



DOING MORE *Together*

2016 ANNUAL REPORT



Doing More Together LEADERSHIP REPORT

...Helping to make our communities better places to live, work and play.

These words make up the second part of the WPPI Energy mission statement. The first part is essential because it describes what we do: provide low-cost electricity, best-in-class services and effective advocacy. But in many ways this second section—the why behind what we do—says even more.

Community is what matters most to our 51 not-for-profit, locally owned member utilities. Year after year, decade after decade, members provide significant value to those they serve. Joint action through WPPI Energy helps members preserve and enhance this value for the long term. From building a reliable, diverse power supply and an effective voice for advocacy to creating a comprehensive array of cost-effective support services, our members have always done their best work together.

In 2016, this work included strengthening our power supply with significant progress on a fuel blending project at one of our baseload generation facilities, and a rededication ceremony celebrating the completion of an environmental retrofit at another. We also issued a successful request for proposals resulting in a power purchase agreement that is expected to reduce WPPI Energy's costs and bring more diversity and renewable resources to our portfolio.

Our excellent financial health provides the solid foundation for our joint-action efforts. By refunding a portion of our 2008A bonds, the issuance in April of WPPI Energy's Series 2016A bonds provides more than \$9.8 million dollars of net present-value savings. We also saw our wholesale rates to members decrease for the second straight year in 2016.

Our industry, the technologies we use and the expectations of those we serve are evolving rapidly. These changes come with challenges. As we face them together, WPPI Energy members are backed by a host of best-in-class shared programs and services. We made continued progress in 2016 on a modern, comprehensive online customer engagement platform. We also developed a new rate to encourage local businesses to expand and new businesses to locate in member communities.

Along with dedication to our communities comes a sense of duty to weigh in on legislation and regulations that could impact customers. Throughout the year, WPPI Energy members used their combined voices to advocate for sound energy policies. This included having 41 community officials

WPPI ENERGY'S MISSION

To provide member utilities
with reliable, low-cost electricity,
best-in-class services and effective
advocacy, making our member
communities better places to
live, work and play.

meet with their congressional delegates in Washington, DC, during the American Public Power Association's Legislative Rally, as well as having members host in-district visits with their state and federal legislators.

As we carry out our mission, direction from our members is what keeps us on the right track to meet their communities' needs. Throughout 2016, the membership took an active role in shaping our next five-year business plan. In March, members also wrapped up work to modify their all-requirements power supply contracts with WPPI Energy. As a result, 49 members representing 98% of our load have in place agreements extending through 2055. These successful efforts help solidify our direction and unity of purpose for years to come.

Throughout WPPI Energy's history, we have accomplished as a membership what would be difficult or even impossible for a single community acting alone. Now, as we face the changing world together, there is more work ahead.

Today, as always, and for the benefit of our communities, WPPI Energy members are ready to do more together.



Jeff Feldt
WPPI Energy Chair
General Manager
Kaukauna Utilities

Mike Peters
President/CEO
WPPI Energy

Doing More Together THE JOINT ACTION ADVANTAGE

In 1980, a group of 23 locally owned, not-for-profit utilities formed WPPI Energy. They sought shared strength and more local control to help them best meet power supply needs in their communities. Today, the 51 members of WPPI Energy have that and more with a diverse, flexible generation portfolio, best-in-class support services and programs for customers, and an effective voice for advocacy.

ALL-REQUIREMENTS CONTRACTS

WPPI Energy's all-requirements power supply agreements with members are the financial mechanism that allows us to cost-effectively finance long-lived power plants and transmission investments, and execute power purchase agreements. Late in 2015, with the existing agreements expiring in approximately 22 years, the WPPI Energy Board of Directors asked that members modify their agreements to provide for a later expiration date

Their response was decisive and prompt. Forty-nine members representing 98% of WPPI Energy's load completed the modifications by March of 2016, and they now have agreements in place through 2055. This successful effort provides the certainty we need for cost-effective, long-term planning, allows us flexibility to act promptly on advantageous new resource opportunities, and ensures that members' interests are aligned for the long term.

119

individuals from member communities
serve on WPPI Energy's Board of Directors,
committees and advisory groups.

SATISFIED MEMBERS

The satisfaction of members is the yardstick by which we measure WPPI Energy's success. A member feedback survey completed in 2016 affirms that overall member satisfaction remains very high. The research also identified areas of focus, such as emerging

technology, where we can strengthen our joint-action agency to best serve members now and for the future.

BUSINESS PLAN

Throughout 2016, members participated in meetings and provided feedback to shape WPPI Energy's next five-year business plan. The resulting strategy sets forth four main objectives to support the membership's needs and priorities.

BUSINESS PLAN OBJECTIVES

1. Provide reliable, environmentally responsible power at a stable, competitive cost while maintaining financial strength.
2. Provide best-in-class services, support, and cost sharing for program development and delivery, all in response to member needs.
3. Protect the interests and advocate the policy positions of WPPI Energy and its members in legislative, regulatory and industry forums.
4. Increase recognition of the value of member utilities, their dedication to their communities, and their leadership as customer advocates and environmental stewards.

