



2017 ANNUAL REPORT

UTILITIES OF THE FUTURE

READY TO SERVE

Member-owned, member-driven WPPI Energy serves 51 locally owned, not-for-profit electric utilities in Wisconsin, Michigan's Upper Peninsula, and Iowa. Together through joint action, these public power utilities share resources and own generation facilities to provide reliable, affordable electricity and an array of valuable services to more than 200,000 homes and businesses.

VISION

To be the leading joint action agency supporting and empowering strong, locally owned member utilities that accomplish more by working together.

MISSION

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

GUIDING PRINCIPLES

- Integrity
- Competence
- Credibility
- Cooperation
- Public Service Focus
- Environmental Stewardship
- Diversity

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READY: LEADERSHIP REPORT

“We need to up our game.”

With this frank assessment, American Public Power Association CEO Sue Kelly recently summed up her thoughts on how public power must prepare for the changes facing our industry. Her remarks at APPA’s Public Power Forward Summit pointed to new power supply options, new technologies, and new customer expectations as reasons that, if we aim to succeed as utilities of the future, “public power utilities can’t afford to stand pat.”

UTILITIES OF THE FUTURE

The WPPI Energy membership could not agree more. We’ve always been open to new technologies, resources and services that make the most of joint action for our communities. In 2017, we actively stepped up our game with a new, five-year business plan to keep us moving forward as utilities of the future.

WHAT SUCCESS MEANS TO US

As the electric industry considers the challenges and opportunities ahead, “utilities of the future” has become a frequently used term. It’s a phrase that can mean different things to different people and organizations, so it is important to for us to define what these words mean for the WPPI Energy membership.

To succeed as utilities of the future, our member-led, member-driven business plan directs us to be:

- **Proactive** about preparing for the changes ahead, with an engaged membership that is unified through a shared purpose and plan.
- **Evolving** our power supply with an ever-changing resource mix that is reliable, affordable, and responsible.
- **Adapting** our services to provide even more value, and to help our members stay on top of **advancing** technology.
- **Engaged** in actively advocating on the issues that will help shape the policy changes ahead.
- **Experienced**, with highly capable staff and member leaders who are well respected for their expertise and know-how, and
- **Strong**, with continued solid financial performance and stable costs to members.

MOVING FORWARD TOGETHER

In her Public Power Forward remarks, Kelly added that she is a big proponent of public power utilities “collaborating to provide services that we alone could not do.”

Through joint action, WPPI Energy members are accomplishing just that. This report outlines our shared progress in 2017 on sound, long-term, strategic initiatives that will help us prepare for the industry changes and opportunities ahead.

PROGRESS IN 2017

In 2017, these efforts included continued steps to diversify and optimize our power supply. We added two significant, cost-effective new resources that are projected to lower costs to members while also reducing our emissions. We also made progress on several key generation and transmission projects.

Our financial health remained strong in 2017. We have maintained our solid financial performance and projections, with continued stable power costs to members.

WPPI Energy's programs and services continue to deliver significant value to member utilities, their customers, and their communities. We advanced our customer information strategy in 2017 with a variety of enhancements to our technology-related services, programs and support for members.

Finally, because engaging with legislators and regulators is one of the most important ways that we can help shape the energy policies that impact our communities, our membership continued to demonstrate strong participation in advocacy opportunities throughout the year, including the annual APPA Legislative Rally, and our local, in-district meetings with elected officials.

READY TO SERVE

The WPPI Energy membership has a long track record of successfully navigating industry challenges and changes together. Now, we are “upping our game” with a plan to be even more proactive, evolving, adapting, engaged, experienced and strong.

By staying focused on what's next for our industry, and working together with unity of purpose for the good of our communities, WPPI Energy members are ready to serve as utilities of the future.

Jeff Feldt, WPPI Energy Chair
General Manager, Kaukauna Utilities

Mike Peters, President/CEO



PROACTIVE: THE WPPI ENERGY MEMBERSHIP

Locally owned, not-for-profit, public power utilities deliver significant value. They provide reliable, affordable, customer-focused service that helps to make their communities better places to live, work and play.

LOOKING TO THE FUTURE

Together, WPPI Energy members work to preserve and enhance their local value by developing a shared, multi-year strategy for meeting local needs, industry challenges and customer expectations. The result is a member-driven business plan that serves as our joint-action roadmap. This report details our progress in carrying out the first year of the 2017-2021 WPPI Energy Business Plan.

Our membership is prepared and forward-thinking. We are actively working together to achieve the shared objectives necessary for success as utilities of the future.



BUSINESS OBJECTIVES

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

When McGregor, Iowa, experienced extensive tornado damage, Maquoketa Municipal Electric Utility was there to help. Photo courtesy MMEU.



MUTUAL AID: STANDING STRONG TOGETHER

Mother Nature provided more than one reminder in 2017 that weather-related emergencies can be significant and devastating. Fortunately, when the worst happens, it brings out our best. Crews from multiple WPPI Energy member utilities answered calls from their fellow public power communities for mutual aid.

EF1 TORNADO, MCGREGOR, IOWA

Maquoketa Municipal Electric Utility

EF1 TORNADO, KAUKAUNA, WIS.

Sturgeon Bay Utilities

Waupun Utilities

HURRICANE IRMA, FLA.

Columbus Water & Light

Hartford Electric

Jefferson Utilities

Kaukauna Utilities

Lake Mills Light & Water

Lodi Utilities

New Holstein Utilities

Oconto Falls Municipal Utilities

Plymouth Utilities

Prairie du Sac Utilities

Reedsburg Utility Commission

Waunakee Utilities

HURRICANES IRMA AND MARIA, U.S. VIRGIN ISLANDS

Reedsburg Utility Commission

Two Rivers Water & Light



Two Rivers Water & Light and the Reedsburg Utility Commission answered the call for help after two Category-5 hurricanes—Irma and Maria—laid waste to the power system in the U.S. Virgin Islands. Photo courtesy TRW&L.

A PROVEN TRADITION.

Public Power is a tradition that works. WPPI Energy members celebrating milestone anniversaries in 2017 included:



Hartford
120



New Glarus
115



Two Rivers
115



Lodi
110



Muscoda
110



Kaukauna
105



New Holstein
105



Preston
95



Oconto Falls
85



Alger Delta
80



Hustisford
80



WPPI Energy President and CEO Mike Peters (right) presented New Holstein's Mayor Dianne Reese and Utility General Manager Randy Jaeckels with a token of esteem in celebration of the utility's 105-year anniversary.

EVOLVING: POWER SUPPLY

WPPI Energy members are positioned well for the future, with a diverse and flexible power supply provided at stable cost. We are adding cost-effective new resources to our portfolio while decreasing our emissions.

