

FORTY & FORWARD



2019 ANNUAL REPORT



Member-owned, not-for-profit WPPI Energy serves 51 locally owned electric utilities. Together, WPPI members have built a diverse, competitive and responsible power supply. They share advanced technologies and forward-thinking services, and they speak with a unified voice for effective energy policy advocacy.

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2019 ANNUAL REPORT



WPPI Energy Board President Jeff Feldt (left) and President & CEO Mike Peters

A message from the chair & President/CEO

FOR FORTY YEARS + MORE

In the four decades since WPPI Energy members created our joint action agency, they have successfully confronted adversity together time and time again. From winning the right to develop their own power supply to building advanced technologies and services, the not-for-profit, locally owned member utilities of WPPI have proven the power of their shared expertise and unity of purpose.

FOR SHARED STRENGTH

Now, as we all face the unprecedented challenge of COVID-19, we are reminded that working together makes us stronger. In these uncertain times, our members' enduring, singular focus on customers and their local communities will be more important than ever. And, while the world has changed significantly since some of the 2019 developments reported in this publication, **our commitment to stand behind WPPI members remains steadfast** as well. We are fully prepared and equipped to continue fulfilling our responsibility for supplying wholesale power and meeting the WPPI membership's service and support needs.

MOVING FORWARD

Just as it was when we were created in 1980, delivering a competitive and stable long-term power supply remains our priority. **WPPI is highly competitive** with our peer wholesale power suppliers in the region. In 2019, our average wholesale power cost to members was lower than each of the past five years. In the past two years, our average wholesale power cost decreased a total of 8.4%.

We are also making our portfolio even more diverse and sustainable. Our power supply today is around 30% carbon-free, and we're not stopping there. In December, the Public Service Commission of Wisconsin approved the Certificate of Public Convenience and Necessity for the cost-effective Point Beach Solar Energy Center, a new resource that is expected to keep us on track for a more than 39% reduction in carbon dioxide (CO₂) emissions by 2025 when compared to 2005.

FOR CUSTOMERS AND COMMUNITIES

To succeed for the long term, today's utilities must also be ready to respond to a quickly changing industry, satisfy customers' evolving expectations, and apply new technologies to gain operational efficiencies. Our

membership is making the most of all these opportunities and more. From our recently introduced shared lineworker and cyber security programs to renewable energy offerings, **WPPI members have built shared expertise, a cost-effective array of forward-thinking programs, and a comprehensive suite of advanced utility technologies.**

Thanks to their efforts in these areas, our members have earned significant recognition among their customers and industry peers. In 2019, **22 WPPI member utilities won designation as Smart Energy Providers** from the American Public Power Association for incorporating energy efficiencies and sustainability while providing affordable electric service. Achieving SEP designation is a meaningful way for public power utilities to measure their local success against best practices industry-wide.

WPPI members also ranked number one in E Source's 2019 national study of small and midsize utility business customers. This accomplishment confirms today what we've learned from similar studies in the past: **Customers of WPPI member utilities are among the most satisfied in the nation.**

FOR SOUND ENERGY POLICY

Finally, just as they fought in the beginning for legislation needed to form WPPI, our membership remains actively engaged with policymakers. From local discussions with legislators in their districts to formal meetings on Capitol Hill, WPPI members continued working hard in 2019 to ensure that state and federal energy policy decisions are informed by the needs and priorities that are most important to local customers and communities.

FOR THE NEXT FORTY YEARS + MORE

While we focus our current efforts on responding to the COVID-19 public health crisis, we also find strength and encouragement in our members' long track record of hard-won victories. We are all in this together. As we mark WPPI's 40th anniversary, we know the legacy of our past only begins to represent all the good we can accomplish as 51 communities working for a common purpose.

Together, we will keep moving forward — for the next 40 years and more.

Jeff Feldt
WPPI Energy Board Chair
General Manager, Kaukauna Utilities

Mike Peters
President/CEO





Then & Now

The Wisconsin Public Power, Inc. SYSTEM

In 1980, a group of Wisconsin communities operating municipal electric utilities joined forces to create WPPI. Their goal: to better meet their own local power needs and control costs for customers.

Today, WPPI member utilities have achieved that and more, with a power supply that is diverse, competitive and responsible; a comprehensive array of forward-thinking shared services and advanced technologies; and a highly effective voice for energy policy advocacy.



Then: The Wisconsin Public Power, Inc. SYSTEM is incorporated at the Wisconsin State Capitol on Sept. 5, 1980. Front row, left-right: WPPI President Ernie Mullen and Secretary of State Vel Phillips with WPPI staff and local officials from across the membership of the newly formed joint action agency.









The Joint Action Advantage

FOR OUR MEMBERS

Not-for-profit, locally owned utilities deliver significant benefits for their customers and communities. To preserve and enhance this value for the long term, WPPI members partner with like-minded utilities, gaining shared expertise and greater strength in numbers. This is the joint action advantage of 51 local utilities working together for the good of the customers and communities they serve.

FOR A SHARED PURPOSE

BOARD OF DIRECTORS

All that member-owned WPPI does is driven by the utilities and communities we serve. Every member participates in setting WPPI's business initiatives, and our member-led board and its committees oversee their implementation.

The result: WPPI is a strong and effective joint action partnership created, driven, and governed by an actively engaged and committed membership.

