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## **WPPI Energy, Wisconsin: Fitch New Issue Report**

The 'A+' rating and Issuer Default Rating reflect WPPI Energy's strong revenue defensibility, which is supported by its role as a wholesale power supplier serving 51 utility systems in Wisconsin, Michigan and Iowa, along with the strong credit quality of the agency's largest members. Members are bound by long-term, take-and-pay power supply contracts (PSCs) that provide for the full cost recovery of all of WPPI's costs. The rating also considers WPPI's strong operating risk profile, consistent financial performance and low leverage. WPPI's diverse mix of owned generation resources by fuel type and geographic location, and varied purchased power agreements (PPAs) provide a stable and relatively low-cost energy supply, and are the basis for the strong operating risk assessment. The operating cost burden, which increased over the past two year to over 9 cents/kWh in 2022, remains low despite a rise in fuel and market energy costs over that time. Cost pressures subsided somewhat in 2023, allowing the cost burden to decline to closer to 8 cents/kWh. Capital needs, including ATC transmission investments, are manageable over the next five years at roughly \$125 million. WPPI's strong financial profile is demonstrated by a low leverage ratio, measured as net adjusted debt to adjusted funds available for debt service (FADS), that has remained below 7.0x over the past five years. Coverage of full obligations (COFO) and liquidity are stable and neutral to the assessment. Fitch Ratings anticipates WPPI's leverage will remain near 7.0x through Fitch's base and stress case scenarios, which is consistent with the overall rating.

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