A DIVERSE PORTFOLIO

A diverse power supply incorporates a mix of resources to manage the impact of market fluctuations, fuel price changes and regulations. WPPI Energy serves members with a combination of power we generate at our own facilities, power we purchase from generating facilities and utility systems under contract, and power we purchase from open markets. We hold power purchase agreements of varied lengths with a number of suppliers, and no single generating unit accounts for more than 10% of our energy

needs. Our fuel mix is also diverse, with coal accounting for less than half of the energy we supplied in 2017, and the remainder supplied from a balanced mix of nuclear, natural gas and renewable energy.

COST-EFFECTIVE NEW RESOURCES

In 2017, we added several new resources that will help keep costs down for members for years to come.

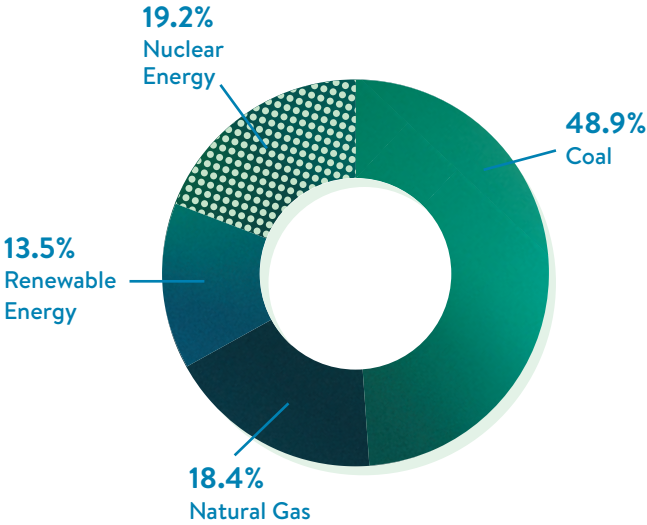
- On June 1, WPPI Energy began receiving power from the Nelson Energy Center. WPPI Energy executed a



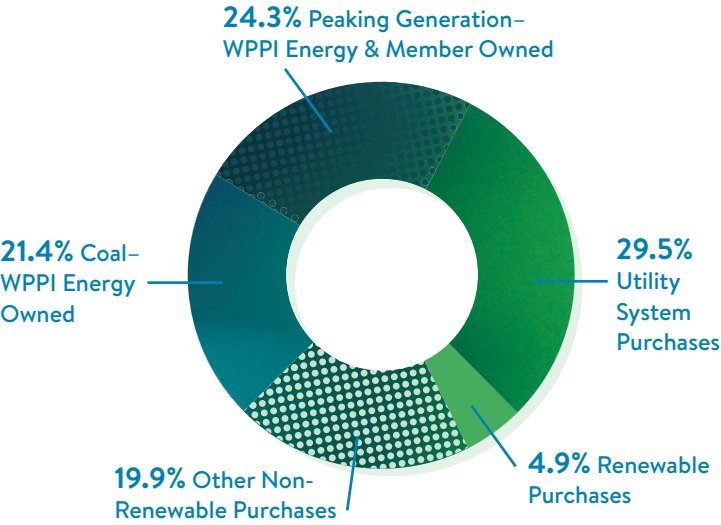
“Our team’s goal is to maximize the value of our resources, thereby lowering costs for members.”

From left: Director of Planning Todd Komplin, Assistant Vice President - Operations Todd Biese, Vice President - Power Supply Resources Andy Kellen, and Sr. Vice President - Power Supply Valy Goeprich.

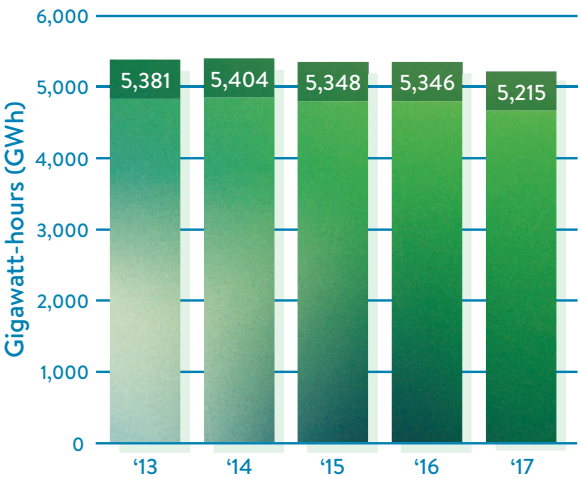
2017 FUEL MIX



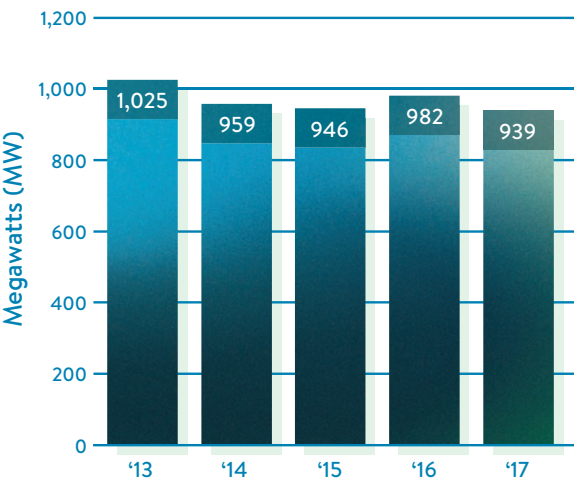
2017 CAPACITY RESOURCES



ENERGY REQUIREMENTS



PEAK DEMAND

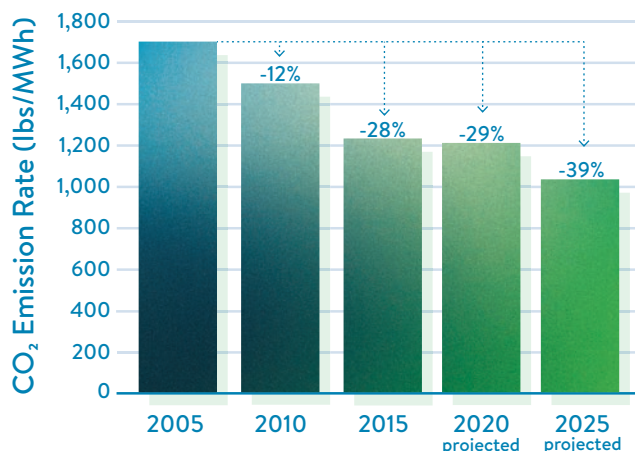


20-year agreement with an affiliate of Invenergy in 2014 to purchase approximately 90 megawatts (MW) from this natural gas-fired, combined-cycle power plant located in Lee County, Ill.