WISCONSIN

Algoma • Peter A. Haack
Black River Falls • Casey E. Engebretson₁
Boscobel • Michael B. Reynolds_{1,2}
Brodhead • Ed Hoff
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 • Ann Groves-Lloyd
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 • Cathy Austin
Prairie du Sac • Troy T. Murphy
Reedsburg • Brett H. Schuppner
Richland Center • Scott Gald
River Falls • Kevin L. Westhuis₁
Slinger • Margaret Wilber
Stoughton • Jill M. Weiss
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 • Vacant
Westby • Ronald G. Janzen
Whitehall • Neal J. Wozney

MICHIGAN

Alger Delta CEA • Troy Tiernan
Baraga • LeAnn M. LeClaire
Crystal Falls • David M. Graff
Gladstone • Mike Kennedy
L'Anse • Robert A. LaFave
Negaunee • Nate Heffron
Norway • Ray D. Anderson

IOWA

Independence • Kevin M. Sidles
Maquoketa • Christopher G. Krogman
Preston • Vacant

1 Executive Committee
2 Officer



FOR A CENTURY AND MORE

Public power is a tradition that works. While our joint action agency prepares to celebrate its 40th year, most WPPI member utilities have been delivering local, customer-focused electric service for well over a century. Congratulations to the following WPPI Energy members for their milestone public power anniversaries in 2019.



80
MOUNT HOREB



100
MAQUOKETA



105
JUNEAU



105
PRAIRIE DU SAC



115
ALGOMA



115
BLACK RIVER FALLS



115
NEW LONDON



115
RICHLAND CENTER



115
STURGEON BAY



120
BOSCOBEL



125
REEDSBURG



125
WAUPUN

EXECUTIVE COMMITTEE

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

Row 1, from left: Mike Reynolds, Secretary; Jim Stawicki, Vice Chair; Jeff Feldt, Chair; Randy Jaeckels; Kevin Westhuis.
Row 2: Casey Engebretson; Bob Friberg; Tim Herlitzka, Treasurer; Dale Lythjohan; Steve Thomson. Not pictured: Joe Pickart.



SENIOR MANAGEMENT

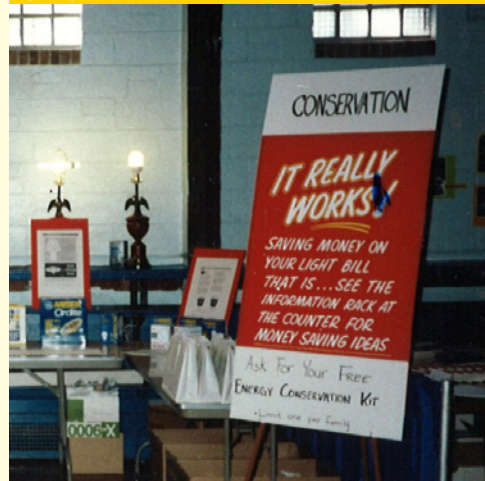
WPPI Energy's executive staff team, which is led by President/CEO Mike Peters, implements the board-approved WPPI business strategy and directs the company's operations.

Row 1, from left: Marty Dreischmeier, Chief Financial Officer; Phil Hansen, Chief Information Officer; Mike Peters, President/Chief Executive Officer.
Row 2: Tom Hanrahan, General Counsel; Tom Paque, Senior Vice President – Services & Business Strategy; Valy Goeprich, Senior Vice President – Power Supply.





Cedarburg · Columbus
 Independence · Florence · Jefferson
 Kaukauna · Lake Mills · Lodi
 Maquoketa · Menasha · New Holstein
 New London · New Richmond
 Oconomowoc · Prairie du Sac
 Reedsburg · Richland Center
 River Falls · Stoughton · Sun Prairie
 Two Rivers · Waunakee



Then: Cedarburg energy conservation events



FORTY & FORWARD

Then & Now Delivering Shared Programs

In the mid-1990's, WPPI's member utilities established shared energy efficiency programs to provide customers excellent service and help them keep their bills down. By 2001, members introduced renewable energy programs offering customers the option to offset some or all of their usage with electricity from clean resources.

Today, 22 WPPI members have earned Smart Energy Provider designation from the American Public Power Association, which compares utilities against industry best practices in energy efficiency, sustainability, and the customer experience. WPPI's joint action programs and services align well with the criteria, and WPPI members comprise one-third of APPA's inaugural class of approximately 60 Smart Energy Provider utilities nationwide.







Power Supply

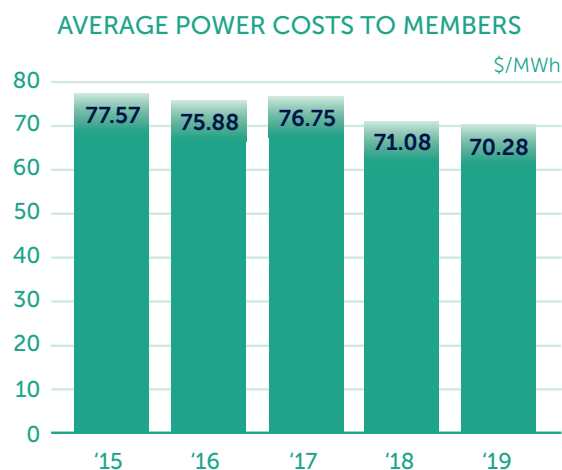


FOR THE LONG TERM

By partnering with like-minded communities for greater economies of scale, the members of WPPI have built a diverse, cost-competitive and responsible long-term wholesale power supply.