As we prepare to meet these objectives, our member-driven model will remain our greatest strength. Active member participation will continue to shape both our long-term priorities and the work we do together each day for the benefit of our communities.

HONORING THE PUBLIC POWER TRADITION

Public power is a tradition that works. WPPI Energy members celebrating milestone anniversaries in 2016 included:



Baraga
125



Cedarburg
115



Evansville
115



Jefferson
115



Lake Mills
105



Plymouth
115



Slinger
105



Stoughton
125

JEFFERSON UTILITIES MARKS 115 YEARS

In 2016, Jefferson Utilities (JU) celebrated 115 years of service to its local community. The utility, founded by the citizens of Jefferson, Wis. in 1901, now serves approximately 4,000 electric and 2,926 water customers.

As a public power utility, JU strives to provide benefit to the community through electric and water service, as well as community support. JU is not-for-profit and tax exempt. However, each year the utility contributes over \$600,000 to the city as a payment-in-lieu of taxes.

The locally-staffed utility supports initiatives that benefit residents and the community, and provides a unique range of programs and services to help residential and business customers save money and resources.

Most importantly, JU staff members care about the people they serve. They know many of their customers personally and volunteer alongside them at community events, such as Tomorrow's Hope Cancer Walk, Concerts in the Park and parades.

In celebration of the utility's 115th anniversary, JU hosted a public event July 14, 2016 at the Jefferson Rotary Park. It included demonstrations and displays; a dance band; a raffle for bill credits and other giveaways; brats, soda, cake and ice cream; toy solar car races; and a balloon artist and lineworker photo prop.

Over the years, JU has made many positive contributions to the City of Jefferson. It continues to be a great example of the value public power utilities provide to their customers and community.



Doing More Together POWER SUPPLY

Reliable, low-cost electricity is fundamental to WPPI Energy's mission. We made excellent progress in 2016 on additions and improvements to our power supply and transmission portfolio to meet the needs of members and their customers as cost-effectively as possible.

A FLEXIBLE, DIVERSE PORTFOLIO

We serve our members with a flexible combination of power that we generate at our own facilities, power that we purchase from generating facilities and utility systems under contract, and power that we purchase from open markets. Our diverse fuel mix includes 47% coal, 20% nuclear, 14% renewable energy and 19% natural gas.

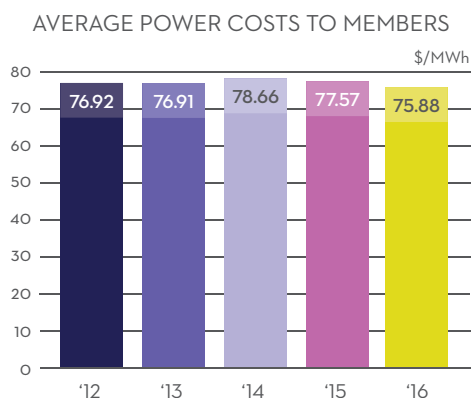
COMPETITIVE COSTS, REDUCED EMISSIONS

The WPPI Energy membership has long been committed to achieving cost-effective reductions of carbon dioxide (CO₂) and other emissions. Our average power costs to members demonstrate that we are succeeding in doing just that. Since 2005, we have reduced our CO₂ emissions by more than 25%.

34%

of our power supply is carbon-free, from
renewable and nuclear resources.

Meanwhile, we have held costs flat over the past five years. In fact, WPPI Energy's costs to members were lower in 2016 than in each year since 2012.



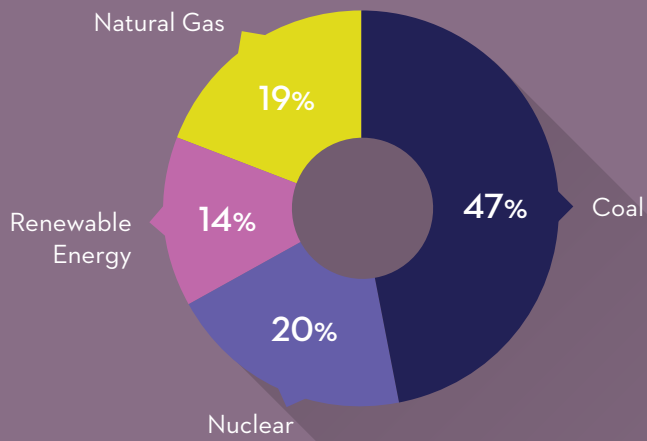
COST-EFFECTIVE RENEWABLE ENERGY: POINT BEACH SOLAR ENERGY CENTER

We anticipate that our most likely future power supply resource options will be those that also lower emissions, including renewable energy, energy efficiency, demand response and natural gas. With this in mind, in mid-year 2016, WPPI Energy issued a request for proposals (RFP) seeking additional renewable energy projects.