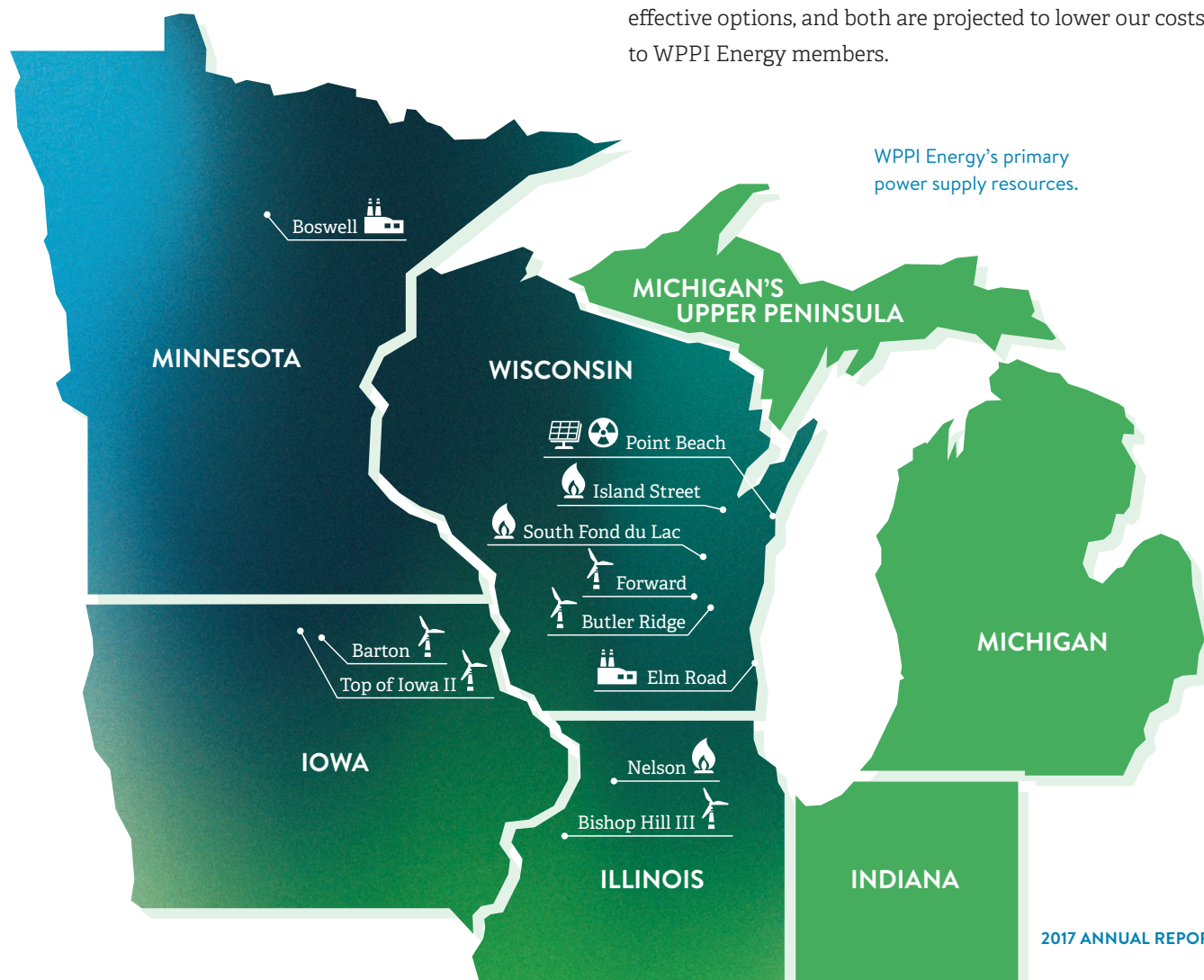
Also in 2017, we announced the addition of two new, cost-effective renewable energy resources.

- In January, we executed a 20-year agreement with an affiliate of NextEra Energy Resources to purchase the output from the 99-MW Point Beach Solar Energy Center. The facility, which is to be constructed adjacent to the Point Beach Nuclear Plant near the WPPI Energy member community of Two Rivers, is expected to be in service in 2021.
- In July, we executed an agreement with an affiliate of Invenergy to purchase 132 MW through mid-2040 from the Bishop Hill III Wind Energy Center in Henry Co., Ill. The facility, which entered service in June 2018, will more than double our use of energy from wind.

CO₂ EMISSION RATE OF WPPI ENERGY POWER SUPPLY PORTFOLIO



Not only do Point Beach Solar and Bishop Hill III add diversity and reduce our carbon-dioxide emissions, but the projects combined will push WPPI Energy's fuel mix to more than 22% renewable, and put us on track for a nearly 40% emission-free power supply. Furthermore, of the resource opportunities available to WPPI Energy, Point Beach Solar and Bishop Hill III proved to be the most cost-effective options, and both are projected to lower our costs to WPPI Energy members.



2017 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	2
Power Purchase Agreements	Fuel	Capacity (MW)
WPS	System Energy	150
WEPCO	System Energy	50
Alliant ¹	System Energy	125
Point Beach Nuclear Plant	Nuclear	117
Invenery Nelson ²	Gas	90
Kendall County Unit 3 ³	Gas	90
Butler Ridge	Wind	54
Top of Iowa II	Wind	50
Member-Owned Generation	Gas, Oil	36.4
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

¹ Ended May 2017

² Began June 2017

³ Ended September 2017



OPTIMIZING OUR OPERATIONS

Our goal is always to make the most of our portfolio, which includes WPPI Energy's generation resources as well as our ability to take advantage of the flexibility provided under our power purchase agreements and to optimize our operations in the regional markets where we do business.

We remained actively engaged throughout the year in the stakeholder process at the Midcontinent Independent System Operator (MISO), the regional market where most of our operations are located. In 2017, WPPI Energy attended and advocated our positions at more than 150 MISO stakeholder meetings, weighing in on strategic and operational business decisions to protect the interests of our members.

We also completed work on a fuel flexibility project at the Elm Road Generating Station that helps significantly lower production costs by enabling up to 100% use of Western coal when it is the more affordable coal. In 2017 the project delivered savings of approximately \$2.5 million for WPPI Energy members.

FOCUSING ON FLEXIBILITY

WPPI Energy's outstanding power supply needs are manageable and provide for sufficient flexibility. In 2017, 210 MW of our long-term power purchases were terminated, providing open space to accommodate new power supply resources. Maintaining open space provides flexibility to take advantage of cost-effective market power, adjust to changes in load, and consider advantageous new resources that are projected to lower our costs over the long term.