FOR COMPETITIVE, STABLE COSTS

WPPI is highly competitive with our peer wholesale power suppliers in the region. Our average wholesale power cost to members in 2019 was lower than each of the past five years. In fact, this cost decreased a total of 8.4% in the past two years.



FOR DIVERSE, SUSTAINABLE RESOURCES

In addition to keeping our wholesale power costs stable and competitive, we are making our portfolio even more diverse and sustainable. Today, WPPI's power supply today is around 30% carbon-free, and, we're not stopping there.

[Read about our carbon-free resources on p. 18](#)

FOR KEEPING COSTS DOWN: TRANSMISSION INVESTMENTS

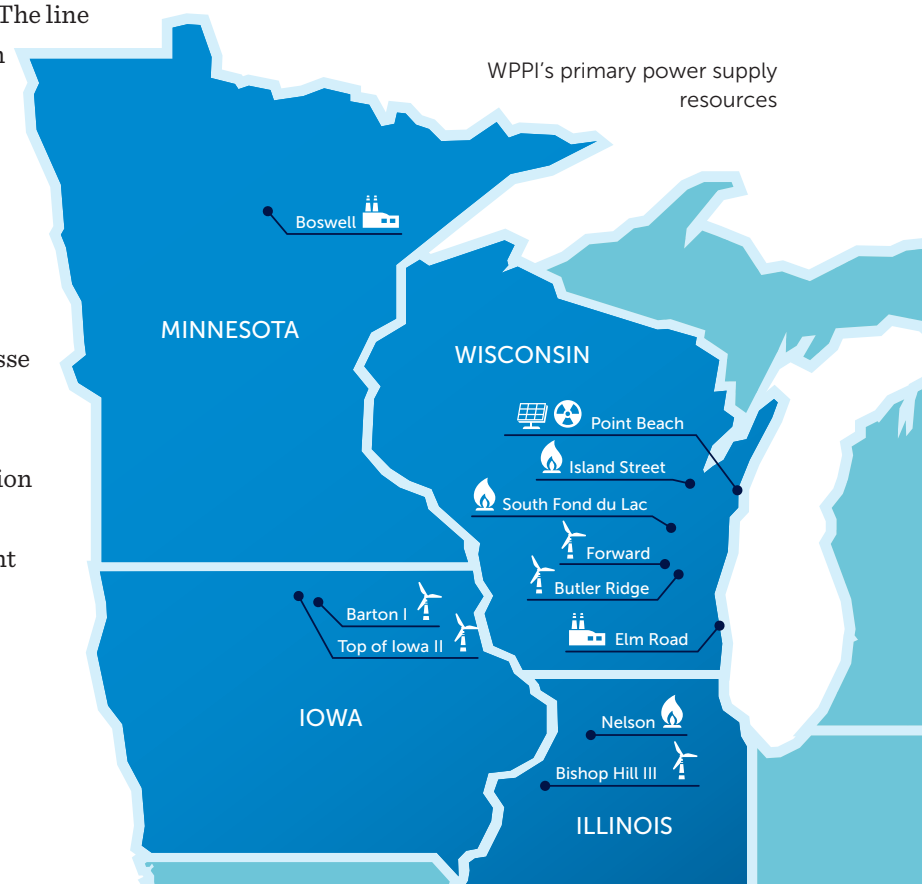
Owning transmission assets delivers a valuable return that helps offset increasing costs for transmission service, which now comprise more than 15% of WPPI's wholesale rate to members. Our transmission investments also help ensure a strong regional grid, with increased access to cost-effective generation and more renewable energy options.

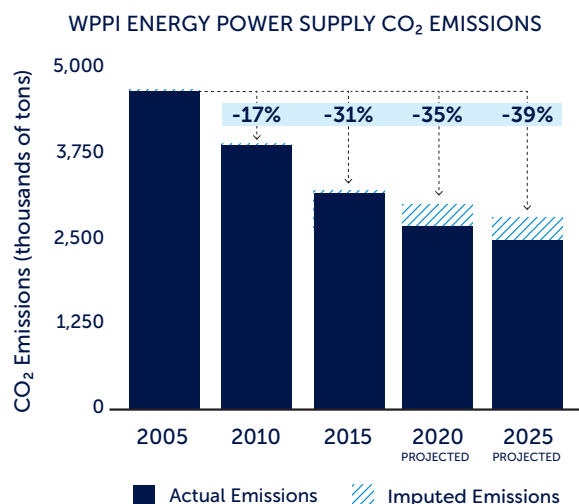
In 2018, the Badger Coulee 345-kilovolt (kV) transmission project was energized. The line runs from the Briggs Road substation north of La Crosse to the Madison area. WPPI owns 1.5% of the portion between the Briggs Road and North Madison substations.

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



Badger-Coulee transmission project





The solid bars in the chart represent WPPI's actual emissions from WPPI-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 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 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. 17 for more information regarding RECs.

