

2018
ANNUAL
REPORT

THE POWER OF
GREAT
PLACES





From vibrant Main Street markets to dynamic industrial hubs, and scenic waterfronts to modern agricultural centers, WPPI Energy member communities are as diverse as they are remarkable. It is our honor to feature in this report recent photos from some of these great places, including:

Gladstone, Mich. (opposite)

Hustisford, Wis. pg. 1

Cedarburg, Wis. pg. 4

Sturgeon Bay, Wis. pg. 9

Menasha, Wis. pg. 10

Oconto Falls, Wis. pg. 10

Kaukauna, Wis. pg. 15

Independence, Iowa pg. 21

Eagle River, Wis. pg. 22

Crystal Falls, Mich. pg. 22

These images only begin to capture our 51 member communities' collective strengths, character, and beauty.

WPPI Energy is a member-owned, not-for-profit regional power company that provides wholesale electricity to 51 community-owned utilities in Wisconsin, Michigan's Upper Peninsula, and Iowa. Together, WPPI Energy's member utilities provide reliable, affordable, responsible electric service to more than 200,000 homes and businesses.



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FROM THE CHAIR & PRESIDENT/CEO

Helping to make our member communities great places to live and work... this describes the mission of our member-owned joint action agency and the driving force for all that our membership accomplishes together.

THE POWER OF GREAT PLACES

Locally owned, not-for-profit utilities deliver significant value to their communities, and working together through WPPI Energy helps them preserve and enhance this value for the long term. By partnering with like-minded communities, we have achieved:

- A diverse, cost-effective power supply portfolio
- Best-in-class shared services and technology resources supporting members and their customers
- An effective voice to advocate for energy policy that protects and promotes the interests of local communities

COST-EFFECTIVE RESOURCES

In 2018, the WPPI Energy membership continued meeting local needs with a power supply that is diverse and cost-effective. In June, the membership cut the ribbon for the 132-megawatt Bishop Hill III Wind Energy Center.

→ Read more about our new wind energy center on p. 11

Our average wholesale power supply cost to members – which decreased by 7.4 % in 2018 – are highly competitive with our utility peers in the region, and we are on track for a more than 37% reduction in carbon dioxide emissions from 2005 levels by 2025.

FINANCIAL STRENGTH

Our financial health is strong, and we continued reducing our debt in 2018. In April, we refinanced \$47 million of our 2008 A bonds for a present-value savings of \$6.5 million, which is passed directly to members. In July, we paid off another \$15.2 million of 2008 A bonds early, delivering additional rate reductions to members.

ADVANCED SERVICES AND TECHNOLOGIES

Throughout 2018, we continued to advance our cost-effective shared programs that help WPPI Energy member utilities provide great service for their customers and their communities. More member utilities than ever are now using our technology services to meet their customer service and operational needs; a WPPI Energy member-led task force designed and delivered a roadmap for utilities interested in advanced outage management systems; and we introduced new funding and support to help member utilities promote local use of electric vehicles.

EFFECTIVE ADVOCACY

We also remained actively engaged with policymakers at the state and federal levels. Throughout the year, WPPI Energy members' elected and appointed officials used the shared strength of their combined voices to advocate for sound energy policies that protect and advance the interests of customers and communities they serve.

A diverse and competitive wholesale power supply. Best-in-class programs and services delivering significant local value. An effective voice for advocacy. This is the joint action advantage of 51 local utilities partnering for the benefit of those they serve.

This is the power of great places.

Jeff Feldt, WPPI Energy Chair
General Manager, Kaukauna Utilities

Mike Peters, President/CEO





OPEN

0800 5000

Small
Animals
Garden



MEMBER-OWNED & MEMBER-DRIVEN

Not-for-profit, public power utilities deliver significant benefit to those they serve. Partnering through WPPI Energy helps them gain the advantage of strength in numbers while retaining community control of this valuable local asset. Working together, WPPI Energy member utilities share both their longstanding experience and a singular focus on customers and the community.

A PROVEN TRADITION.

Public power is a tradition that works. Many WPPI Energy members possess well over a century of experience providing reliable, affordable, responsible power and customer-focused service. The advantages they deliver for their communities are well-established and strongly valued.

Congratulations to the following WPPI Energy members for their milestone public power anniversaries in 2018.



110
L'ANSE



120
EAGLE RIVER



110
WATERLOO



120
FLORENCE



90
GLADSTONE



125
INDEPENDENCE



120
COLUMBUS



105
BRODHEAD

BOARD OF DIRECTORS

Member-owned WPPI Energy is built on the principle that all members contribute their expertise and experience to participate in decision-making for the organization. The WPPI Energy Board of Directors is comprised of 51 representatives — one from each member community.