DELIVERING TRANSMISSION BENEFITS

Owning transmission assets delivers a valuable return that helps to significantly offset growing transmission costs, which now represent approximately 14% of WPPI Energy's wholesale rate to members. WPPI Energy's equity investment in American Transmission Co. was \$123 million at the end of 2017. We own 6.7% of the transmission-only utility.



The CapX2020 Hampton-Rochester-La Crosse project crosses the Mississippi River near Alma, Wis.

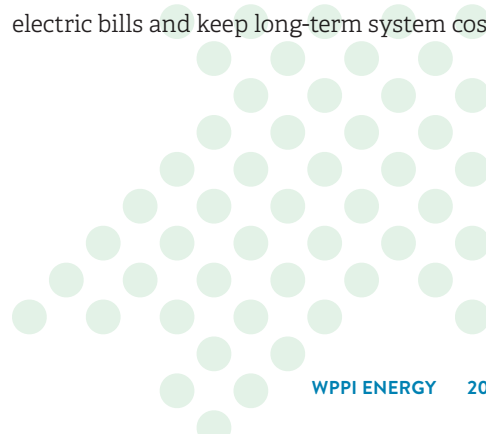
We also have a direct ownership stake in two major transmission projects.

- Construction progressed significantly in 2017 on the 345-kilovolt (kV) Badger Coulee transmission project from the Briggs Road Substation north of La Crosse to northern Dane County. WPPI Energy owns approximately 1.5% of the portion of the line between the Briggs Road and North Madison substations. Construction, which started in 2016, is on budget and the project is on schedule to be in service by the end of 2018.
- As of September 2017, all five of the CapX2020 group of Upper Midwest transmission projects are complete. Together, the projects represent 800 miles of transmission built by 11 utility partners, including the 345kV Hampton-Rochester-La Crosse (H-R-L) project. WPPI Energy owns approximately 10% of the Wisconsin portion of the H-R-L line, which was put into service in 2015.

These projects will strengthen grid reliability and increase access to cost-effective renewable energy and other generation resources for the region.

MODERNIZING WHOLESALE RATES

Starting in 2017, the membership updated its wholesale rates so that WPPI Energy's monthly bills to members track more closely with seasonal changes in customer demand for electricity that make our wholesale cost of power highest in the summer compared to the rest of the year. The impact of this change on the annual power budgets for most members is very small; however, the update facilitates our business plan priority to assist members in developing retail rates that send an enhanced, cost-based signal in order to help customers control their electric bills and keep long-term system costs down for all.



ADAPTING: SERVICES

WPPI Energy's services are member-driven and developed through the business plan process, advisory groups and committees, the executive committee and, ultimately, the board of directors.

DELIVERING VALUE

Working together through joint action, the WPPI Energy membership delivers high-quality services to meet local utility, customer and community needs. From customer account management to utility information systems, and energy efficiency programs to distribution system support, members have access to a wide range of shared programs, technologies and expertise that help them lower their costs, better serve their customers, stay current with evolving technologies and remain competitive in the industry.

PREPARING FOR THE FUTURE

As we look to the changes and opportunities ahead, we are shaping and refining our services with an eye toward what our membership will need to succeed as utilities of the future. Our member-led process ensures that WPPI Energy's offerings will continue to adapt and evolve to meet the changing needs of member utilities, their communities and their customers.



“Together, WPPI Energy members have cost-effective technology systems and a shared team of staff experts to help them succeed as utilities of the future.”

From left: Director of Distribution Services Chris Chartier, Business Solutions Representative Amy Enfelt, Chief Information Officer Phil Hansen, Manager of Mass Market Programs Beth Carlson, and Business Solutions Representative II Chris Schaub.

RENEWABLE ENERGY OPTIONS

Many customers of all types continue to express a desire for opportunities to support renewable energy. WPPI Energy members offer their customers options to offset some or all of their electric usage with energy from renewable resources such as wind, solar, hydro and biogas. In 2017, customers purchased more than 35,000 MWh through the Choose Renewable program, enough to power 4,200 homes.

Revenues from the self-sustaining program are put to work to help raise awareness and increase the local use of renewables. As a result, WPPI Energy has helped fund 56 community-based renewable energy demonstration projects in 46 member communities and provided grants to support 14 cost-effective renewable energy installations for non-profit organizations served by member utilities.

BOOSTING THE BOTTOM LINE

WPPI Energy members provide programs and incentives to help their customers reduce energy waste, protect the environment and improve their bottom line. These efforts yield significant utility bill savings for customers and strengthen customer satisfaction. In 2017, state, local and WPPI Energy programs helped member customers lower their electric bills by an estimated \$6.5 million.

SUPPORTING STRONG LOCAL ECONOMIES

In addition to helping local business save, we are also helping them grow. Our business plan prioritizes helping our member communities strengthen their local economies. Efforts like our New Load Market Pricing Rate encourage large energy users, who are often among the largest local employers, to locate or expand in member communities.

When we help new or expanding businesses locate in our member communities, we gain economies of scale that help boost competitiveness not only for the local utility, but for the WPPI Energy membership as a whole. Supporting strong local economies also contributes to our mission of helping to make our communities better places to live, work and play.

As Steve Krueger and Steve Thompson would tell you, New London is one community that has been strengthened by these efforts. Read more on p. 17.



Customers of WPPI Energy member utilities voluntarily purchase enough renewable energy to power

4,200
HOMES



26

WPPI Energy members have put in place a New Load Market Pricing Rate to encourage local economic growth.



WPPI Energy members helped customers lower their electric bills in 2017 by

\$6.5 M

ADVANCING: TECHNOLOGY

Customers of all types are seeking to engage with their utilities online to track their usage, sign up for programs, pay their bills, schedule service, report outages and more. Utilities will need access to new, more sophisticated technologies to meet customers' increasing expectations and maintain efficient, up-to-date operations.

JOINT ACTION SOLUTION

New technologies can be difficult and expensive for small utilities to take on alone. Together, WPPI Energy members have cost-effective, shared access to sophisticated systems, tools and support to help them succeed as utilities of the future.

The membership's Customer Information Strategy incorporates:

- Common utility billing and customer information systems.
- Local utility adoption of advanced metering infrastructure (AMI), supported by a shared WPPI Energy data management system to collect, manage and use the information AMI meters provide.
- A shared professional staff to provide expertise and support.
- Common online tools for increasing operational efficiencies and engaging with customers to meet their evolving expectations.

DELIVERING THE BENEFITS OF ADVANCED METERS

Advanced meters and the sophisticated data they provide are central to our Customer Information Strategy. Today, more than half of the WPPI Energy membership is using AMI to deliver benefits for customers including:

- Operational efficiencies – Eliminating or reducing the need for utility staff to “roll trucks” in order to read meters and to connect and disconnect service.
- Improved safety and security – Better detection of equipment tampering and energy theft.