2019 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	93.1
Butler Ridge	Wind	54
Top of Iowa II	Wind	50
Member-Owned Generation	Gas, Oil	38
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



FORTY & FORWARD

Then & Now

Joint Transmission Ownership

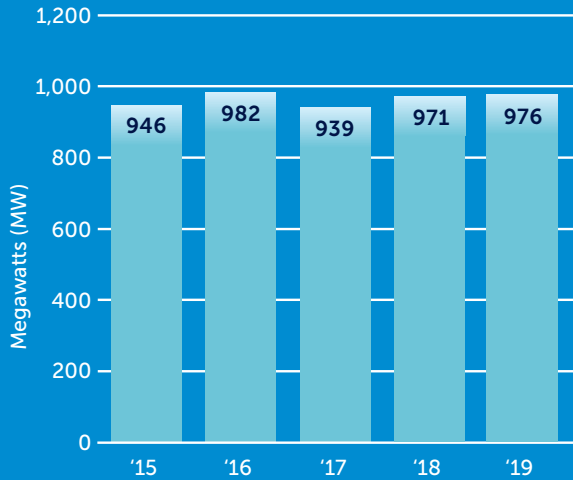
In 1999, WPPI played a significant role in the drafting and passage of Reliability 2000 legislation. Previously, the WPPI membership had no access to regional transmission ownership. The new law allowed Wisconsin's major transmission-owning utilities to divest these facilities into a new jointly owned company, the American Transmission Co., and granted WPPI the right to participate as an owner.

Today, WPPI has a 6.7%, \$139-million equity ownership interest in the American Transmission Company.

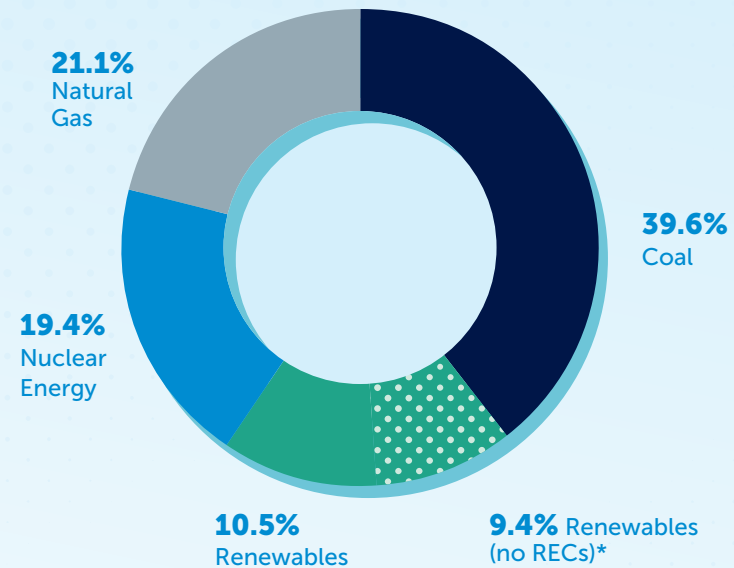
Then: Wisconsin Gov. Tommy Thompson in 1999 signed the bill into law that allowed for the formation of ATC and granted WPPI the right to participate as an owner.



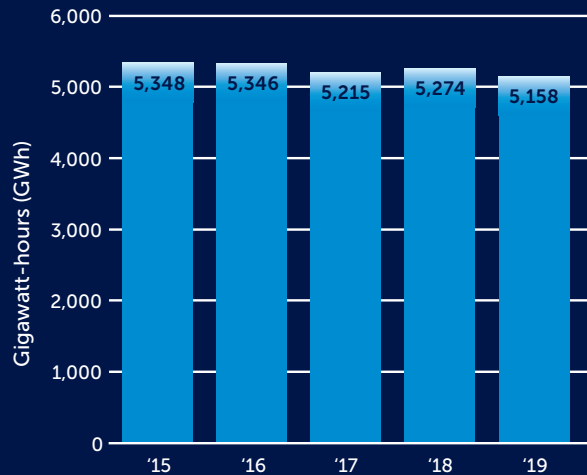
PEAK DEMAND



2019 FUEL MIX



ENERGY REQUIREMENTS



* 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 holds some, but not all, of the RECs associated with the electricity it receives from renewable sources. WPPI uses RECs (by retiring them within a REC tracking system) in connection with certain WPPI 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 members.

The area of the chart labeled "Renewables" represents the portion of electricity received from renewable sources for which WPPI received and has not sold the associated RECs. These RECs may in the future be used by WPPI 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 did not purchase the associated RECs in the first instance, or for which the associated RECs have been sold.



Then & Now

Leading the Way in Carbon-Free Resources

In 2002, WPPI added the first wind power resource to its portfolio with two turbines located in Worthington, Minn. In the years that followed, several large wind farms were added. By 2009, WPPI members became the first in Wisconsin with resources in place to meet state requirements for utilities to deliver at least 10 percent renewable energy by 2015. WPPI's membership was ahead of the curve and ready to meet the standard six years early.

Today, the addition of the new Point Beach Solar Energy Center in 2021 is expected to keep WPPI on track for a more than 39% reduction in CO₂ emissions by 2025 when compared to 2005.



Then: Worthington Wind, 2002.







Programs & Services

FOR THE FUTURE



A changing utility industry, evolving customer expectations, and new tools for gaining operational efficiencies... WPPI members are making the most of all these opportunities and more. Together, they have built a cost-effective array of forward-thinking programs, shared expertise, and a suite of advanced utility technologies.

The WPPI membership's cost-effective, high-quality service offerings range from field support and customer communications to energy efficiency programs and rate studies, and from utility software solutions to training, support and more.

FOR CUSTOMER SATISFACTION

For the locally owned, not-for-profit member utilities of WPPI, satisfying customers is the most important measure of success.

Our members work hard to understand and respond to customers' expectations, conducting regular research to benchmark utility performance. The feedback helps them continually refine their services.

The result: WPPI members' customers are among the most satisfied in the nation.