WISCONSIN

Algoma • Peter A. Haack
Black River Falls • Casey E. Engebretson
Boscobel • Michael B. Reynolds^{1 2}
Brodhead • Jeffrey A. Peterson
Cedarburg • Dale A. Lythjohan¹
Columbus • Michelle Kaltenberg
Cuba City • George A. Morrissey
Eagle River • Mike Sanborn
Evansville • James A. Brooks
Florence • Robert A. Friberg¹
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 • Kevin Funseth
New Holstein • Randy T. Jaeckels¹
New London • Stephen M. Thompson¹
New Richmond • Weston Arndt
Oconomowoc • Joseph R. Pickart¹
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. Westhuis¹
Slinger • Jessi L. Balcom
Stoughton • Vacant
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. Posthuma¹
Westby • Ronald G. Janzen
Whitehall • Neal J. Wozney

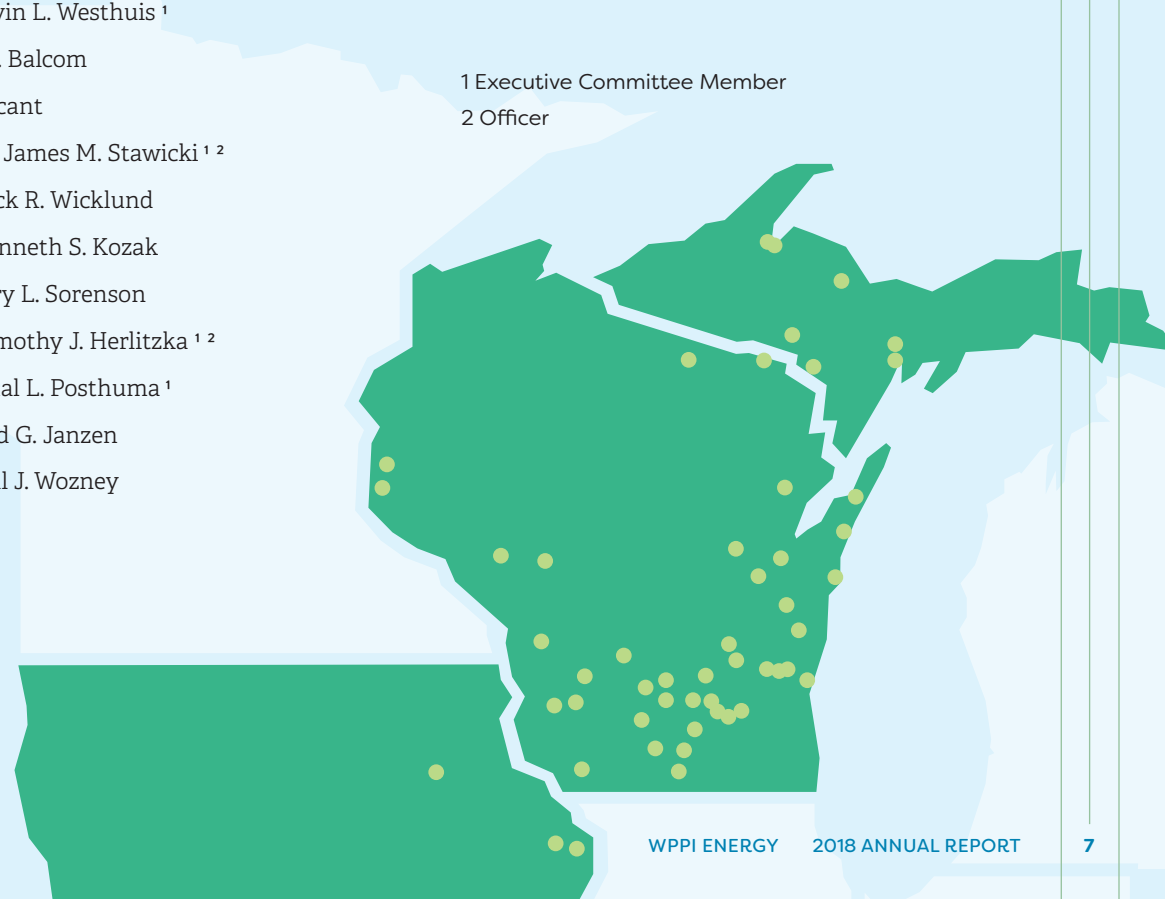
MICHIGAN

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

The WPPI Energy Executive Committee includes, from left to right: (Row 1) 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; and Dale Lythjohan.



SENIOR MANAGEMENT

WPPI Energy's executive staff team, which is led by President/CEO Mike Peters, implements the board-approved WPPI Energy business strategy and directs the company's operations.

The WPPI Energy executive staff team includes, from left to right: Phil Hansen, Chief Information Officer; Tom Paque, Senior Vice President – Services & Business Strategy; Mike Peters, President/Chief Executive Officer; Valy Goepfrich, Senior Vice President – Power Supply; Tom Hanrahan, General Counsel; and Marty Dreischmeier, Chief Financial Officer.