- Enhanced customer service – Faster detection of costly water leaks, and new options for helping to prevent billing errors.
- Enhanced rate designs – AMI provides data that can help utilities better allocate system costs and put rates in place that send price signals to help keep bills down for everyone.

Member use of this technology is continuing to progress. Thanks to the recent work of our member Outage Management Task Force, we're introducing new capabilities for WPPI Energy member utilities to not only identify and track outages using AMI data, but also to generate work orders to help their employees more efficiently restore service and online maps to keep customers informed about service interruptions. Our membership's customer engagement platform will also provide more opportunity for customers to conduct business with their utility online, gain insights into how they consume power, and learn about ways they can take more control over their electric bill.

We are also looking ahead to the potential for leveraging our technology efforts as a cost-effective new resource to help power our member communities, as customer engagement tools like ours can be put to work to provide customers with incentives for reducing their usage during times of peak electric demand.

MOVING FORWARD: OUR CUSTOMER INFORMATION STRATEGY



METERING

26

Member utilities using AMI to meet all of their systems' metering needs

30

Members using WPPI Energy's Shared Meter Technician Service to help with AMI

34

Member utilities using AMI to meet large power customer metering needs



DATA MANAGEMENT

90k

Member retail AMI electric and water meters for which WPPI Energy reads and stores data



CUSTOMER INFORMATION

40

Member utilities using or planning to use WPPI Energy's hosted utility billing and customer information system



CUSTOMER ENGAGEMENT

9

Member employees on task force evaluating online outage management options



“You need to do everything you can to make your business customers healthy so they can grow.”

– New London Utilities General Manager Steve Thompson

Above: Recently Retired Steel King Plant Manager Steve Krueger (left) with New London Utilities General Manager Steve Thompson.

STEEL KING: STRONGER BUSINESS, STRONGER COMMUNITY

THE BEGINNING

Steve Krueger remembers the day he was hired by Steel King Industries to help open a brand new plant in New London, Wis.

“January 5 of 1979,” the recently retired plant manager says without batting an eye.

Krueger has seen the company—a manufacturer of racking systems, safety products, storage containers and other material handling products—grow from nine employees on the first day of production (“April 9 of 1979” according to Krueger) to a present-day staff of 145.

“I’m extremely proud of what I left behind,” he says, explaining that he thinks of the plant almost like one of his children.

“I live and die this company,” he says. “I bleed green.”

THE EXPANSION

For the past three years, Krueger managed a project to build a 150,000 square-foot, state-of-the-art addition on the New London plant. It was both a new beginning and a swan song for him.

“I was honored the management gave me this major project to work on as my last one before retirement,” he says.

Though several of Steel King’s locations were considered for the expansion, the executive team ultimately selected New London, largely because of an economic development rate the utility offered.

WPPI ENERGY MEMBERS HELP BUSINESSES GROW

“New London Utilities (NLU) came along with the rate proposal, and it ended up being a major factor in keeping the expansion in New London,” says Krueger.

The rate is projected to save about 35% off the plant’s monthly utility bill for the next four years.

“If you look at how much electricity goes through this place, it’s a tremendous savings,” says Krueger.

STEPPING UP FOR LOCAL BUSINESSES

Steve Thompson, General Manager of NLU and a member of WPPI Energy’s Executive Committee, was eager for NLU to be the pilot for the rate, and pleased to offer it to Steel King.

“You need to do everything you can to make your business customers healthy so they can grow,” he says, noting that the success of local businesses can bring jobs to a community, attract new residents, and strengthen the local economy.

Thompson says the Steel King addition and the ability to attract new businesses with the economic development rate “will put New London on the map as a place that has really good companies to work for that are progressive, modernizing, and well-paying.”



Stacked inventory inside the Steel King facility.



Steel King constructed a 150,000 square-foot, state-of-the-art addition to its New London plant.

RELIABILITY

The newly expanded New London plant is projected to have a peak electric load of two megawatts. In order to maintain a high standard of reliability, NLU added two transformers to its electrical system that are looped together on a network of 34.5 kilovolt power lines. The utility also has replacement transformers in stock to ensure quick restoration in the event of an equipment failure.

“Our utility commission supported our plan to build a very strong, redundant electrical system and have the components to maintain it,” says Thompson.

Reliable power is especially important to manufacturing companies such as Steel King.

“Any time production stops, it’s very costly,” says Krueger, although this is not something he worries about with the new system.

“Steve (Thompson) and the utility had enough vision to see the growth on this end of the city and set us up with a really good system,” he says. “I feel very, very comfortable with the dependability of the system.”

BUSINESSES AND PUBLIC POWER

Krueger values the unique benefits of being served by a public power utility.

“Steve and I have a very good working relationship, and I think that’s important; I’m a firm believer in relationships,” he says. “Steve understands the need, because it’s close to him, and NLU’s service is impeccable.”

With the utility office only minutes away from the plant, business with the utility is straightforward and friendly.

“If I have a problem, I make a phone call, we go to lunch to talk about it and he fixes it,” says Krueger. “I’m very, very happy to deal with a local utility.”

NLU AND WPPI ENERGY

Thompson appreciates the resources that he has access to through WPPI Energy. In addition to the means for New London Utilities to offer the economic development rate, he mentions residential programs, NLU’s Energy Services Representative Lisa Miotke, and WPPI Energy’s wide range of specialists.

“I have the same number of employees I had 32 years ago, but I have more demands on me for expertise in all kinds of areas now—energy conservation, heat pump systems, air conditioning systems and more,” he says. “WPPI Energy has very talented employees that will help us with anything—all I have to do is make a phone call,” he says.

THE END OF AN ERA

As Steve Krueger walks into the new facility that has been his ‘baby’ for the past three years, he reflects on his recent retirement from a successful, 38-year-long career.

“This has been a great community to work in,” he says. “I’m proud to say I’m from New London, and proud to say I worked at Steel King.”

ENGAGED: ADVOCACY

Together through WPPI Energy, 51 member utilities use the strength of their combined voices to advocate for sound energy policy that protects and advances the interests of the customers and communities they serve. Our advocacy efforts are driven by an engaged and active membership.

APPA LEGISLATIVE RALLY

WPPI Energy members made another strong showing at the American Public Power Association Legislative Rally in Washington, DC. This national event for the public power industry represents an ideal opportunity for public power officials to speak directly with federal policymakers. WPPI Energy coordinates meeting and travel details for members.