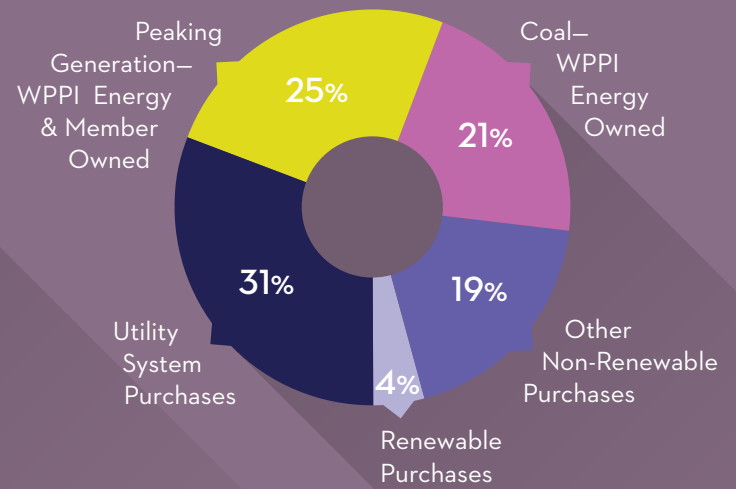
As a result, we recently completed an agreement with an affiliate of NextEra Energy Resources to purchase the output of the Point Beach Solar Energy Center, a 100 megawatt (MW) solar facility to be located adjacent to the Point Beach Nuclear Plant near the WPPI Energy member community of Two Rivers. The solar facility—Wisconsin's largest—is scheduled to come online in 2021.

The 20-year contract is projected to reduce our overall cost to members while also adding diversity to our power supply and further reducing our emissions. Furthermore, with this addition, WPPI Energy and its members are set to meet the Wisconsin and Michigan state renewable energy portfolio standards through 2034.

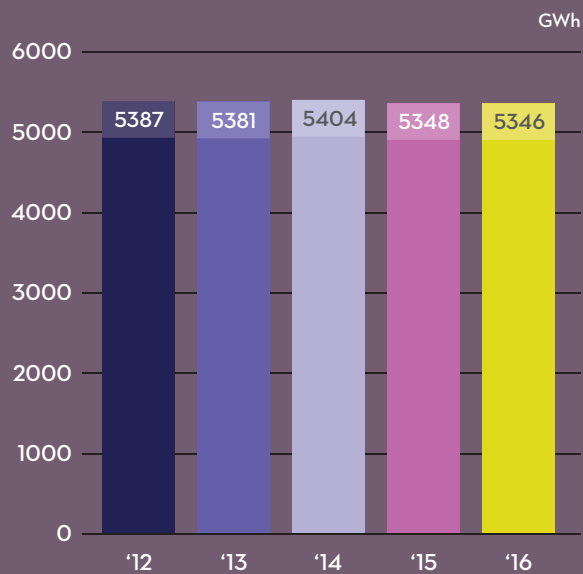
2016 FUEL MIX



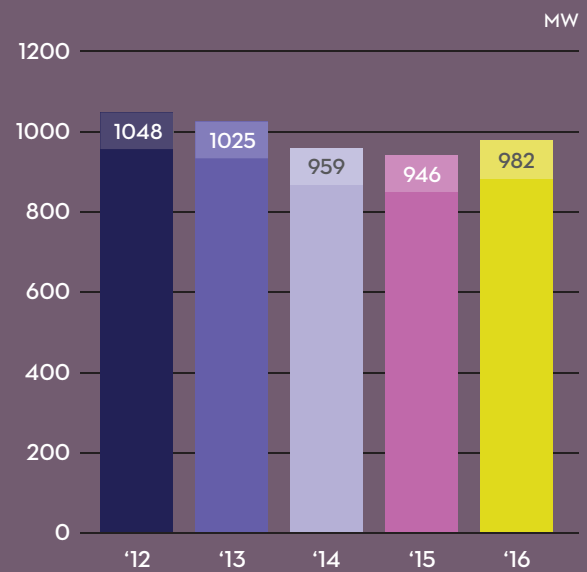
2016 CAPACITY RESOURCES



ENERGY REQUIREMENTS



PEAK DEMAND





Elm Road Generating Station

Our baseload generation resources are the workhorses of WPPI Energy's portfolio, providing reliable, around-the-clock power to meet member customer needs. We made excellent progress in 2016 on a fuel blending project at one of our baseload generation facilities, and we celebrated the completion of an environmental retrofit at another.

FUEL BLENDING YIELDS SAVINGS

WPPI Energy owns an 8.33% share of the two-unit 1,268-MW Elm Road Generating Station, which is recognized as one of the most modern and efficient coal-fired plants in the nation.

A long-term fuel blending project underway at Elm Road continues to yield significant savings for WPPI Energy members. This initiative blends more economical Western coal with the Eastern coal the plant was originally designed to use. The resulting savings for WPPI Energy members was approximately \$2.2 million in 2016.

