




FISCAL YEAR 2018 THIRD QUARTER HIGHLIGHTS



1425 Corporate Center Drive
Sun Prairie, WI 53590-4500
Phone: 608.834.4500
Fax: 608.837.0274



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Financial Highlights

During the third quarter of 2018, WPPI Energy's change in net position was \$15,153,575 compared to \$18,744,561 in the third quarter of 2017. WPPI Energy planned for its largest change in net position during the third quarter in both 2017 and 2018 due to seasonal wholesale rates that include a higher demand charge during the summer months.

Energy sales to members totaled 1,396,724 megawatt-hours (MWh) in the third quarter of 2018. This is 44,485 MWh, or 3.3%, more than the same period a year ago. Total operating revenues for the third quarter in 2018 were \$138,874,674, which is 4.8% lower than the same period a year ago. Total operating expenses for the third quarter in 2018 were \$122,227,314, which is 1.1% lower than the same period a year ago. The decrease in operating revenues is primarily due to a lower average cost of power to members in the third quarter of 2018 compared to 2017. The decrease in operating expenses is primarily driven by lower purchased power and transmission expenses.

Power Supply Update

WPPI Energy's 20% share of Boswell Energy Center Unit 4 generated 204,408 megawatt-hours at an average capacity factor of 79.1% during the third quarter of 2018. This compares to generation of 206,304 MWh and an average capacity factor of 79.9% in the third quarter of 2017. The unit was out of service for three days in July of this year to repair a tube leak.

WPPI Energy's 8.33% share of the Elm Road Generating Station units generated 181,306 MWh at an average capacity factor of 77.7%. During the same quarter a year ago, the units generated 175,721 MWh at an average capacity factor of 75.3%. Unit 1 was out of service for 22 days in September of this year for a planned outage. Unit 1 was also out of service for six days in August of this year to repair a tube leak.

News Highlights

The WPPI Energy membership's 2018 WPPI Annual Meeting took place September 13 in Madison, Wis. With a theme of "Utilities of the Future: Ready to Serve," the program featured a State of WPPI address by President and CEO Mike Peters and Board of Directors Chair Jeff Feldt, an awards presentation recognizing 11 individuals and one community for their significant contributions to public power and joint action, and a variety of guest presenters covering topics ranging from innovation and the economy to electric system disaster recovery and more. The Board of Directors met the following morning.

Company Profile

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

FINANCIAL STATEMENTS

Statements of Net Position (Unaudited)

| September 30, | 2018 | 2017 |
|--|----------------|----------------|
| Assets | | |
| Current assets | \$ 152,474,737 | \$ 167,001,535 |
| Non-current assets | 241,486,291 | 234,057,272 |
| Electric plant, equipment, and land, net | 379,454,876 | 388,184,028 |
| Construction work in progress | 9,956,594 | 7,858,730 |
| Total assets | 783,372,498 | 797,101,565 |
| Deferred Outflows of Resources | 17,262,476 | 20,652,735 |
| Liabilities | | |
| Current liabilities | 57,532,980 | 70,524,071 |
| Non-current liabilities | 8,280,843 | 8,031,909 |
| Long-term debt, net | 367,510,740 | 406,819,818 |
| Total liabilities | 433,324,563 | 485,375,798 |
| Deferred Inflows of Resources | 76,419,796 | 60,716,851 |
| Net Position | \$ 290,890,615 | \$ 271,661,651 |

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

| | Quarter Ended September 30, | | Fiscal-to-Date | |
|---|-----------------------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| Operating Revenues | \$ 138,874,674 | \$ 145,849,209 | \$ 350,248,862 | \$ 369,854,817 |
| Operating Expenses | | | | |
| Purchased power | 81,498,749 | 82,492,635 | 212,647,273 | 228,174,956 |
| Transmission | 17,138,827 | 17,933,679 | 49,454,814 | 49,816,654 |
| Fuel expense | 9,003,202 | 8,968,284 | 25,994,481 | 25,398,938 |
| Operation and maintenance | 3,658,788 | 2,891,686 | 9,314,300 | 8,529,353 |
| Customer service and administrative and general | 5,123,696 | 5,560,454 | 15,265,297 | 15,538,014 |
| Depreciation and amortization | 4,087,549 | 4,023,836 | 12,306,618 | 12,271,821 |
| Taxes | 1,716,503 | 1,755,461 | 5,364,222 | 5,301,186 |
| Total operating expenses | 122,227,314 | 123,626,035 | 330,347,005 | 345,030,923 |
| Operating Income | 16,647,360 | 22,223,174 | 19,901,857 | 24,823,894 |
| Non-Operating Revenues (Expenses) | | | | |
| Investment income | 3,450,390 | 3,254,389 | 10,543,947 | 9,475,980 |
| Interest expense | (4,230,486) | (4,814,392) | (13,794,782) | (14,994,167) |
| Other | (713,689) | (1,918,610) | (4,749,928) | (5,942,128) |
| Total non-operating revenues (expenses), net | (1,493,785) | (3,478,613) | (8,000,763) | (11,460,315) |
| Change in Net Position | \$ 15,153,575 | \$ 18,744,561 | \$ 11,901,094 | \$ 13,363,579 |

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

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

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

Evansville
Florence
Hartford
Hustisford
Jefferson
Juneau
Kaukauna
Lake Mills
Lodi

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

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

Two Rivers
Waterloo
Waunakee
Waupun
Westby
Whitehall

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

IOWA
Independence
Maquoketa
Preston