COST-EFFECTIVE POWER SUPPLY

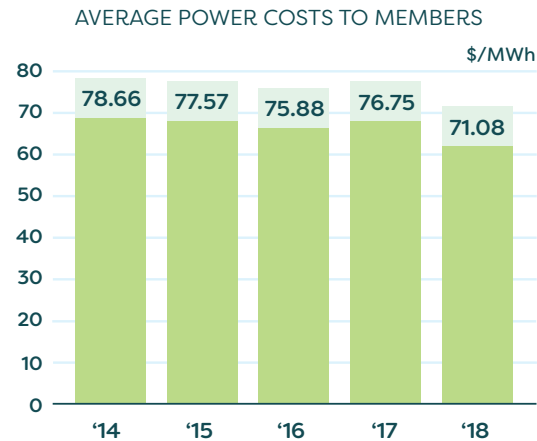
WPPI Energy member utilities deliver reliable, affordable, responsible electricity to power their 51 communities. By partnering through WPPI Energy to achieve greater economies of scale, together they have built a flexible, diverse, and cost-competitive wholesale power supply.



COMPETITIVE WHOLESALE COSTS

When it comes to power supply costs, WPPI Energy's focus is on stability and competitiveness. We remain highly competitive among our utility peers in the region, and we have held our average wholesale power cost to members relatively flat for more than the past five years. In 2018, WPPI Energy's average wholesale power cost to members decreased 7.4%.

→ Read more about our financial strength on p. 24



NEW RESOURCE: BISHOP HILL III WIND ENERGY CENTER

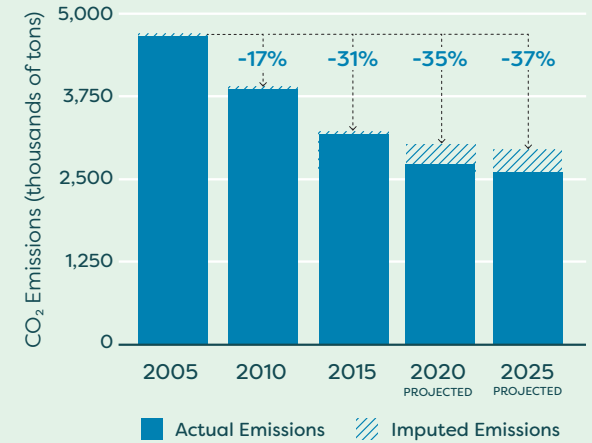
Utility leaders and local officials from across the membership got a firsthand look at their newest power supply resource in late June, when they cut the ribbon for the 53-turbine Bishop Hill III Wind Energy Center. WPPI Energy signed an agreement to purchase power from the 132-megawatt project through mid-2040.

Of the dozens of responses WPPI Energy received to a request for proposals for new power supply resources, Bishop Hill III rose to the top because not only does it further diversify WPPI Energy's power supply portfolio, it is projected to lower wholesale costs to members over the long term.

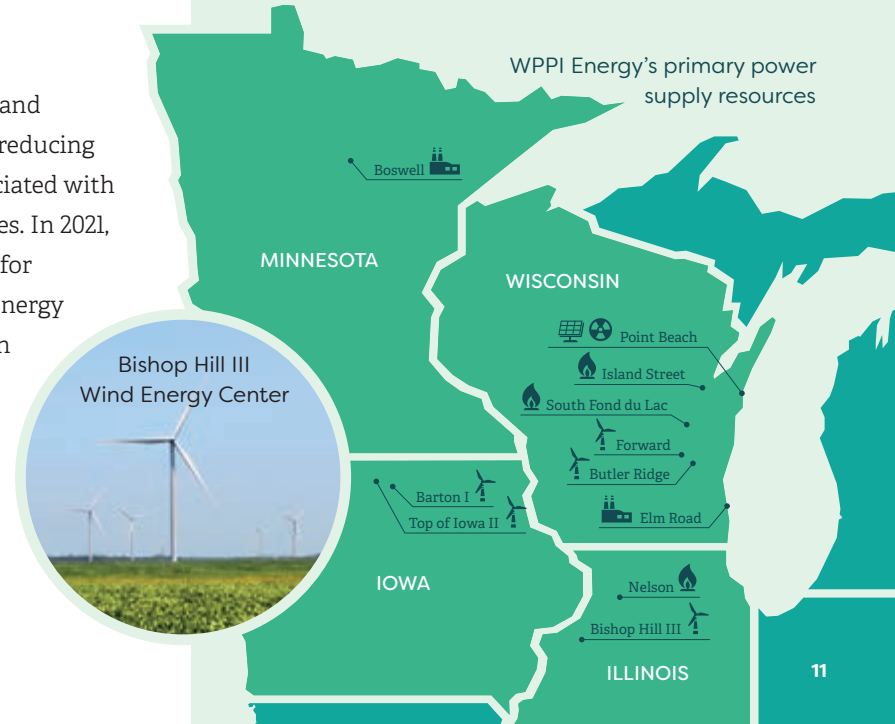
REDUCING CARBON DIOXIDE EMISSIONS

In addition to diversifying our portfolio and lowering our costs, WPPI Energy is also reducing the carbon dioxide (CO₂) emissions associated with supplying power to member communities. In 2021, solar power from another new resource for WPPI Energy — the Point Beach Solar Energy Center — will come online, keeping us on track for a more than 37% reduction in CO₂ emissions from 2005 levels by 2025.