In 2016, a fuel blending project at Elm Road Generating Station saved members

**\$2.2
MILLION**



Boswell Energy Center Unit 4

ENVIRONMENTAL RETROFIT

In April of 2016, we celebrated the rededication of Boswell Energy Center Unit 4 following an environmental retrofit project that was completed on time and under budget. The installation of a dry scrubber, baghouse and activated carbon injection system significantly reduces emissions of mercury, sulfur dioxide and particulates.

WPPI Energy owns a 20% share of the 585-MW Boswell Unit 4, which was our first owned generation resource. With the environmental upgrade, Boswell is expected to continue serving as a cost-effective baseload generating resource for many years to come.

TRANSMISSION OWNERSHIP

Transmission costs for delivering power supply to member utilities represent approximately 14% of our wholesale power costs, and owning transmission assets helps significantly offset these costs. WPPI Energy's equity investment in American Transmission Co. (ATC) now exceeds \$114 million. We own 6.7% of the transmission-only utility. We also have a direct ownership stake in two major transmission projects.

CapX2020's new 345-kilovolt (kV) Hampton-Rochester-La Crosse line improves system reliability and enables renewable energy expansion. WPPI Energy owns approximately 10% of the Wisconsin portion of the line, which was put into service in 2015. Together with co-owners Xcel Energy, Southern Minnesota Municipal Power Agency, Dairyland Power

WPPI Energy's equity investment
in ATC now exceeds

**\$114
MILLION**

Cooperative and Rochester Public Utilities, we celebrated completion of the overall project with a dedication ceremony in September, 2016.

Construction began in 2016 on the 345-kV Badger Coulee transmission line from the Briggs Road Substation north of La Crosse to northern Dane County. WPPI Energy owns 1.5% of the portion of the project between the Briggs Road and North Madison substations. The line will help address electric system reliability issues locally and in the Midwest, provide economic savings and support renewable energy policy.



The overall Hampton-Rochester-La Crosse transmission project was completed in 2016. (Photo courtesy of CapX2020.)

2016 POWER SUPPLY RESOURCES

Owned Generation	Fuel	Capacity (MW)
Boswell Unit 4	Coal	117
Elm Road Generating Station	Coal	106
South Fond du Lac Units 1 & 4	Gas	154
Island Street Peaking Plant	Gas	52
Worthington Wind Turbines	Wind	1.8
Power Purchase Agreements	Fuel	Capacity (MW)
WPS	System Energy	150
WEPCO	System Energy	50
Alliant	System Energy	125
Point Beach Nuclear Plant	Nuclear	117
Kendall County Unit 3	Gas	85
Butler Ridge	Wind	54
Top of Iowa II	Wind	50
Member-Owned Generation	Gas, Oil	37.8
Barton I	Wind	30
Forward Wind Energy Center	Wind	27.5
Outagamie Clean Energy Project	Landfill	6.4
Kimberly Hydro	Hydroelectric	2.1
Richland Center Renewable Energy	Biogas	1.8
Jefferson Solar	Solar	1
John Street Hydro	Hydroelectric	0.5
Community Solar Gardens	Solar	0.5

Doing More Together BEST-IN-CLASS SERVICES

Changing technologies and customer expectations make it more important than ever for utilities to maintain best-in-class service for their customers. Because they were created for the benefit of those they serve, the locally owned, not-for-profit member utilities of WPPI Energy are particularly well-suited to this challenge.

“...Helping to make our communities better places to live, work and play” includes supporting strong local economies and accommodating customers’ growing interest in renewable energy and online engagement with their utility. The 2016 highlights featured in this report reflect just a small sampling from WPPI Energy’s comprehensive array of cost-effective support services and programs that help members meet these needs for their customers and the community.

BOOSTING THE BOTTOM LINE

WPPI Energy members provide programs and incentives to help customers use energy more efficiently, improve their bottom line, and protect the environment. Since 2002, members and their customers have reduced electric demand by more than 92 megawatts – that’s more than three quarters of the capacity we get from Boswell Energy Center Unit 4, the largest power plant resource we own.

Members have helped their customers
reduce electric demand by

92MW

equivalent to more than 75% of the capacity
we get from Boswell Energy Center Unit 4.

Helping customers save is one of the most cost-effective energy resources available. It’s that much less capacity we have to build or buy, resulting in cost savings and lower emissions.

GROWING LOCAL ECONOMIES

To support economic growth in member communities, WPPI Energy in 2016 modified its wholesale tariff to accommodate new market-based member retail rates that can help keep costs down for some large industrial energy users. Members who put the rate in place can pass through to their qualifying large customers who expand or move into the community WPPI Energy’s transmission and wholesale power costs for short-term energy and capacity from the Midcontinent Independent System Operator market.

With current wholesale market spot prices lower than the typical utility’s average cost of service, the rate may provide the customer with market-based savings for a four-year term. Encouraging growth and expansion among large utility customers—which are often the largest local employers—can help strengthen the economy for everyone. At the same time, the rate ensures the local utility is kept whole in terms of its costs for distributing power to the customer.