At the 2017 rally, 48 WPPI Energy member advocates attended, representing 21 public power communities. They met with U.S. Senators Tammy Baldwin and Ron Johnson, and with U.S. Representatives Duffy, Gallagher, Grothman, Kind, Pocan and Sensenbrenner to discuss the energy policy issues that matter most for local customers and constituents.

FOCUSED ON ISSUES THAT MATTER

The highest priority topic for the membership's 2017 legislative rally meetings was the importance of preserving the tax-exempt status of municipal bond financing, which is a key tool for public power communities to build critical utility infrastructure, providing residents with essential services, and helping make it possible for municipal utilities to deliver safe, affordable and reliable electricity to local customers. Additional issues the attendees addressed included advocating for effective and appropriate physical and cyber security policies for member utilities, and the value of including critical energy infrastructure in federal funding initiatives.



At left: U.S. Sen. Tammy Baldwin with Sun Prairie Utilities Commission Chair Ted Chase and Sun Prairie Mayor Paul Esser.



At right: Wisconsin Lt. Governor Rebecca Kleefisch (center), welcomed (l-r) WPPI Energy consultant Tom Moore, President and CEO Mike Peters, General Counsel Tom Hanrahan and Manager of Government Relations Joseph Owen for a discussion on local economic development.



23 WPPI Energy member communities are represented by state and federal elected officials who participated in IDEAS meetings in 2017.



At left: U.S. Rep. Glen Grothman (third from left) met with (l-r) Cedarburg Mayor Kip Kinzel, Columbus Mayor Kelly Crombie, Plymouth Mayor Don Pohlman, Waupun Mayor Julie Nickel and Menasha Mayor Don Merkes at the 2017 APPA Legislative Rally.

At right: U.S. Rep. Jack Bergman (third from right) participated in an IDEAS meeting with WPPI Energy member officials and staff in Norway.



At left: Wis. State Sen. Mark Miller (center, in red) at an IDEAS meeting in Stoughton with WPPI Energy members and staff.

At right: U.S. Rep. Mike Gallagher (center, in blue) joined WPPI Energy member officials and staff for an IDEAS meeting in Kaukauna.



BIG IDEAS

WPPI Energy member utilities understand that sound energy policies are essential to the well-being of their local communities. With this in mind, they work to build strong relationships with policymakers for the benefit of the constituents and customers they serve.

To support members in these efforts, WPPI Energy arranges In-District Energy Advocacy Series (IDEAS) meetings with members and the policymakers who

represent them. In 2017, elected state and federal officials representing 23 WPPI Energy member communities participated in IDEAS meetings. The gatherings, which are hosted in and attended by local officials from member communities in each legislator's district, provide important opportunities to showcase the value provided by public power utilities, and to discuss pending energy legislation and economic development.

EXPERIENCED: LEADERSHIP PROFILE

Member-owned, member driven WPPI Energy is built on the principle that all members participate in decision-making for the organization.

BOARD OF DIRECTORS

The WPPI Energy Board of Directors is comprised of one representative from each of the membership's 51 communities.

WISCONSIN

Algoma • Peter A. Haack
Black River Falls • Casey E. Engebretson
Boscobel • Michael B. Reynolds ^{1 2}
Brodhead • Jeffrey A. Peterson
Cedarburg • Dale A. Lythjohan ¹
Columbus • Eric M. Anthon
Cuba City • George A. Morrissey
Eagle River • Mike Sanborn
Evansville • James A. Brooks
Florence • Robert A. Friberg ¹
Hartford • Brian C. Rhodes
Hustisford • Todd M. Tessmann
Jefferson • Scott R. Adler
Juneau • Robert G. Affeld
Kaukauna • Jeffery W. Feldt ^{1 2}
Lake Mills • Steven D. Wilke
Lodi • Christopher A. Michel
Menasha • Melanie S. Krause
Mount Horeb • David G. Herfel
Muscoda • Gerald V. Bindl
New Glarus • Scott G. Jelle
New Holstein • Randy T. Jaeckels ¹

New London • Stephen M. Thompson ¹
New Richmond • Wes Arndt
Oconomowoc • Joseph R. Pickart ¹
Oconto Falls • Greg Kuhn
Plymouth • Brian E. Yerges
Prairie du Sac • Troy T. Murphy
Reedsburg • Brett H. Schuppner
Richland Center • Dale A. Bender
River Falls • Kevin L. Westhuis ¹
Slinger • Jessi L. Balcom
Stoughton • Robert P. Kardasz
Sturgeon Bay • James M. Stawicki ^{1 2}
Sun Prairie • Rick R. Wicklund
Two Rivers • Kenneth S. Kozak
Waterloo • Barry L. Sorenson
Waunakee • Timothy J. Herlitzka ^{1 2}
Waupun • Randal L. Posthuma ¹
Westby • Ronald G. Janzen
Whitehall • Neal J. Wozney