WPPI ENERGY POWER SUPPLY CO₂ EMISSIONS



The solid bars in the chart represent WPPI Energy's actual emissions from WPPI Energy-owned generating units and purchased power from specific generating units, utility systems and the Midcontinent Independent System Operator (MISO) market. The dashed bars represent imputed emissions for renewable resources for which WPPI Energy did not purchase the associated renewable energy certificates or credits (RECs) in the first instance, or for which the associated RECs have been sold. It is possible that RECs currently held by WPPI Energy may be sold to third parties in the future, which would result in an increase in imputed emissions. Actual emissions from MISO market purchases and imputed emissions were determined using a calculated residual emission rate factor equal to the average emission rate of non-renewable resources in the MISO market. See p. 13 for more information regarding RECs.





BADGER COULEE TRANSMISSION PROJECT ENERGIZED

Owning transmission assets delivers a valuable return that helps offset increasing costs for transmission service, which now represent more than 15% of WPPI Energy’s wholesale rate to members. In 2018, we celebrated the completion of the Badger Coulee 345 kilovolt (kV) transmission project, which runs from the Briggs Road substation north of La Crosse to northern Dane County in Wisconsin. WPPI Energy owns 1.5% of the line between the Briggs Road and North Madison substations.

In addition, WPPI Energy owns approximately 9.5% of the Wisconsin portion of the 345kV Hampton-Rochester-La Crosse CapX2020 project. We recover a majority of the costs associated with our direct transmission ownership as a transmission owner within the Midcontinent Independent System Operator.

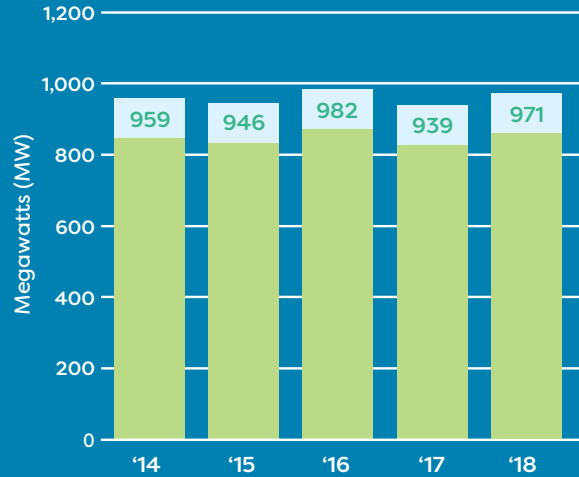
WPPI Energy also has a 6.7%, \$132-million equity ownership interest in the American Transmission Co.

2018 POWER SUPPLY RESOURCES

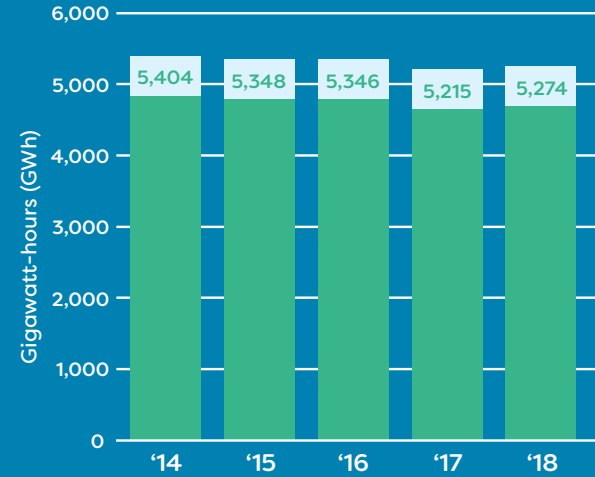
Owned Generation	Fuel	Capacity (MW)
Boswell Unit 4	Coal	117
Elm Road Generating Station	Coal	106
South Fond du Lac Units 1 & 4	Gas	154
Island Street Peaking Plant	Gas	52
Worthington Wind Turbines	Wind	2

Power Purchase Agreements	Fuel	Capacity (MW)
WPS	System Energy	150
WEPCO	System Energy	50
Bishop Hill III Wind Energy Center	Wind	132
Point Beach Nuclear Plant	Nuclear	117
Nelson Energy Center	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