The new offering has proved popular among WPPI Energy member utilities, with many taking steps in 2016 toward welcoming customers onto the rate. In May of 2016, New London Utilities was the first to secure approval from the Public Service Commission of Wisconsin and put the retail rate in place. By year-end, 14 more had done the same.





WHITEHALL ELECTRIC UTILITY CONTRIBUTES TO SUPPORTIVE HEALTH CARE SETTING

Like all WPPI Energy members, Whitehall Electric Utility (WEU) is locally owned, not-for-profit, and exists for the benefit of those it serves. For these reasons, providing best-in-class local service is WEU's top priority.

In a recent example of how public power puts this customer focus into action, WEU, with assistance from WPPI Energy, provided more than \$10,000 in incentive funds to incorporate energy efficient features into the design of the new Trempealeau County Health Care Center (TCHCC) facility.

WEU and the 50 other member utilities of WPPI Energy offer their customers assistance with the design of qualified new construction projects in order to help them save in two ways: offsetting upfront costs makes it more affordable to incorporate energy efficient features from the ground up, and those building features provide electricity cost savings each year they are in place.

TCHCC's recently completed new facility includes energy efficient features that are projected to reduce TCHCC's electric demand by more than 81 kilowatts, and nearly 463,000 kilowatt-hours of energy per year, for an expected annual savings of nearly \$40,000.

These measures include:

- Increased wall and ceiling insulation levels
- High-performance windows
- More efficient heating and cooling systems
- Dedicated outdoor air system with energy recovery
- Efficient interior lighting and occupancy sensors

The building features contribute to creating a comfortable, efficient setting that supports the work of the TCHCC staff and the well-being of the people they serve. Helping the organization save money also boosts the bottom line for TCHCC and helps ensure that the organization—whose roots trace back to 1898—can continue providing people with valued mental health services for years to come.

By working together to provide local residents, businesses and organizations like TCHCC with a wide range of best-in-class energy saving programs and services, WPPI Energy members leverage the power of joint action for the benefit of their customers and their communities. Together through WPPI Energy, these utilities have access to more resources to serve their customers well and help make their communities better places to live, work and play.





In early 2016, the WPPI Energy membership commenced operation of two 250-kilowatt community solar pilot projects in New Richmond (shown at left) and River Falls (shown at right).

15

communities introduced a new
market-based rate in 2016.

This new rate offering is yet another example of the joint-action advantage. Over the long term, industrial customer growth allows us to distribute our system's fixed costs over more units of energy sold, which helps reduce our average rate. The local utility, its customer and the WPPI Energy membership as a whole all benefit as a result.

RENEWABLE ENERGY OPTIONS

Many utility customers continue to express their desire for opportunities to use renewable energy. The customer-focused member utilities of WPPI Energy are able to offer customers the option of voluntarily purchasing renewable energy.

In 2016, customers of participating WPPI Energy member utilities voluntarily purchased more than 36,000 megawatt-hours of renewable energy. That's enough to power 4,200 homes.

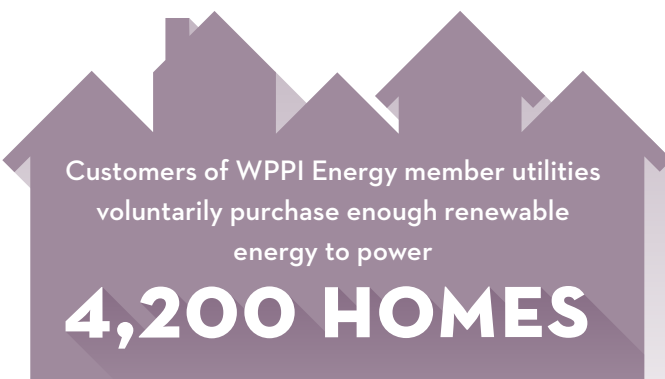
Revenues from the voluntary purchases are used to raise awareness and increase the use of renewable resources such as solar, wind and biogas. Thanks in part to the success of this self-sustaining program,

WPPI Energy has invested \$1.57 million since 2007 in 56 community-based renewable energy demonstration projects in 46 member communities.

UTILITIES OF THE FUTURE

As technology continues to evolve, businesses must adapt their operations to meet changing customer expectations. This is true for electric utilities and the WPPI Energy membership as well. Tools like advanced metering and online customer engagement platforms can help make utility operations more efficient and give customers more knowledge and control over their usage; however, developing, supporting and managing these tools can be complex and costly.

The WPPI Energy membership is working together for a joint-action solution, implementing sophisticated technologies to ensure that we can continue meeting customer expectations as utilities of the future.



CUSTOMER INFORMATION SYSTEMS

WPPI Energy members have long worked together to share utility billing and customer information systems, achieving joint-action benefits of joint purchasing, hosting, support, training and system management. Thirty-eight members currently use or plan to use WPPI Energy's hosted utility billing and customer information system.

