	102.96%
12/31/19	0.06630282%	2,358,846	9,915,877	23.79%	96.45%
12/31/18	0.06747679%	(2,003,465)	9,691,520	-20.67%	102.93%

Note: Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

See independent auditors' report and accompanying notes to required supplementary information.

WPPI Energy
Schedule of Employer Contributions
Wisconsin Retirement System

Fiscal Year End	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/23	$ 904,988	$ 904,988	$ -	$ 13,308,647	6.80%
12/31/22	796,071	796,071	-	12,270,935	6.49%
12/31/21	782,407	782,407	-	11,591,237	6.75%
12/31/20	777,084	777,084	-	11,512,360	6.75%
12/31/19	697,818	697,818	-	10,653,423	6.55%
12/31/18	664,364	664,364	-	9,915,877	6.70%
12/31/17	659,021	659,021	-	9,691,520	6.80%

Note: Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

See independent auditors' report and accompanying notes to required supplementary information.

WPPI Energy
Schedule of Changes in the Employer's Total OPEB Liability and Related Ratios
Year Ended December 31

	2023	2022	2021	2020
Balance, beginning of year	$ 2,838,263	$ 2,812,957	$ 2,500,046	$ 1,774,816
Service cost	133,057	185,179	159,246	108,641
Interest on total OPEB liability	57,460	60,121	69,758	73,069
Economic/demographic (gains) or	-	(378,803)	-	45,515
Assumption changes or inputs	(379,744)	204,975	143,473	547,881
Benefit payments	(69,797)	(46,166)	(59,566)	(49,876)
Balance, end of year	$ 2,579,239	$ 2,838,263	$ 2,812,957	$ 2,500,046
Covered payroll	$ 13,551,948	$ 12,471,398	$ 11,871,000	$ 11,507,516
Total OPEB liability as percentage of covered payroll	19.03%	22.76%	23.70%	21.73%
Actuarial valuation date	12/31/2022	12/31/2022	12/31/2020	12/31/2020
Measurement date	12/31/2022	12/31/2021	12/31/2020	12/31/2019
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age
Discount rate	4.00%	2.00%	2.12%	2.74%
Inflation rate	2.5%	2.0%	3.0%	3.0%
Salary increases including inflation	3.9% - 7.0%	3.4% - 6.5%	3.1% - 8.6%	3.1% - 8.6%
Mortality	Pub-2010	Pub-2010	WI 2018	WI 2018
Pre 65 - initial, ultimate	6.5%, 4.0%	6.5%, 4.0%	6.0%, 3.7%	6.0%, 3.7%
Post 65 - initial, ultimate	4.0%	4.0%	5.8%, 3.7%	5.8%, 3.7%
Part B premium - initial, ultimate	n/a	n/a	6.2%, 3.7%	6.2%, 3.7%

Note: Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.
Schedule uses the optional format of combining the required schedules.
Assets are not accumulated in a qualifying trust to pay related benefits.

WPPI Energy
Schedule of Changes in the Employer's Total OPEB Liability and Related Ratios (cont'd)
Year Ended December 31

2019	2018
$ 1,764,760	$ 1,545,914
116,626	106,135
61,328	61,251
-	-
(103,327)	51,460
(64,571)	-
$ 1,774,816	$ 1,764,760
$ 10,982,675	$ 10,161,638
16.16%	17.37%
12/31/2018	12/31/2018
12/31/2018	12/31/2017
Entry Age	Entry Age
4.10%	3.44%
3.0%	3.2%
3.1% - 8.6%	3.4% - 8.8%
WI 2012	WI 2012
8.2%, 3.9%	8.2%, 3.9%
5.7%, 3.8%	5.7%, 3.8%
1.1%, 3.9%	1.1%, 3.9%

WPPI Energy
Notes to Required Supplementary Information
Wisconsin Retirement System

Changes in benefit terms. There were no changes in benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in assumptions.

Fiscal Year End	Long-Term Expected Rate of Return	Discount Rate	Salarly Increases (Inflation, Seniority/Merit)	Mortality Table	Post-Retirement Adjustments
12/31/23	6.8%	6.8%	3.0%, 0.1% - 5.6%	2020 WRS Exp.	1.7%
12/31/22	6.8%	6.8%	3.0%, 0.1% - 5.6%	2020 WRS Exp.	1.7%
12/31/21	7.0%	7.0%	3.0%, 0.1% - 5.6%	Wisconsin 2018	1.9%
12/31/20	7.0%	7.0%	3.0%, 0.1% - 5.6%	Wisconsin 2018	1.9%
12/31/19	7.0%	7.0%	3.0%, 0.1% - 5.6%	Wisconsin 2018	1.9%
12/31/18	7.2%	7.2%	3.2%, 0.2% - 5.6%	Wisconsin 2012	2.1%

Note: Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.