

FISCAL YEAR 2019

SECOND QUARTER HIGHLIGHTS



August 13, 2019

Financial Highlights

In the second quarter 2019, WPPI Energy's change in net position was \$1,168,694 compared to a loss of \$722,419 in the second quarter 2018. Due to seasonal wholesale rates that include a higher demand charge during the summer months, WPPI Energy anticipates increased revenues and change in net position during the summer months.

Energy sales to members totaled 1,144,574 megawatt-hours (MWh) in the second quarter of 2019. This is 88,881 MWh or 7.2% less than the same period a year ago. Total operating revenues for the second quarter in 2019 were \$98,990,216 or 8.0% lower than the same period a year ago. Total operating expenses for the first quarter in 2019 were \$98,899,829 or 6.9% lower than the same period a year ago. The decrease in operating revenues is primarily due to lower MWh sales to members in the second quarter of 2019 compared to 2018. The decrease in operating expenses in the second quarter 2019 compared to 2018 is driven by lower purchased power and fuel expenses.

Power Supply Update

WPPI Energy's 20% share of Boswell Unit 4 generated 193,748 MWh at an average capacity factor of 75.8% during the second quarter. This compares to generation of 205,922 MWh and an average capacity factor of 80.6% in the second quarter of 2018. Unit 4 was online the entire second quarter of 2019.

WPPI Energy's 8.33% share of the Elm Road units generated 146,700 MWh at an average capacity factor of 63.6% during the second quarter. In the same quarter a year ago, the units generated 194,089 MWh at an average capacity factor of 84.1%. Unit 2 was offline for six and a half weeks during the second quarter of 2019 for a planned turbine valve outage.

News Highlights

Every other year, WPPI Energy senior staff visit utility member governing bodies to discuss current WPPI Energy and electric industry developments, and provide recent accomplishments members have achieved together by partnering through joint action. These presentations allow WPPI Energy the opportunity to maintain relationships with city councils, village boards, utility commissions and other community leaders. Senior staff visited 18 utility member governing bodies in the second quarter of 2019 and will continue to visit additional governing bodies throughout the summer months.

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)

June 30,	2019	2018
Assets		
Current assets	\$ 147,745,362	\$ 174,694,137
Non-current assets	257,012,361	244,241,710
Electric plant, equipment, and land, net	377,218,037	383,750,712
Construction work in progress	4,254,965	8,359,214
Total assets	786,230,725	811,045,773
Deferred Outflows of Resources	18,849,106	18,911,504
Liabilities		
Current liabilities	57,273,944	83,162,945
Non-current liabilities	8,185,868	8,060,880
Long-term debt, net	364,251,629	387,278,666
Total liabilities	429,711,441	478,502,491
Deferred Inflows of Resources	83,561,740	75,717,746
Net Position	\$ 291,806,650	\$ 275,737,040

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

	Quarter Ended June 30,		Fiscal-to-Date	
	2019	2018	2019	2018
Operating Revenues	\$ 98,990,216	\$ 107,650,593	\$ 201,701,182	\$ 211,374,188
Operating Expenses				
Purchased power	62,123,684	66,413,304	130,270,863	131,148,524
Transmission	15,104,592	15,876,637	30,697,474	32,315,988
Fuel expense	6,993,640	9,125,563	13,052,068	16,991,279
Operation and maintenance	3,337,560	2,882,622	6,433,802	5,655,512
Customer service and administrative and general	5,351,745	5,242,557	10,658,130	10,141,600
Depreciation and amortization	4,210,653	4,830,329	8,419,053	8,219,069
Taxes	1,777,955	1,813,966	3,612,353	3,647,719
Total operating expenses	98,899,829	106,184,978	203,143,743	208,119,691
Operating Income	90,387	1,465,615	(1,442,561)	3,254,497
Non-Operating Revenues (Expenses)				
Investment income	4,081,116	3,685,725	7,918,389	7,093,557
Interest expense	(4,235,878)	(4,749,577)	(8,467,983)	(9,564,296)
Other	1,233,069	(1,124,182)	2,147,764	(4,036,239)
Total non-operating revenues (expenses), net	1,078,307	(2,188,034)	1,598,170	(6,506,978)
Change in Net Position	\$ 1,168,694	\$ (722,419)	\$ 155,609	\$ (3,252,481)

Some 2018 amounts were reclassified to conform to the 2019 presentation.

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

WISCONSIN	Evansville	Menasha	Plymouth	Two Rivers	MICHIGAN	Negaunee
Algoma	Florence	Mount Horeb	Prairie du Sac	Waterloo	Alger Delta CEA	Norway
Black River Falls	Hartford	Muscoda	Reedsburg	Waunakee	Baraga	IOWA
Boscobel	Hustisford	New Glarus	Richland Center	Waupun	Crystal Falls	Independence
Brodhead	Jefferson	New Holstein	River Falls	Westby	Gladstone	Maquoketa
Cedarburg	Juneau	New London	Slinger	Whitehall	L'Anse	Preston
Columbus	Kaukauna	New Richmond	Stoughton			
Cuba City	Lake Mills	Oconomowoc	Sturgeon Bay			
Eagle River	Lodi	Oconto Falls	Sun Prairie			

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