ADVANCED METERING AND DATA MANAGEMENT

The ability to collect, manage and use detailed energy-usage data from advanced meters is increasingly important to utilities and their customers. WPPI Energy has developed a shared meter data management system and related support services to help meet our members' advanced metering needs.

Thirty-four members have installed or plan to install advanced meters on their systems, and WPPI Energy's Meter Data Collection & Management Service now reads and stores data from 60,000 retail electric and water meters.

SHARED METER TECHS

Installing and maintaining advanced meters requires a highly skilled staff, and WPPI Energy helps utilities share the costs for this professional expertise. Twenty-six WPPI Energy members are now participating in our shared meter technician service, exemplifying the

WPPI Energy reads and stores data from

60,000

retail meters for members.

way that joint action helps members develop needed services, access expertise and reduce expenses by working together.

ENGAGING CUSTOMERS

To fully deliver on the promise of advanced meter technology for customers, the next step is to increase customer engagement. Online engagement platforms provide customers not only the opportunity to pay their utility bills and schedule service online, but also to access their usage data, communicate about outages and service issues, and learn about opportunities to save. We're currently piloting a customer engagement platform community-wide in Sturgeon Bay and Waupun, and our new five-year business plan includes long-term initiatives to help all interested members implement a modern online engagement platform for their customers.



Reedsburg



Stoughton



Sturgeon Bay

Doing More Together EFFECTIVE ADVOCACY

Together through WPPI Energy, 51 member utilities use the strength of their combined voices to advocate for sound energy policy that protects the interests of the customers and communities they serve. Our joint-action agency exists for the benefit of member communities and their customers, and our advocacy efforts throughout 2016 were member-driven and member-led.



Throughout the year, the membership had no shortage of issues on which to engage. Some of our most important topics were:

- We continued advocating to preserve tax-exempt municipal bond financing, which is essential to the financial strength of WPPI Energy and each of our communities.
- We also advocated and successfully intervened with regulators to significantly reduce WPPI Energy's share of Federal Energy Regulatory Commission-ordered system support resource costs to keep the Presque Isle Power Plant online for grid reliability in Upper Michigan.
- Actions by the U.S. Supreme Court and the outcome of the Presidential election in 2016 significantly

changed the current climate change policy landscape. To the extent that regulation to reduce CO₂ emissions will exist in the future, the details will matter greatly, and we will remain actively engaged.

Other areas of focus for the WPPI Energy membership included educating policy makers on the value of public power, advocating for reasonable and effective cybersecurity measures, protecting member interests in energy efficiency and renewable energy policy discussions and promoting innovative utility rate designs. We actively supported efforts to help our states and our nation adapt to industry changes by seeking collaboration, participating in policy forums and sharing ideas and challenges with elected officials and regulators.



Westby representatives with Wis. State Sen. Jennifer Shilling (third from right).



Menasha representatives with Wis. State Sen. Roger Roth (second from right).

Jim Coutts

PUBLIC POWER ADVOCATE

A LEGACY OF SERVICE

Cedarburg Light & Water (CL&W) Utility Commissioner Jim Coutts was acquainted with local government at a young age. His father, in addition to working full-time as a tool and die maker, was mayor of Waukesha, Wis. until Jim was 9 years old.

“He was mayor every night and on weekends, so basically, if I wanted to be with my dad, I just went with him to City Hall,” he says.

He credits his father for sparking his interest in government. When Jim became mayor of Cedarburg, Wis., he patterned himself after him.

“My dad was really a people’s mayor,” he says. “That’s basically what I tried to be.”

Jim was Cedarburg’s mayor from 1999 to 2003. During this time, he started the Greater Cedarburg Foundation (GCF), which supports cultural, artistic, educational and service-oriented initiatives.

“It’s a wonderful success,” says Jim’s wife Carol. “It’s been in existence 17 years and has \$4 million in assets.”



She also notes that Jim received the GCF’s 2012 Civic Award for his community service.

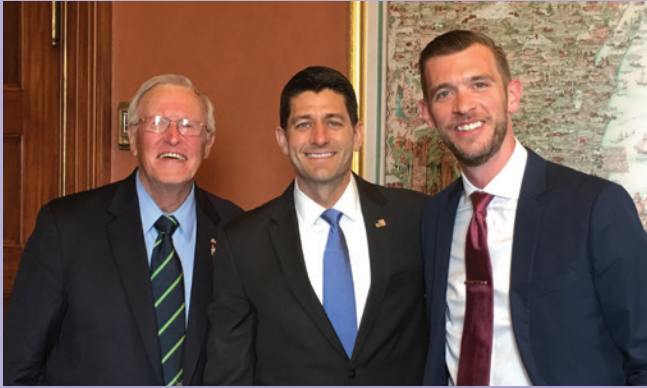
“...among other awards,” she laughs. “I mean, he has awards from everything. You should see it—we have a whole wall of his awards!”

PUBLIC POWER

As mayor, Jim was introduced to public power advocacy in 2000 when he joined representatives of CL&W at the American Public Power Association (APPA) Legislative Rally. Although he admits he didn’t know much about public power at the time, he quickly became “infatuated.”