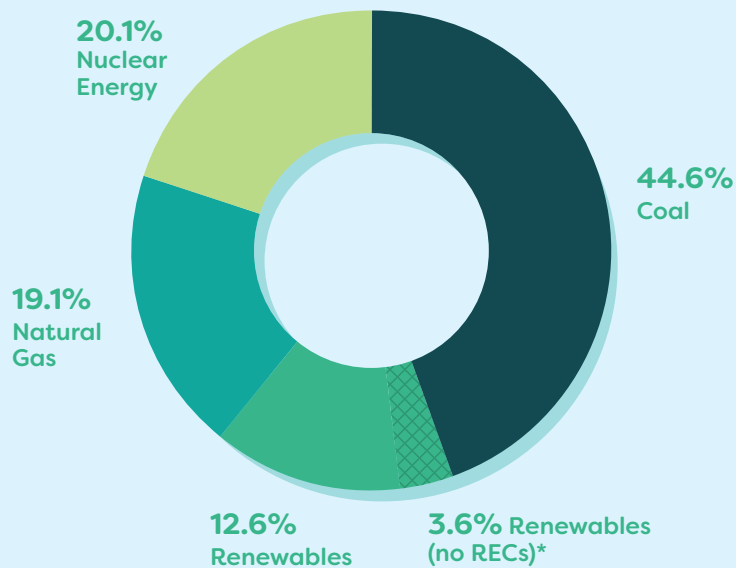
PEAK DEMAND



ENERGY REQUIREMENTS



2018 FUEL MIX



*For every megawatt hour of electricity produced by renewable sources, a renewable energy certificate or credit (REC) is created. The person or entity holding that REC is entitled to claim all of the environmental benefits of the associated renewable electricity generation. WPPI Energy holds some, but not all, of the RECs associated with the electricity it receives from renewable sources. WPPI Energy uses RECs (by retiring them within a REC tracking system) in connection with certain WPPI Energy and member programs and to comply with state renewable energy standards. WPPI Energy also sells some RECs, the revenues from which help lower the wholesale costs for WPPI Energy's members.

The area of the chart labeled "Renewables" represents the portion of electricity received from renewable sources for which WPPI Energy received and has not sold the associated RECs. These RECs may in the future be used by WPPI Energy to comply with regulatory requirements, retired for other purposes or sold to third parties as described above. The portion of the chart labeled "Renewables, No RECs" represents the portion of electricity received from renewable sources for which WPPI Energy did not purchase the associated RECs in the first instance, or for which the associated RECs have been sold.



ADVANCED SERVICES & TECHNOLOGIES

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

UTILITIES OF THE FUTURE

A changing utility industry, evolving customer expectations, and new approaches to gaining operational efficiencies... WPPI Energy members are making the most of all these opportunities and more. Together, they have built a comprehensive array of cost-effective, shared programs and advanced technologies for the benefit of their customers and their communities. As a result of their joint action efforts, the WPPI Energy membership is prepared for success, today and well into the future.

MOVING AHEAD WITH ELECTRIC VEHICLES

WPPI Energy members have long recognized the potential for electric vehicles (EV) to make better use of the grid's existing capacity. In 2018, we rolled out several new initiatives to help interested members promote EV market advancement, including:

- Assistance with **customer outreach**
- **Matching funds** to offset costs for utility-, municipal- or customer-owned charging stations
- **Rate-design support** to help make EV technology even more viable for customers



The WPPI Energy vehicle fleet features a Chevy Bolt EV, and visitors can access Level-2 EV charging stations in our parking lot.



DATA MANAGEMENT

120,000

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



BILLING AND RATE COMPLIANCE

40

Member utilities benefiting from WPPI Energy's billing and rate compliance support



ADVANCED METERING

37

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

33

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



CUSTOMER INFORMATION

41

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



CUSTOMER ENGAGEMENT

17

Member utilities using or preparing to use WPPI Energy's new online self-service tools

DELIVERING THE BENEFITS OF TECHNOLOGY

Industry tools such as advanced meters, customer information systems, and online customer self-service platforms help utilities increase their operational efficiencies and responsiveness. WPPI Energy members are leveraging the power of joint action to deliver cost-effective technologies and shared support services to meet their local needs.

EXCEEDING EXPECTATIONS, BOOSTING THE BOTTOM LINE

WPPI Energy members help their customers reduce energy waste, protect the environment, and improve their bottom line. These efforts yield significant utility bill savings and strengthen customer satisfaction. In 2018, we exceeded our goals for member customer participation in state, local, and WPPI Energy programs and incentives. In total, we helped member customers lower their electric bills by an estimated \$8.2 million.

RENEWABLE ENERGY OPTIONS

Customers of all types continue to seek opportunities for using renewable energy. WPPI Energy members offer options like the Choose Renewable program, through which customers can offset some or all of their electric usage with energy from renewable resources such as wind, solar, hydro, and biogas.

Revenues from the self-sustaining program are put to work to promote local use of renewables. As a result, WPPI Energy has helped fund 56 community-based renewable energy demonstration projects. In addition, we have awarded grants for 22 non-profits in member communities to install and own solar photovoltaic projects, which in aggregate provide the organizations total savings of \$100,000 per year.

SUPPORTING STRONG LOCAL ECONOMIES

In addition to helping businesses save, WPPI Energy members also help them grow. Efforts like our New Load Market Pricing Rate encourage large energy users — which are often among the largest local employers — to locate or expand in member communities. The resulting economic growth boosts competitiveness for the local community and the membership as a whole.



26

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



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

4,200 HOMES



WPPI Energy members helped customers lower their electric bills in 2018 by

\$8.2 M

MEMBER TASK FORCE DELIVERS OUTAGE MANAGEMENT ROADMAP

People with goals
succeed because
they know where
they're going.