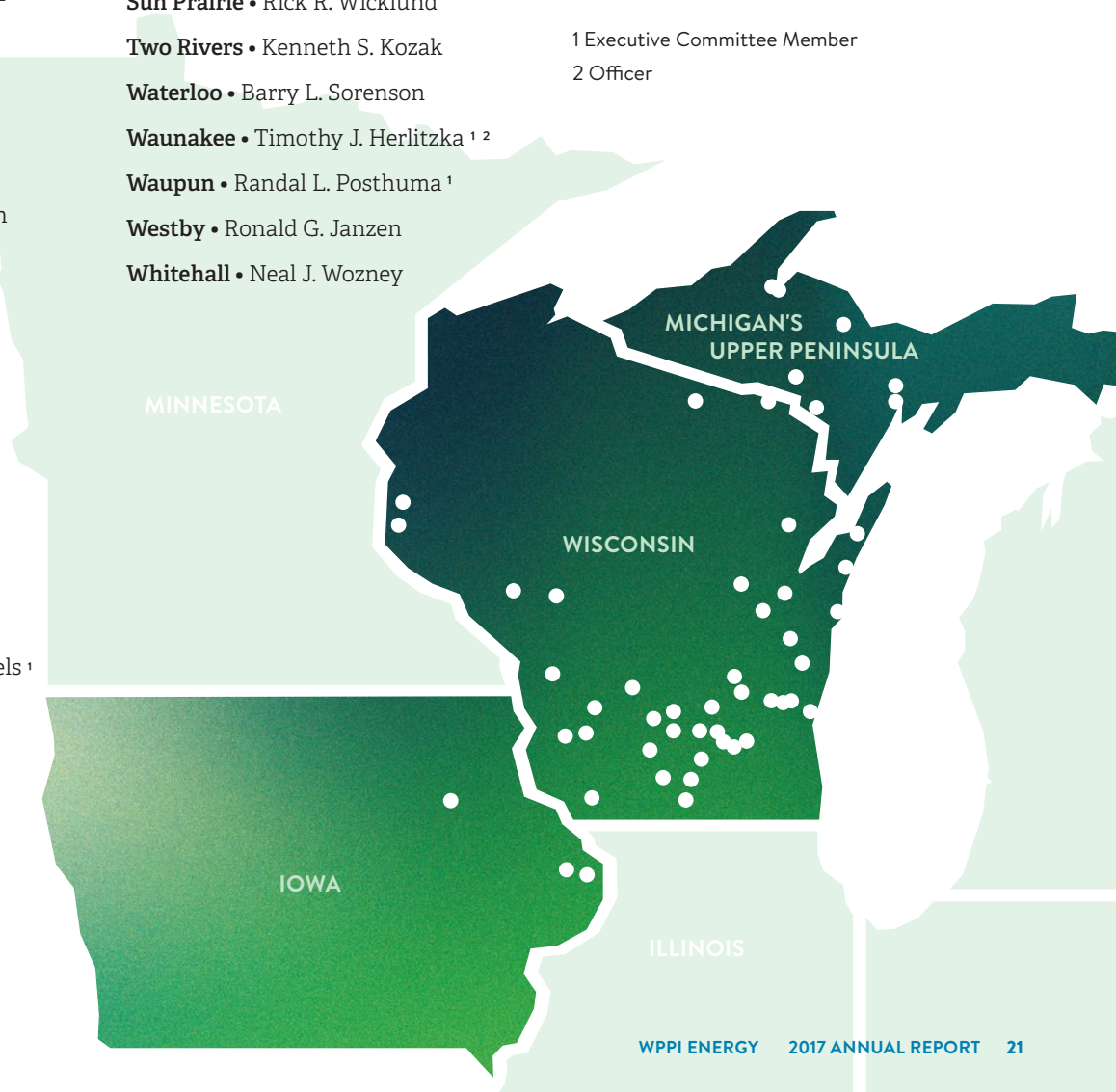
MICHIGAN

Alger Delta CEA • Thomas G. Harrell
Baraga • LeAnn M. LeClaire
Crystal Falls • David M. Graff
Gladstone • Darcy Long
L'Anse • Robert A. LaFave
Negaunee • Nate Heffron
Norway • Ray D. Anderson

IOWA

Independence • Kevin M. Sidles
Maquoketa • Christopher G. Krogman
Preston • Mayor Richard Betts

¹ Executive Committee Member
² Officer



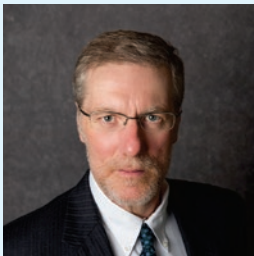
EXECUTIVE COMMITTEE

The board elects an 11-member executive committee to oversee WPPI Energy's business affairs and make recommendations for action by the board.



WPPI Energy Executive Committee: Row 1, from left: Kevin Westhuis, Jeff Feldt (Chair), Steve Thompson; Row 2: Randy Posthuma, Mike Reynolds (Secretary), Tim Herlitzka (Treasurer), Randy Jaeckels, Jim Stawicki (Vice Chair), Joe Pickart, Bob Friberg, Dale Lythjohan.

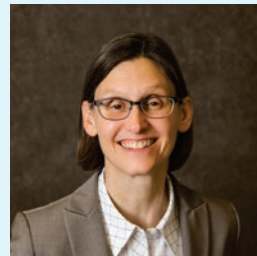
SENIOR MANAGEMENT



Michael W. Peters
President and Chief
Executive Officer



Thomas A. Paque
Senior Vice President –
Services & Business Strategy



Valy T. Goepfrich
Senior Vice President –
Power Supply



Marty J. Dreischmeier
Chief Financial Officer



Philip L. Hansen
Chief Information Officer



Thomas S. Hanrahan
General Counsel

STRONG: FINANCIAL HEALTH

WPPI Energy's financial health is excellent, with stable power supply costs to members, continued improvements in our financial position and strong credit ratings.

STABLE COSTS

We have held average power costs to members relatively flat for more than the past five years, and we continue to expect relatively flat average power costs over the next 5 years.

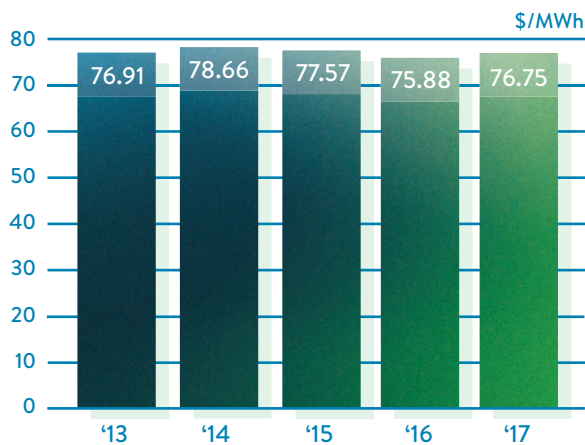
IMPROVING OUR POSITION

One of the ways we keep power supply costs down is by continuously working to improve our financial position, which helps keep our cost of borrowing low and positions

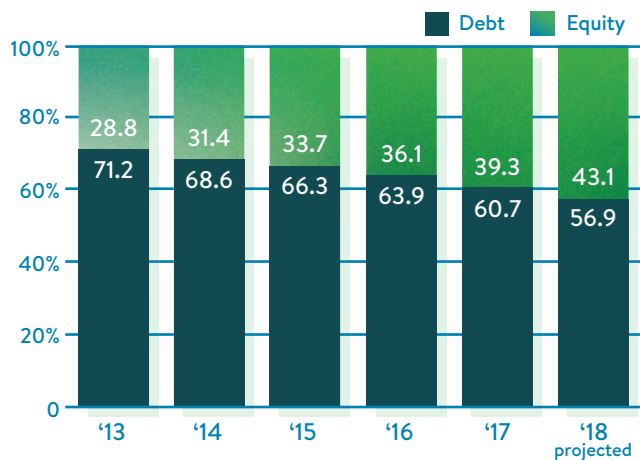
us to maintain financial flexibility in the future. WPPI Energy has been strengthening its financial position over the past five years by increasing liquidity and reducing debt, all while maintaining relatively flat power costs to members.

Since 2013, WPPI has significantly reduced its outstanding debt and increased equity, which provides greater capacity to take on additional debt if needed for future beneficial resource opportunities.