Ever since, Jim has been a passionate advocate through his continued service on the CL&W Commission and his participation with groups including WPPI Energy’s Policy and Communications Leadership Council, the Municipal Electric Utilities of Wisconsin, and the APPA Policy Makers Council.

Among Coutts’ many accolades are WPPI Energy’s Distinguished Service Award and the American Public Power Association’s 2015 Spence Vanderlinden Public Official Award presented by Paula DiFonzo of New Braunfels Utilities and Gary Stauffer of NMPP Energy. (Photo courtesy of APPA.)



Coutts and WPPI Energy Manager of Government Relations Joseph Owen met with members of Congress during the American Public Power Association Policy Maker's Council 2016 summer meetings. Pictured at left: Coutts, Speaker of the U.S. House of Representatives Paul Ryan (center) and Owen; at right: Coutts, U.S. Rep. Mark Pocan (center) and Owen.



He has attended legislative rallies, met with state and national legislators, and helped shape sound policy as a valued member of these groups.

"It's been a great experience to be as involved as I have been with those organizations," he says. "It's been a really positive journey for me."

"IT'S LIKE FAMILY"

In 2003, Jim received the Distinguished Service Award for his many contributions to WPPI Energy. Joseph Owen, Manager of Government Relations at WPPI Energy, can attest that the award is well-deserved.

"Jim is one of the most optimistic, energetic and dignified guys I've had the pleasure to meet," he says. "He's a longtime leader in his community and adept at connecting with legislators and advocating for sound public power policy."

Jim, in turn, very much enjoys representing the member utilities of WPPI Energy and their customers.

"It is just an outstanding organization from top to bottom. Everybody there is like family. It's just been a joy to be involved and to feel that I represent WPPI," he says.

A LIFETIME OF SERVICE

Truly a man of the people, Jim has devoted his life to public service, activism, and enriching the Cedarburg community. His many contributions continue to make a significant difference in the lives of many.

Says Carol, "Jim is the most incredible man I've ever known."

Doing More Together
THE WPPI MEMBERSHIP
BOARD OF DIRECTORS

- **Alger Delta Cooperative Electric Association** • Thomas G. Harrell
- **Algoma** • Peter A. Haack
- **Baraga** • LeAnn M. LeClaire
- **Black River Falls** • Casey E. Engebretson
- **Boscobel** • Michael B. Reynolds*
- **Brodhead** • Jeffrey A. Peterson
- **Cedarburg** • Dale A. Lythjohan*
- **Columbus** • Eric M. Anthon
- **Crystal Falls** • David M. Graff
- **Cuba City** • George A. Morrissey
- **Eagle River** • Patrick Weber
- **Evansville** • James A. Brooks
- **Florence** • Robert A. Friberg*
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- **Hustisford** • Todd M. Tessmann
- **Independence Light & Power, Telecommunications** • Kevin M. Sidles

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- **Kaukauna** • Jeffery W. Feldt*
- **Lake Mills** • Steven D. Wilke
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- **Lodi** • Christopher A. Michel
- **Maquoketa Municipal Electric Utility** • Herbert T. Gaffigan, Jr.
- **Menasha** • Melanie S. Krause
- **Mount Horeb** • David G. Herfel
- **Muscoda** • Cinda L. Johnson
- **Negaunee** • Gerald D. Koski
- **New Glarus** • Scott G. Jelle
- **New Holstein** • Randy T. Jaeckels*
- **New London** • Stephen M. Thompson*
- **New Richmond** • Michael P. Darrow
- **Norway** • Ray D. Anderson
- **Oconomowoc** • Joseph R. Pickart

- **Oconto Falls** • Lisa M. Christensen*
- **Plymouth** • Brian E. Yerges
- **Prairie du Sac** • Troy T. Murphy
- **Preston** • Steven T. Ritenour
- **Reedsburg** • Brett H. Schuppner
- **Richland Center** • Dale A. Bender
- **River Falls** • Kevin L. Westhuis*
- **Slinger** • Jessi L. Balcom
- **Stoughton** • Robert P. Kardasz
- **Sturgeon Bay** • James M. Stawicki*
- **Sun Prairie** • Rick R. Wicklund
- **Two Rivers** • Kenneth S. Kozak
- **Waterloo** • Barry L. Sorenson
- **Waunakee** • Timothy J. Herlitzka*
- **Waupun** • Randal L. Posthuma*
- **Westby** • Ronald G. Janzen
- **Whitehall** • Neal J. Wozney

*Executive Committee Members

MEMBER COMMUNITIES

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 CEA
 Baraga
 Crystal Falls
 Gladstone
 L'Anse
 Negaunee
 Norway

Iowa

Independence
 Maquoketa
 Preston



Doing More Together FINANCIAL STRENGTH

WPPI Energy's financial health is strong, with excellent credit ratings, member unity and business partnerships. Throughout 2016, we continued producing solid financial metrics.