-Earl Nightingale

Since WPPI Energy's founding almost 40 years ago, our membership has always worked together with the common goal of providing excellent service for their customers and communities. This was certainly the case recently, when a group of member utility employees joined forces to investigate emerging utility outage management technologies.

Excellent reliability is a hallmark of public power, and it's something WPPI Energy members are strongly committed to deliver. The membership also has a long track record of collaborating on the use of modern utility technologies such as advanced meters and data management systems, updated customer information and billing systems, online customer-self-service platforms, and more. Together through joint action, they share applications, expertise and staffing support to cost-effectively deliver on the promise of technology for the good of their communities.

"Feedback from the membership indicated we should look at the next technology that would significantly improve utility operations and give our customers the information they expect,"

says Waupun Utilities General Manager Randy Posthuma, who chaired the WPPI Energy Member Outage Management Task Force. "It was our vision to explore what outage management systems could look like for member utilities and for customers."

Computerized outage management tools use data from such systems to identify and predict service outages, prioritize response efforts for faster restoration, and coordinate communications with customers. Recognizing the opportunity to put their joint action strategy to work on outage management, WPPI Energy members formed the task force to investigate.

"The group had a broad range of backgrounds," Posthuma says. "We had general managers, engineers, utility operations experts, and customer service and office managers all at the table."

Task force members used their diverse shared expertise to examine the topic of outage management from all angles. In addition to considering potential operational benefits, they also took into account findings from the membership's recent customer research, which



OUTAGE MANAGEMENT TASK FORCE REPORT

FOR WPPI ENERGY MEMBERS

2018

identifies outage communications as one of the most effective ways to take customer satisfaction to an even higher level.

“We now serve customers who grew up with a smart phone in hand and a world of information at their fingertips, and we want to be proactive about how we can best serve them in the future,” says Sun Prairie Utilities Customer Service Manager Dave Euclide. “How great would it be for us to not only proactively message customers that we are aware of an outage, but also provide them an expected restoration time and a follow-up confirmation when service is restored?”

The result would benefit both the utility and its customers, notes Euclide. “By using smart equipment in the field and accurate utility plant data, an outage management system has the potential to make us all smarter.

Among the group’s earliest conclusions was that — while outage management can incorporate a wide variety of equipment, data, tools, and practices — mapping almost always plays a central role. One immediate result of this insight was the

TASK FORCE MEMBERS



RANDY POSTHUMA
(CHAIR) WAUPUN



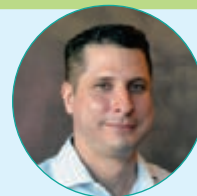
JASON BIERI
STURGEON BAY



DAVID EUCLIDE
SUN PRAIRIE



STEVE GRENELL
MENASHA



BRIAN HOOPS
STOUGHTON



DAVE PAHL
KAUKAUNA



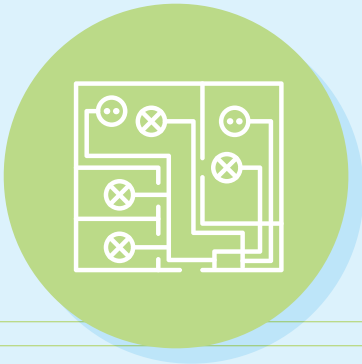
JOE PICKART
OCONOMOWOC



SHANNON STATZ
JEFFERSON



JEFF THIERFELDER
CEDARBURG



development by WPPI Energy of an online outage map for members built on their existing advanced metering infrastructure (AMI).

Not only does this basic but very functional map deliver added value for members' AMI investments, but the WPPI Energy staff also developed it in-house, at no additional cost to members.

While the AMI-based map is anticipated to work well for many members, the group also expects that some will want to pursue additional outage management functionality. More complex approaches typically integrate data from additional sources, such as utility customer service tools and applications, supervisory control and data acquisition (SCADA) systems, and Geographical Information System (GIS) mapping, to name a few.

With this diverse set of needs and technologies in mind, task force members resolved to distill their shared insights and expertise into a multi-tiered roadmap. The resulting report, which they delivered in December, lays out a path for all

interested WPPI Energy members to advance their outage management capabilities in the way that best meets their local needs and priorities.

One key finding was that, while developing fully functional GIS resources is a practical first step toward more advanced outage management, the associated costs would likely present a hurdle for some utilities. With this in mind, the task force recommended — and the membership has since implemented — a joint action WPPI Energy program for affordable GIS

consulting support. Many members are now taking steps to begin this work.

“Each utility will set its own course to meet its outage management needs,” says Oconomowoc Utilities Superintendent Joe Pickart. “That’s a big part of how we work together as WPPI Energy members; we develop cost-effective shared programs and technologies, and decisions about how and when to implement happen at the local level.”

When it comes to managing and communicating with customers about outages, there’s no question that an individual utility-directed approach works best. With its flexible, multi-tiered approach, the Outage Management Task Force’s work demonstrates how WPPI Energy members retain local control while also leveraging their shared strengths in order to maximize the value of technology for their communities.