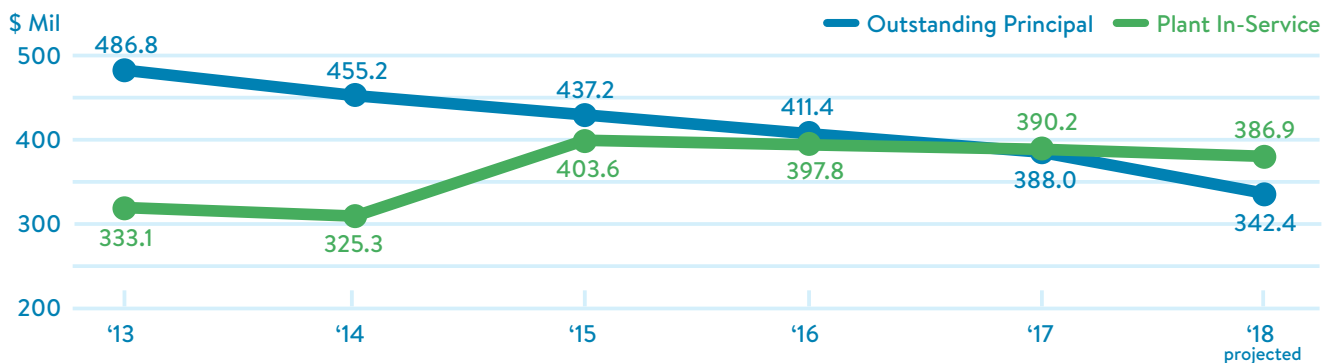
AVERAGE POWER COST TO MEMBERS



DEBT TO EQUITY RATIO



OUTSTANDING PRINCIPAL VS. PLANT IN SERVICE



MAINTAINING CREDIT RATINGS

Our credit ratings are important to keeping power supply costs affordable for the long term.

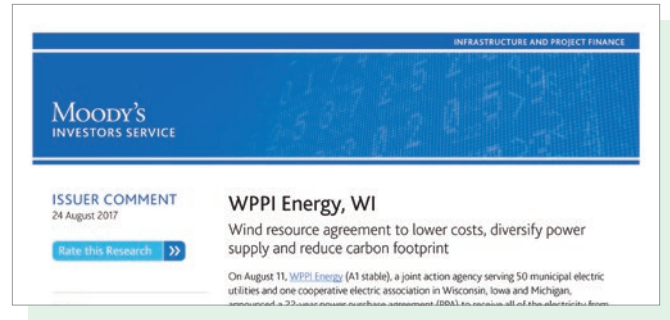
WPPI Energy's strong credit ratings are built upon our:

- Long-term, all-requirements power supply agreements with member utilities representing 98% of our load through 2055
- Diverse, flexible portfolio, including two new, cost-effective power purchase agreements in 2017
- Diversity among our 51 members
- Wholesale rates that ensure timely cost recovery
- Capable, experienced leadership team

Our ratings were re-affirmed in early 2018 when WPPI Energy issued \$41.3 million in 2018 A bonds in order to refund a portion of our outstanding 2008 A bonds. This very successful transaction will deliver a net present value savings for the membership of \$6.5 million.

BENEFIT TO MEMBERS AND CUSTOMERS

Our strength helps 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.



WPPI Energy's Bishop Hill III Wind Energy Center power purchase agreement is credit positive because it adds a cost-effective resource, enhances the diversity of supply and improves our carbon footprint, Moody's Investors Service said on August 24, 2017.



SUMMARY STATEMENTS OF NET POSITION

December 31,	2017	2016
Assets		
Current assets	\$ 167,989,061	\$ 162,169,340
Non-current assets	239,736,840	245,168,173
Capital assets	397,863,616	402,457,410
Total assets	805,589,517	809,794,923
Deferred Outflows of Resources	20,697,236	23,891,656
Liabilities		
Current liabilities	63,975,782	68,542,482
Non-current liabilities	7,917,643	7,559,398
Long-term debt	405,775,727	434,364,808
Total liabilities	477,669,152	510,466,688
Deferred Inflows of Resources	69,628,080	64,921,819
Net Position	\$ 278,989,521	\$ 258,298,072

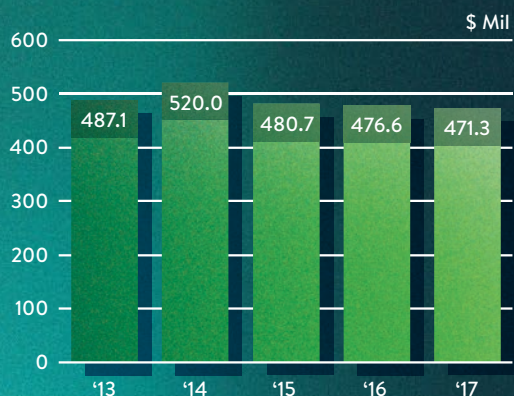
See our
complete financial
statements online at
www.wppienergy.org

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

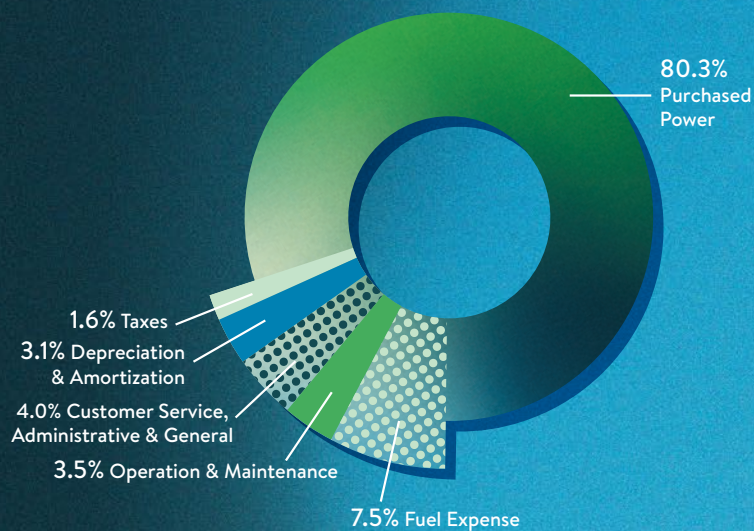
SUMMARY STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

Years ended December 31,	2017	2016
Operating revenues	\$ 471,302,057	\$ 476,587,764
Operating expenses	433,557,336	453,502,805
Operating income	37,744,721	23,084,959
Non-operating revenues (expenses), net	(6,197,619)	(1,956,197)
Future recoverable costs	(10,855,653)	(5,731,359)
Change in net position	20,691,449	15,397,403
Net position, beginning of year	258,298,072	242,900,669
Net position, end of year	\$ 278,989,521	\$ 258,298,072

OPERATING REVENUES



2017 OPERATING EXPENSES





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www.wppienergy.org

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