LOWER WHOLESALE POWER COSTS

In 2016, our average wholesale power cost to members decreased for the second straight year. WPPI Energy's average wholesale power cost to members was 2.2% less than in 2015, following a 1.4% decrease from 2014 to 2015. The savings were driven primarily by lower energy market costs, lower transmission costs and decreasing reliance on long-term power purchases from investor-owned utilities.

BOND REFINANCING

In April of 2016, we issued WPPI Energy's Series 2016A bonds totaling approximately \$75.6 million in order to refund in advance a portion of our 2008A bonds. With the market at near-historic lows, we were able to achieve an excellent interest rate of 2.67%. The issuance provides more than \$9.8 million dollars of net present-value savings.

The issuance of our 2016A bonds
saves the membership more than

**\$9.8
MILLION**

This transaction and the significant savings it provides to the membership would not have been possible if not for our financial strength and member unity.



WPPI Energy Board of Directors Chair Jeff Feldt (left) and President/CEO Mike Peters sign documents for the issuance of WPPI Energy's 2016A Bonds.

EXCELLENT RATINGS

WPPI Energy maintains excellent credit ratings, built in large part upon the strength of our long-term, all-requirements power supply agreements with member utilities. Also contributing to our ratings is our cost-effective, diverse and environmentally responsible power supply mix. Furthermore, we benefit from the unity and diversity of our 51 member communities and their customers and a wholesale rate structure that ensures appropriate cost recovery, with WPPI Energy's system costs, as well as any savings, flowing directly to members. Finally, we employ a strong management team with a careful focus on resource adequacy and risk management.

These strengths help us finance long-term generation and other projects with a lower cost of debt, which in turn helps keep WPPI Energy's power costs lower for members and their customers.

FINANCIAL HIGHLIGHTS

SUMMARY STATEMENTS OF NET POSITION

December 31,	2016	2015
Assets		
Current assets	\$ 162,169,340	\$ 157,600,397
Non-current assets	245,168,173	247,823,113
Capital assets	402,457,410	406,486,206
Total assets	809,794,923	811,909,716
Deferred Outflows of Resources	23,891,656	19,278,292
Liabilities		
Current liabilities	68,542,482	63,331,136
Non-current Liabilities	7,559,398	5,237,049
Long-term debt	434,364,808	457,357,554
Total liabilities	510,466,688	525,925,739
Deferred Inflows of Resources	64,921,819	62,361,600
Net Position	258,298,072	242,900,669

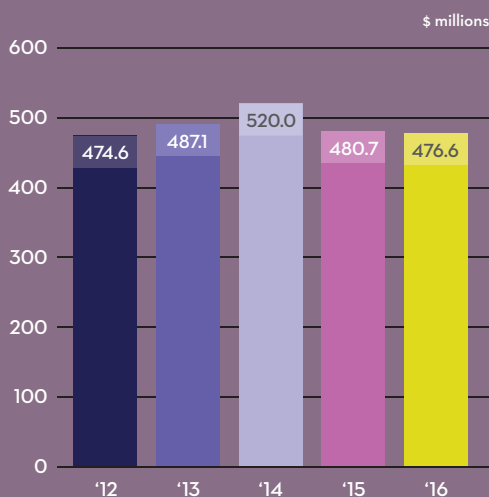
See our complete financial statements online at www.wppienergy.org

SUMMARY STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

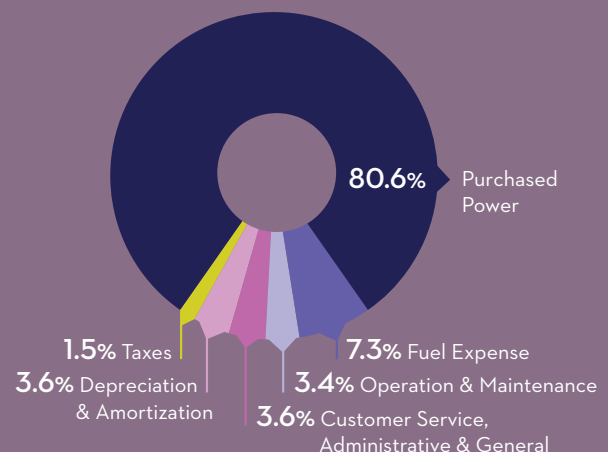
Years ended December 31,	2016	2015
Operating revenues	\$ 476,587,764	\$ 480,698,567
Operating expenses	453,502,805	456,171,145
Operating income	23,084,959	24,527,422
Non-operating revenues (expenses), net	(1,956,197)	(4,557,508)
Future recoverable costs	(5,731,359)	(5,234,500)
Change in net position	15,397,403	14,735,414
Net position, beginning of year	242,900,669	228,165,255
Net position, end of year	\$ 258,298,072	\$ 242,900,669

Long-Term Bond Rating
S&P A
Moody's A1
Fitch A+

OPERATING REVENUES



2016 OPERATING EXPENSES





1425 Corporate Center Drive
Sun Prairie, WI 53590-9109
Ph: (608) 834-4500

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