




FISCAL YEAR 2018 FIRST QUARTER HIGHLIGHTS



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Financial Highlights

In the first quarter 2018, WPPI Energy's change in net position was a loss of \$2,530,062 compared to a loss of \$4,752,635 in the first quarter 2017. Due to seasonal wholesale rates that include a higher demand charge during the summer months, WPPI Energy plans a loss for the first quarter each year, and anticipates increased revenues and change in net position during the summer months.

Energy sales to members totaled 1,230,719 megawatt-hours (MWh) in the first quarter of 2018. This is 962 MWh or 0.1% less than the same period a year ago. Total operating revenues for the first quarter in 2018 were \$103,723,595 or 7.1% lower than the same period a year ago. Total operating expenses for the first quarter in 2018 were \$101,934,714 or 8.7% lower than the same period a year ago. The decrease in operating revenues is primarily due to lower average cost of power to members in the first quarter of 2018 compared to 2017. The decrease in operating expenses is driven by lower purchased power and fuel expenses.

Power Supply Update

WPPI Energy's 20% share of Boswell Unit 4 generated 214,624 MWh of electricity at an average capacity factor of 84.9% during the first quarter. This compares to 209,951 MWh generated at an average capacity factor of 83.1% in the first quarter of 2017. Boswell Unit 4 was offline for five days in February to remove from the boiler ash deposits resulting from coal quality issues. WPPI Energy's 8.33% share of the Elm Road Generating Station units generated 147,800 MWh at an average capacity factor of 64.8%. In the same quarter a year ago, the units generated 207,394 MWh at an average capacity factor of 90.9%. Unit 1 was offline for nine days in January for repair of a condenser tube leak and 12 days in March for a planned outage. Unit 2 was offline for eight days in January and 10 days in February for repair of a boiler tube leak.

News Highlights

The Bishop Hill III Wind Energy Center in Henry County, Ill. is expected to come online in May. WPPI Energy has a power purchase agreement in place through mid-2040 for the output from the 132-megawatt wind energy center. This cost-effective resource more than doubles the amount of wind energy in WPPI Energy's power supply portfolio, and puts the organization on track to have a nearly 40% emission-free power supply by 2021.

Company Profile

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

FINANCIAL STATEMENTS

Statements of Net Position (Unaudited)

March 31,	2018	2017 ¹
Assets		
Current assets	\$ 156,319,745	\$ 163,749,094
Non-current assets	246,526,743	235,665,473
Electric plant, equipment, and land, net	387,873,923	395,175,616
Construction work in progress	7,792,554	4,898,876
Total assets	798,512,965	799,489,059
Deferred Outflows of Resources	20,099,431	21,879,797
Liabilities		
Current liabilities	57,835,037	67,739,453
Non-current liabilities	7,882,130	7,726,575
Long-term debt, net	404,720,576	433,296,858
Total liabilities	470,437,743	508,762,886
Deferred Inflows of Resources	71,715,194	59,060,533
Net Position	\$ 276,459,459	\$ 253,545,437

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

Quarter Ended March 31,	2018	2017 ¹
Operating Revenues	\$ 103,723,595	\$ 111,591,657
Operating Expenses		
Purchased power	81,174,571	88,899,225
Fuel expense	7,865,716	9,094,334
Operation and maintenance	2,771,440	2,762,372
Customer service and administrative and general	4,900,494	4,976,657
Depreciation and amortization	3,388,740	4,142,585
Taxes	1,833,753	1,765,060
Total operating expenses	101,934,714	111,640,233
Operating Income	1,788,881	(48,576)
Non-Operating Revenues (Expenses)		
Investment income	3,407,832	3,072,911
Interest expense	(4,814,719)	(5,091,757)
Other	(2,912,056)	(2,685,213)
Total non-operating revenues (expenses), net	(4,318,943)	(4,704,059)
Change in Net Position	\$ (2,530,062)	\$ (4,752,635)

¹ Some 2017 amounts were reclassified to conform to the 2018 presentation.

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

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

Evansville
Florence
Hartford
Hustisford
Jefferson
Juneau
Kaukauna
Lake Mills
Lodi

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

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

Two Rivers
Waterloo
Waunakee
Waupun
Westby
Whitehall

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

IOWA
Independence
Maquoketa
Preston