MEMBER-DRIVEN EFFORT DELIVERS RESULTS

Outage map
Comprehensive roadmap
GIS support





EFFECTIVE ADVOCACY

WPPI Energy's advocacy efforts are driven by an engaged and active membership. Together, local elected and appointed community officials from across WPPI Energy's membership speak with the combined strength of 51 like-minded communities working together with a common purpose.



MEMBERS CONVERGE IN WASHINGTON, D.C.

Forty-eight utility staff and local officials representing 22 WPPI Energy member communities attended the American Public Power Association Legislative Rally February 26-28, 2018 in Washington, D.C. to advocate on behalf of their customers and the 2,000+ public power communities across the nation.



U.S. Senator Tammy Baldwin (row 1, center) represents WPPI Energy's 41 Wisconsin member communities.



U.S. Rep. Ron Kind (third from left) serves Wisconsin's 3rd U.S. Congressional District, which includes the WPPI Energy member communities of Black River Falls, Boscobel, Cuba City, Muscodia, Richland Center, River Falls, Westby and Whitehall.



U.S. Rep. Mark Pocan (fifth from left) serves Wisconsin's 2nd U.S. Congressional District, which includes the WPPI Energy member communities of Brodhead, Evansville, Mt. Horeb, New Glarus, Prairie du Sac, Reedsburg, Stoughton, Sun Prairie and Waunakee.



U.S. Rep Mike Gallagher (row 1, third from right) serves Wisconsin's 8th U.S. Congressional District, which includes the WPPI Energy member communities of Algoma, Kaukauna, New Holstein, New London, Oconto Falls and Sturgeon Bay.

FOCUSED ON ISSUES THAT MATTER

Raising awareness about the importance of **municipal bond financing** – a key mechanism for affordably financing critical infrastructure and delivering essential services – remains our top policy priority. In 2018, we thanked our congressional delegation for their work to preserve the tax-exempt status of municipal bonds throughout the process of drafting and passing the Tax Cut & Jobs Act in late 2017. We also highlighted the beneficial impacts of municipal bond-financed local projects, and we advocated for future steps to simplify rules governing municipal bonds so that local governments may make the most of this

cost-effective financing tool for necessary infrastructure build-out across the nation.

Additional priorities for the WPPI Energy membership's energy policy outreach in 2018 and beyond include:

- Keeping decisions about distributed energy resources local, allowing public power utilities to work with their communities, local leaders, and state regulators to ensure that all customers who benefit from the grid help to maintain it
- Preserving municipal utilities' longstanding exemption from federal pole attachment regulations in order to ensure an orderly and

safe process for others to attach to local poles, and a local determination of appropriate cost-sharing so that electric customers are not subsidizing broadband pole attachments for communications providers

- Ensuring that any future cybersecurity proposals continue to be implemented through the existing federal regulatory structure, whereby the North American Electric Reliability Corporation issues and enforces standards approved by the Federal Energy Regulatory Commission, and avoiding one-size-fits-all proposals that would unduly burden small- and medium-sized utilities



WPPI Energy Manager of Government Relations Joseph Owen (left) and Board Chair Jeff Feldt (right) in August with then-Speaker of the U.S. House of Representatives Paul Ryan. Throughout his impactful tenure in the House, the WPPI Energy membership appreciated Mr. Ryan's willingness to engage with and respond to the concerns of small public power communities across Wisconsin. His leadership on preserving our ability to issue tax-exempt debt throughout the tax reform process will save WPPI Energy member customers money as we modernize municipal utility infrastructure across Wisconsin, Michigan and Iowa.



Wis. State Senate Majority Leader Scott Fitzgerald (seventh from left) visited in October with WPPI Energy member officials and staff in Columbus.



Menasha Utilities staff and community officials met in October with Wis. State Rep. Amanda Stuck (third from right).



Columbus Water & Light welcomed a visit in June from U.S. Rep. Glenn Grothman (right).

MAKING A DIFFERENCE WITH IN-DISTRICT VISITS

Throughout the year, WPPI Energy arranges in-district visits with members and the policymakers who represent them. During these meetings, local member elected and appointed officials work to build strong policymaker relationships for the benefit of local utility customers and constituents.

In 2018, elected state and federal officials representing 19 member communities participated in such gatherings. Hosted in member communities and attended by local officials from each legislator's district, the visits provide important opportunities to showcase the value provided by public power utilities and to discuss economic development and pending energy policy issues.



FINANCIAL STRENGTH

WPPI Energy’s excellent financial health can be attributed to our ongoing focus on maintaining stable, competitive costs to members for the long term while continuing to increase equity and reduce debt.

STABLE, COMPETITIVE COSTS

When it comes to power supply costs, our focus is always on stability and competitiveness for WPPI Energy members. Our average wholesale power cost to members decreased by 7.4 % in 2018, and we have held the cost to members relatively flat for more than the past five years.