In 2019, our membership earned top national honors when they claimed the number one ranking in E Source's Small and Midsize Business customer satisfaction survey. They also earned top scores in four of the eight customer satisfaction categories, including:

- Providing reliable energy
- Offering a variety of rate options, programs and services
- Playing an active part in the community
- Trustworthiness

All of these attributes are longstanding hallmarks of public power, and together they represent just a portion of the significant value WPPI members deliver to their customers and their communities.



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

4,200 HOMES

FOR RENEWABLE ENERGY OPTIONS CUSTOMERS WANT

Customers of all types continue to seek opportunities for using renewable energy. WPPI 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, and biogas.

WPPI members put the revenues from this self-sustaining program to work to help promote local use of renewables. Together they have helped fund 56 community-based renewable energy demonstration projects and awarded grants for 26 non-profits to install and own solar photovoltaic projects.

WPPI members helped customers lower their electric bills in 2019 by

\$6.7 M



FOR REDUCING WASTE AND BOOSTING THE BOTTOM LINE

Helping customers reduce energy waste protects the environment and delivers significant utility bill savings. WPPI member support for customers in this area also strengthens their customers' satisfaction. In 2019, our membership exceeded its goals for customer participation in state, local, and WPPI energy-saving programs and incentives.

26



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

FOR STRONG LOCAL ECONOMIES

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





FORTY & FORWARD

Then & Now

For Advancing Electric Vehicles

In 2007, WPPI became the first utility with plug-in hybrid-electric vehicles on the road in the Midwest. To help build a consumer market and convince automakers to adopt this emerging technology, WPPI installed lithium-ion batteries and 120-volt charging equipment in two Toyota Priuses, named "Gas Sipper" and "Good Idea."

Today, WPPI members continue to lead the way in EV market advancement, with matching funds for charging stations, customer outreach and more.





FOR SHARED EXPERTISE: Lineworker Service Launched in Michigan

In February of 2019, the neighboring WPPI member communities of Baraga and L'Anse marked the official start date for their shared, dedicated WPPI line crew. WPPI employs, trains and supervises the two-person team, and their day-to-day work is directed locally by each village.

A Shared Solution for Shared Needs.

Previously, Baraga and L'Anse's line work had been carried out through a contract with the neighboring rural electric association. When the REA decided to discontinue the service, the communities worked with WPPI to explore a joint action approach for meeting their shared needs.

Safe and Equitable. While most WPPI members have constructed and maintained local electric distribution facilities for well over a century, establishing such a service would be new territory for WPPI. It was an idea that would require careful consideration.

The membership knew such an offering would only be feasible with both top-notch safety for a WPPI-employed line crew and a cost model that made sense for the membership. Fortunately, shared expertise and collaboration are essential traits of joint action, and the development of this service was no exception.

Working together, WPPI members successfully threaded the needle on both fronts. With strong support from Baraga, L'Anse, and a subcommittee of WPPI Executive Committee members, WPPI structured thorough and stringent safety practices, which crew members Matt and Dony have wholeheartedly embraced.

In addition, the service is fully funded by the two participating communities, avoiding cost impacts for non-participating members while delivering Baraga and L'Anse a far more economical and effective solution than any other option they had available.

Proactive and Reliable. For Baraga and L'Anse, having depended on contract support for



Lead Journeyman Lineman Dony Ison (right) and Journeyman Lineman Matt Robison (left) began delivering electric distribution construction and maintenance services for Baraga and L'Anse on Feb. 1, 2019.

“Working together through WPPI is an excellent approach to meeting our local system needs.”

– L'Anse Village Manager
Bob LaFave



Providing mutual aid.

their line work in years past meant that crews were only available to them on a limited basis, most often for outages and emergencies. With their local, dedicated WPPI crew in place, the communities made significant progress in 2019 on maintenance, planning and system updates. Both have additional projects slated through 2020 and beyond.

Good neighbors. Over the past 12 months in their new roles with WPPI, line workers Matt and Dony have also played a vital role for both villages and for the greater community as a whole.

“I couldn’t be more pleased about the service. Dony and Matt are always available and willing to help out, and we’re seeing significant savings as well.”

– Baraga Village Manager Leann LeClaire

They have responded to several calls for mutual aid -- the most significant of which followed a severe Thanksgiving blizzard. The storm took out the entire distribution system of a neighboring system whose crews lived in the hardest-hit areas and were at first completely unable to respond. After addressing Baraga and L’Anse’s local needs, Dony and Matt worked throughout the holiday weekend and for several days afterward helping the restore service to the others in the area.

Their responsiveness and support make Dony and Matt, Baraga and L’Anse’s two-man crew, a widely appreciated resource within the greater community.

Mission-Driven. Cost-effective resources, shared expertise, and a member-driven approach to meet shared local needs. Baraga and L’Anse’s new WPPI line worker service demonstrates the value of our model at work. While the programs and services WPPI members need and want will continue to evolve in the future, these core traits will always remain at the heart of our joint action mission.



In addition to their full-time utility careers, Dony (top) is a firefighter for L’Anse, and Matt (bottom) is an EMT.

Customer Information

40

Member utilities using or preparing to use WPPI's utility billing and customer information technology



Advanced Metering

36

Member utilities using advanced meters to meet some or all of their system needs

41

Members using WPPI's Shared Meter Technician Service



Technology Training

32

In-person training opportunities in 2019 for WPPI member utility employees

173

Member employee attendance at 2019 in-person training events

Customer Engagement

34

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



Data Management

160,000

Member advanced electric and water meters for which WPPI reads and validates data



Billing & Rate Compliance

38

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



FOR ADVANCED TECHNOLOGIES

Industry tools such as advanced metering infrastructure, customer information systems, and online customer self-service platforms can help utilities increase their operational efficiency and meet customers' changing expectations.

