

FISCAL YEAR 2019

FIRST QUARTER HIGHLIGHTS



May 8, 2019

Financial Highlights

In the first quarter 2019, WPPI Energy's change in net position was a loss of \$1,013,084 compared to a loss of \$2,530,062 in the first quarter 2018. Due to seasonal wholesale rates that include a higher demand charge during the summer months, WPPI Energy plans a loss for the first quarter each year, and anticipates increased revenues and change in net position during the summer months.

Energy sales to members totaled 1,241,319 megawatt-hours (MWh) in the first quarter of 2019. This is 10,600 MWh or 0.9% more than the same period a year ago. Total operating revenues for the first quarter in 2019 were \$102,710,966 or 1.0% lower than the same period a year ago. Total operating expenses for the first quarter in 2019 were \$104,243,913 or 2.3% higher than the same period a year ago. The decrease in operating revenues is primarily due to lower sales to others in the first quarter of 2019 compared to 2018. The increase in operating expenses is driven by higher purchased power expenses.

Power Supply Update

WPPI Energy's 20% share of Boswell Unit 4 generated 92,226 MWh of electricity at an average capacity factor of 36.5% during the first quarter. This compares to 214,624 MWh generated at an average capacity factor of 84.9% in the first quarter of 2018. Boswell Unit 4 was offline from February 6 to March 27 to repair numerous leaks in the hot reheat steam piping. WPPI Energy's 8.33% share of the Elm Road Generating Station units generated 162,073 MWh at an average capacity factor of 71.1%. In the same quarter a year ago, the units generated 147,800 MWh at an average capacity factor of 64.8%. Unit 1 was offline for three weeks in March for a planned outage. Unit 2 was offline for 17 days in January to repair a boiler tube leak.

News Highlights

WPPI Energy released the 2018 Annual Report in early 2019. The report summarized:

- Our average wholesale power supply cost to members decreased by 7.4% in 2018.
- We are on track for a more than 37% reduction in carbon dioxide emissions from 2005 levels by 2025.
- Our members are ready for the future with programs and services that deliver significant local value.
- We remain actively engaged with policymakers at the state and federal levels.

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.

This report and other information about WPPI Energy can be found at www.wppienergy.org.

FINANCIAL STATEMENTS

Statements of Net Position (Unaudited)

March 31,	2019	2018 ¹
Assets		
Current assets	\$ 140,855,526	\$ 156,319,745
Non-current assets	256,746,827	246,526,743
Electric plant, equipment, and land, net	380,094,964	387,873,923
Construction work in progress	4,215,678	7,792,554
Total assets	781,912,995	798,512,965
Deferred Outflows of Resources		
	19,330,689	20,099,431
Liabilities		
Current liabilities	53,881,407	57,835,037
Non-current liabilities	8,038,209	7,882,130
Long-term debt, net	365,341,598	404,720,575
Total liabilities	427,261,214	470,437,742
Deferred Inflows of Resources		
	83,344,514	71,715,194
Net Position		
	\$ 290,637,956	\$ 276,459,460

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

	Quarter Ended March 31,	
	2019	2018 ¹
Operating Revenues	\$ 102,710,966	\$ 103,723,595
Operating Expenses		
Purchased power	68,147,180	64,735,220
Transmission	15,592,881	16,439,351
Fuel expense	6,058,427	7,865,716
Operation and maintenance	3,096,242	2,772,891
Customer service and administrative and general	5,306,385	4,899,043
Depreciation and amortization	4,208,400	3,388,740
Taxes	1,834,398	1,833,753
Total operating expenses	104,243,913	101,934,714
Operating Income	(1,532,947)	1,788,881
Non-Operating Revenues (Expenses)		
Investment income	3,837,273	3,407,832
Interest expense	(4,232,105)	(4,814,719)
Other	914,695	(2,912,056)
Total non-operating revenues (expenses), net	519,863	(4,318,943)
Change in Net Position	\$ (1,013,084)	\$ (2,530,062)

¹Some 2018 amounts were reclassified to conform to the 2019 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 CEA
Baraga
Crystal Falls
Gladstone
L'Anse

Negaunee
Norway
IOWA
Independence
Maquoketa
Preston

www.wppienergy.org