→ See our 2014 – 2018 average wholesale power costs on p. 11

REDUCING DEBT, IMPROVING OUR POSITION

Continuing to improve WPPI Energy’s financial position is one of the ways we keep power supply costs down. WPPI Energy has strengthened its financial position by increasing equity, increasing liquidity, and reducing debt — all while maintaining relatively flat power supply costs to members. These efforts provide greater capacity

for WPPI Energy to take on additional debt if needed for future beneficial resource opportunities.

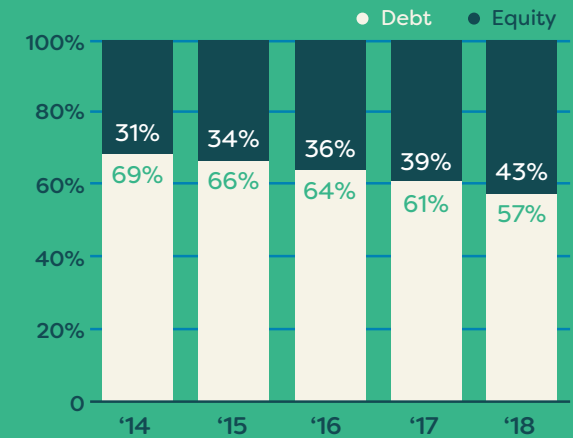
BOND REFINANCING

In April, we closed on the issuance of \$41.34 million in fixed rate bonds. We used the proceeds to refund a portion of WPPI Energy’s outstanding 2008 A bonds. The refunding resulted in present-value savings of \$6.5 million for members. In July, we used other available funds to pay off WPPI Energy’s remaining \$15.2 million in 2008 A bonds, delivering additional rate reductions for the membership.

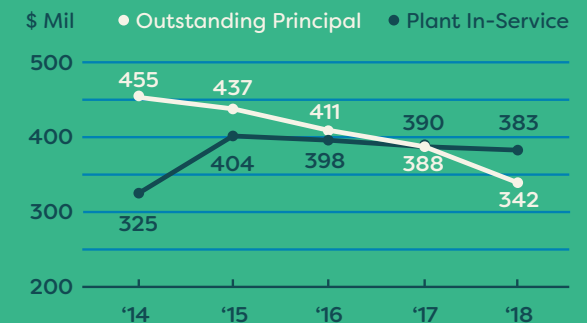
Long Term
Bond Rating

S&P A
Moody's A1
Fitch A+

DEBT-TO-EQUITY RATIO



OUTSTANDING PRINCIPAL VS. PLANT IN SERVICE



SUMMARY STATEMENTS OF NET POSITION

December 31,	2018	2017
Assets		
Current assets	\$ 146,826,893	\$ 167,989,061
Non-current assets	251,617,156	239,736,840
Capital assets	386,961,678	397,863,616
Total assets	785,405,727	805,589,517
Deferred Outflows of Resources	19,812,331	20,697,236
Liabilities		
Current liabilities	55,950,036	63,975,782
Non-current liabilities	8,113,959	7,917,643
Long-term debt	366,431,567	405,775,727
Total liabilities	430,495,562	477,669,152
Deferred Inflows of Resources	83,071,455	69,628,080
Net Position	\$ 291,651,041	\$ 278,989,521

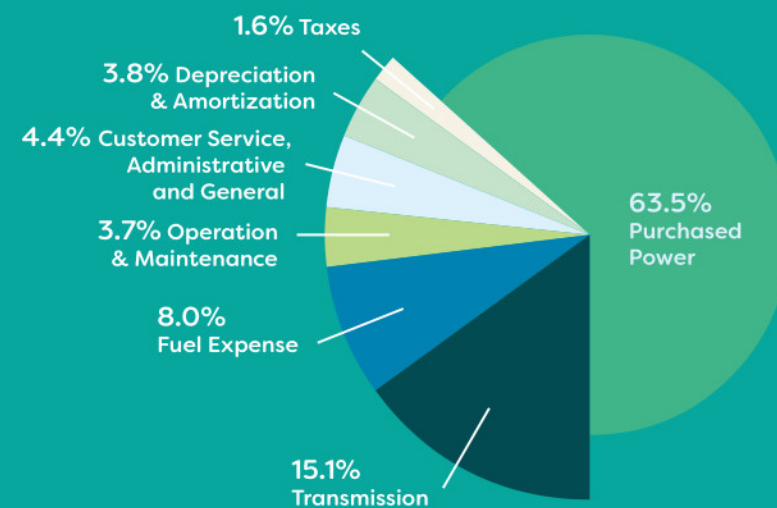
SUMMARY STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

Years ended December 31,	2018	2017
Operating revenues	\$ 451,539,170	\$ 471,302,057
Operating expenses	432,003,638	433,557,336
Operating income	19,535,532	37,744,721
Non-operating revenues (expenses), net	(1,159,823)	(6,197,619)
Future recoverable costs	(5,966,835)	(10,855,653)
Change in net position	12,408,874	20,691,449
Net position, beginning of year	278,989,521	258,298,072
Cumulative effect of change in accounting principle	252,646	
Net position, end of year	\$ 291,651,041	\$ 278,989,521

OPERATING REVENUES



2018 OPERATING EXPENSES



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



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