

FISCAL YEAR 2019

THIRD QUARTER HIGHLIGHTS



November 5, 2019

Financial Highlights

In the third quarter 2019, WPPI Energy's change in net position was \$15,504,251 compared to \$15,153,575 in the third quarter 2018. Due to seasonal wholesale rates that include a higher demand charge during the summer months, WPPI Energy's change in net position during the summer months is higher than the remainder of the year.

Energy sales to members totaled 1,345,471 megawatt-hours (MWh) in the third quarter of 2019. This is 51,253 MWh or 3.7% less than the same period a year ago. Total operating revenues for the third quarter in 2019 were \$132,141,148 or 4.8% lower than the same period a year ago. Total operating expenses for the third quarter in 2019 were \$116,750,524 or 4.5% lower than the same period a year ago. The decrease in operating revenues is primarily due to lower MWh sales to members in the third quarter of 2019 compared to 2018. The decrease in operating expenses in the third quarter 2019 compared to 2018 is driven by lower purchased power, transmission and fuel expenses.

Power Supply Update

WPPI Energy's 20% share of Boswell Unit 4 generated 175,404 MWh at an average capacity factor of 67.9% during the third quarter of 2019. This compares to generation of 204,408 MWh and an average capacity factor of 79.1% in the third quarter of 2018. Unit 4 was offline for two days in August 2019 for condenser cleaning.

WPPI Energy's 8.33% share of the Elm Road units generated 193,872 MWh at an average capacity factor of 83.1% during the third quarter of 2019. In the same quarter a year ago, the units generated 181,306 MWh at an average capacity factor of 77.7%. Unit 1 was offline for four and a half days in July due to a unit trip caused by a control system communication error that opened the substation breaker. Unit 2 was out of service for two and a half days in July due to a unit trip that occurred due to the loss of station-compressed air that resulted from the Unit 1 unit trip when the Unit 1 substation breaker opened.

News Highlights

The membership's 2019 WPPI Energy Annual Meeting took place in September at the Osthoff Resort in Elkhart Lake, Wis. With over 200 member governing body representatives, mayors, utility officials and employees in attendance, the event received the highest survey scores ever recorded.

In October, Wis. Gov. Tony Evers created the Task Force on Climate Change, to be led by Lt. Gov. Mandela Barnes. WPPI Energy is a member of the task force and looks forward to participating on behalf of their 41 member utilities and providing pragmatic, consensus-seeking ideas on how utilities can affordably and effectively play a role in preserving the state's environment for generations to come.

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)

September 30,	2019	2018
Assets		
Current assets	\$ 141,575,524	\$ 152,474,737
Non-current assets	259,593,061	241,486,291
Electric plant, equipment, and land, net	374,108,075	379,454,876
Construction work in progress	4,124,399	9,956,594
Total assets	779,401,059	783,372,498
Deferred Outflows of Resources	18,403,842	17,262,476
Liabilities		
Current liabilities	53,686,291	57,532,980
Non-current liabilities	8,341,303	8,280,843
Long-term debt, net	344,306,581	367,510,740
Total liabilities	406,334,175	433,324,563
Deferred Inflows of Resources	84,159,825	76,419,796
Net Position	\$ 307,310,901	\$ 290,890,615

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

	Quarter Ended September 30,		Fiscal-to-Date	
	2019	2018	2019	2018
Operating Revenues	\$ 132,141,148	\$ 138,874,674	\$ 333,842,330	\$ 350,248,861
Operating Expenses				
Purchased power	77,545,469	81,498,749	207,816,332	212,647,272
Transmission	16,760,425	17,138,827	47,457,899	49,454,814
Fuel expense	8,193,897	9,003,202	21,245,965	25,994,481
Operation and maintenance	4,415,789	3,658,788	10,849,591	9,314,300
Customer service and administrative and general	3,909,846	5,123,513	14,567,976	15,265,114
Depreciation and amortization	4,206,593	4,087,549	12,625,646	12,306,618
Taxes	1,718,505	1,716,503	5,330,858	5,364,222
Total operating expenses	116,750,524	122,227,131	319,894,267	330,346,821
Operating Income	15,390,624	16,647,543	13,948,063	19,902,040
Non-Operating Revenues (Expenses)				
Investment income	4,136,026	3,450,391	12,054,415	10,543,947
Interest expense	(4,003,877)	(4,230,486)	(12,471,860)	(13,794,782)
Other	(18,522)	(713,873)	2,129,243	(4,750,111)
Total non-operating revenues (expenses), net	113,627	(1,493,968)	1,711,798	(8,000,946)
Change in Net Position	\$ 15,504,251	\$ 15,153,575	\$ 15,659,861	\$ 11,901,094

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			

www.wppienergy.org