WPPI's member-driven suite of integrated utility business technologies is centered on our customer information and billing system, which we have fully integrated with member utilities' retail meters and a shared meter data management system. In 2019, we added new functionality to these systems, helping members further increase the efficiency of their field operations and their ability to quickly respond to customer service needs.

Additional options for WPPI members range from shared advanced meter technician support to the preparation and delivery of retail bills, and from outage management system integrations to online customer self-service and account management tools. Throughout the year, WPPI members' participation in these offerings continued to grow as well.

The membership also partners through for shared training, support, and technology utilization reviews. In 2019, we significantly expanded WPPI's technology training options, which members embraced with strong participation

and attendance. Together through joint action, WPPI members are making the most of their technology investments for the benefit of their customers and their communities.

FOR GRID SECURITY

Ensuring the security of our grid remains a top concern for electric utilities, and the WPPI membership remains focused and proactive about staying safe in the cyber world. In fact, helping member utilities safeguard the integrity of their systems has long been familiar territory for WPPI. Our membership has been building shared services in this area since long before 'cyber' became a buzzword.



Then & Now

For Secure, Modern Systems

In 1997, WPPI installed a secure wide-area computer network, connecting member utilities for the first time through email and an internal website.

Today, WPPI members have access to comprehensive network assessment and monitoring services and a focused cyber security service that delivers specialized information security talent and multiple layers of protection. WPPI's offerings will continue to change as technology continues to change and new risks emerge, but our goal remains the same: to help member utilities monitor, evaluate and navigate cyber risks with cost-effective, flexible approaches that best meet their local needs.









Energy Policy Advocacy

FOR ACTION

State and federal policymaker decisions about energy issues can significantly impact our not-for-profit member utilities, their customers and their communities. Together, WPPI's government affairs staff and member local officials work to ensure that legislators and regulators are well-informed about their constituents' energy policy needs.

U.S. Representative Jack Bergman (second from right) tours the WPPI member community of Norway's carbon-free hydroelectric facility with (left-right) WPPI Director of Government Affairs Joseph Owen, Norway City Administrator Ray Anderson, U.S. Rep. Bergman, and Norway Line Supervisor Scott Hegy. WPPI members regularly host in-district visits with their state and federal legislators, building strong working relationships for the benefit of local utility customers and constituents.



WPPI members and their fellow public power leaders depart the Eisenhower Executive Office Building in Washington, D.C., following a February 2020 briefing with officials from the Trump Administration.

ADVOCATING IN WASHINGTON, D.C.

More than 50 local officials represented 20 WPPI member communities at the American Public Power Association's Legislative Rally on Feb. 26-28, 2020 in Washington, D.C.

In addition to hearing from Trump Administration officials on energy policy and workforce development issues pertinent to WPPI members and their customers, the group held similar discussions on Capitol Hill with U.S. Senators Tammy Baldwin and Ron Johnson (Wis.), Gary Peters and Debbie Stabenow (Mich.), and Joni Ernst and Chuck Grassley (Iowa). On the House side, we met with U.S. Representatives Mike Gallagher, Glenn Grothman, Ron Kind, Mark Pocan, and Jim Sensenbrenner (Wis.); Jack Bergman (Mich.); and Abby Finkenauer (Iowa).

ISSUES THAT MATTER FOR WPPI MEMBERS

Throughout 2020, the WPPI's staff and membership engaged with policymakers on the energy issues that matter for their communities and customers, including:

- Modernizing our ability to use tax-exempt municipal bonds to cost-effectively finance critical municipal infrastructure, including a safe and reliable grid



U.S. Sen. Tammy Baldwin, who represents WPPI's 41 member utilities in Wisconsin, stops to confer with local WPPI member officials during a hallway conversation in the Russell Senate Office. Left-Right: WPPI General Counsel Tom Hanrahan; WPPI President & CEO Mike Peters; Waupun Mayor Julie Nickel; Menasha Mayor Don Merkes; Columbus Mayor Michael Thom; U.S. Sen. Tammy Baldwin; New Holstein Utilities General Manager Randy Jaeckels; Dianne Reese, who served as mayor of New Holstein 2008-2020; Two Rivers Line Crew Foreman Brian Dellemann, and Lodi Mayor Ann Groves Lloyd.

- Maintaining local control over public power utility poles and attachments
- Leveling the playing field for tax-exempt entities like us, who at this time cannot directly use available investment and production tax credits that help advance clean energy development
- Supporting the expansion of electric vehicles and public charging infrastructure
- Promoting policy aimed at expanding the clean energy workforce in the communities we serve

ADDRESSING CLIMATE CHANGE

WPPI members have long prioritized reducing CO₂ and other emissions to combat climate change, and have done so while supplying safe, reliable and affordable electricity to homes and businesses across our members' service territories. As state and federal policymakers consider taking legislative, regulatory and administrative action to address climate change, WPPI members are advocating for provisions that ensure public power utilities are part of the equation for solving the power sector specific piece of this economy-wide effort.



STATE & NATIONAL LEADERSHIP

Over his more than 35 years in the electric utility industry, WPPI President & CEO Mike Peters has served on a variety of councils, coalitions and boards of directors.

- In June of 2019, Peters was elected to a three-year term on the board of directors for the American Public Power Association, which serves as the voice for more than 2,000 not-for-profit, community-owned utilities nationwide.
- In October 2019, he was named by Wisconsin Gov. Tony Evers to serve on the state's Climate Change Task Force, which is charged with advising the governor in developing a strategy on climate change and creating a clean energy economy in Wisconsin.





FORTY & FORWARD

Then & Now For Local Control

In the late 1970s, faced with a growing number of wholesale rate increases from the investor-owned utilities who supplied their power, Wisconsin municipal utilities fought for the right to gain power supply independence and control of costs through joint action.

Today, WPPI member officials continue to advocate as highly credible energy policy experts. They speak with the combined strength of 51 local voices working together for the interests of those they serve.

Then: The membership won its first major legislative victory when Acting Governor Martin Schreiber signed into law the 1977 Municipal Electric Company Act allowing municipal utilities to create WPPI as their power supplier.

Now: WPPI member officials meet with U.S. Sen. Ron Johnson (row 1, center) during the American Public Power Association Legislative Rally.







Financial Highlights

FOR SHARED STRENGTH

WPPI remains in excellent financial health thanks to our ongoing focus on maintaining competitive, stable wholesale power costs to the membership for the long term while continuing to maintain our financial strength.

COMPETITIVE, STABLE COSTS

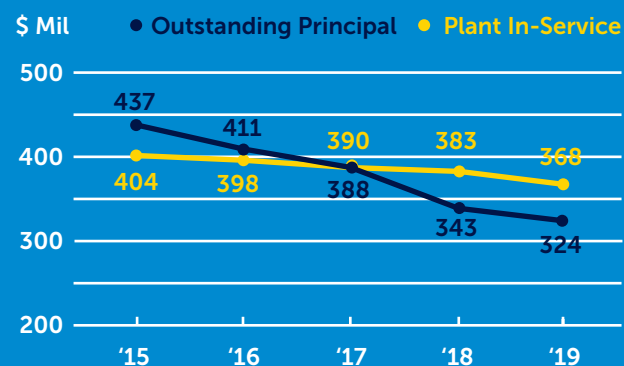
Competitive, stable long term power supply costs are always a top priority for WPPI, and this is an area in which our strength continues to grow. In 2019, our average wholesale power cost to WPPI members was lower than each of the past five years. In the past two years, our average wholesale power cost decreased a total of 8.4%.

See our 2015 – 2019 average wholesale power costs on p. 13

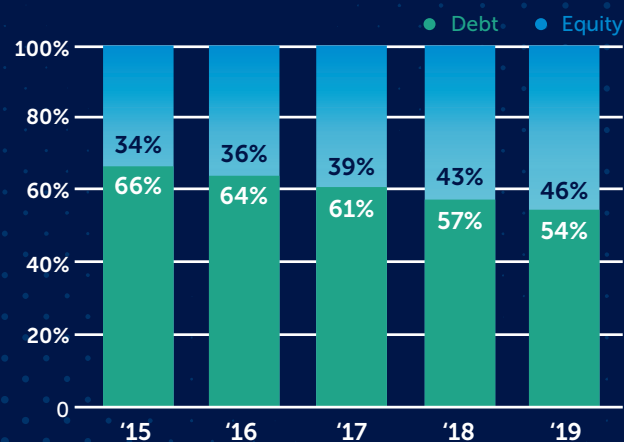
REDUCING DEBT, IMPROVING OUR POSITION

Improving our financial position is one of the ways WPPI keeps power supply costs down for members. In 2019, we continued our progress in this area by further increasing equity and reducing our debt. Our progress on this front provides increased capacity for WPPI to take on additional debt if needed in the future to take advantage of beneficial new resource opportunities.

OUTSTANDING PRINCIPAL VS. PLANT IN SERVICE



DEBT-TO-EQUITY RATIO







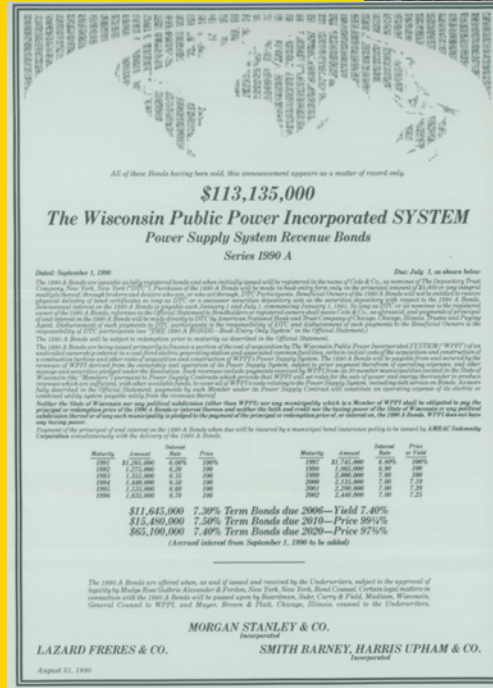
FORTY & FORWARD

Then & Now

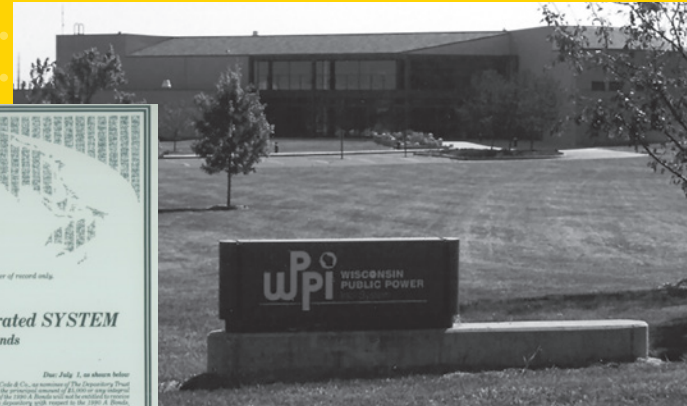
The Joint Action Cost Advantage

In 1989-1990, thirty WPPI members entered into 35-year, all requirements power supply contracts, paving the way for WPPI's first power supply system revenue bond issuance. The \$113 million bond issuance funded the purchase of WPPI's first owned electric generation resource, a 20-percent interest in Boswell Energy Center Unit 4, and the construction of WPPI's office and operations facility.

Today, WPPI bonds remain the subject of strong demand from investors motivated by the organization's credit ratings, aligned interests, and reputation. WPPI has completed multiple successful bond issuances over the decades, with the most recent in 2018.



Then: Access to tax-exempt municipal bond debt financing supports WPPI strategic business initiatives at a significant cost advantage for members.



Now: WPPI maintains solid credit ratings due in part to a strong track record of resource management and members' long-term, all-requirements contracts that help keep their interests aligned and unified.

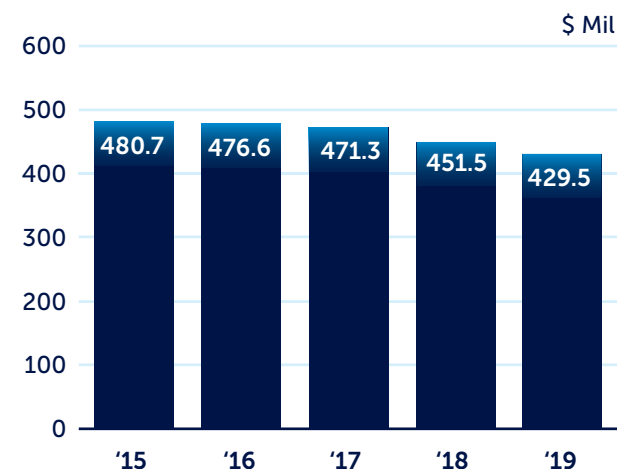
Long Term
Bond Rating
Fitch A+
Moody's A1
S&P A



SUMMARY STATEMENTS OF NET POSITION

December 31,	2019	2018
Assets		
Current assets	\$ 140,683,632	\$ 148,844,934
Non-current assets	261,693,999	249,599,115
Capital assets	373,446,062	386,961,678
Total assets	775,823,693	785,405,727
Deferred Outflows of Resources	23,742,199	19,812,331
Liabilities		
Current liabilities	55,706,406	55,950,036
Non-current liabilities	12,594,719	8,113,959
Long-term debt	343,291,533	366,431,567
Total liabilities	411,592,658	430,495,562
Deferred Inflows of Resources	84,183,247	83,071,455
Net Position	\$ 303,789,987	\$ 291,651,041

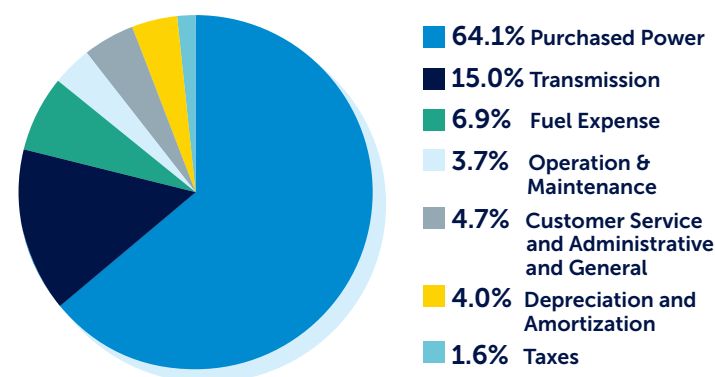
OPERATING REVENUES



SUMMARY STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

Years ended December 31,	2019	2018
Operating revenues	\$ 429,530,422	\$ 451,539,170
Operating expenses	418,819,427	432,003,638
Operating income	10,710,995	19,535,532
Non-operating revenues (expenses), net	6,265,696	(1,159,823)
Future recoverable costs	(3,567,866)	(5,966,835)
Change in net position	13,408,825	12,408,874
Net position, beginning of year	291,651,041	278,989,521
Cumulative effect of change in accounting principle	(1,269,879)	252,646
Net position, end of year	\$ 303,789,987	\$ 291,651,041

2019 OPERATING EXPENSES



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



Looking Forward Together

FOCUSED ON MEMBERS

It is our privilege to feature throughout this report photos from a number of WPPI's 51 strong, vibrant and forward-thinking member public power communities. As we honor their forty years of joint-action achievements, we look to the future with confidence in all our membership will continue to accomplish together.



Norway, Mich. p. 4

Menasha, Wis. p. 5

Two Rivers, Wis. p. 11

Sturgeon Bay, Wis. p. 16

Kaukauna, Wis. p. 19

Florence, Wis. p. 22

Cedarburg, Wis. p. 24

Evansville, Wis. p. 28

Waunakee, Wis. p. 30

Sun Prairie, Wis. p. 35

Crystal Falls, Mich. p. 37

River Falls, Wis. p. 40

Gladstone, Mich. p. 42



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