

MICHIGAN PUBLIC SERVICE COMMISSION

ANNUAL REPORT OF ELECTRIC UTILITIES (MAJOR AND NON-MAJOR)

This form is authorized by 1919 PA 419, as amended, authorizes this form being MCL 460.51 et seq.; and 1969 PA 306, as amended, being MCL 24.201 et seq. Filing of this form is mandatory. Failure to complete and submit this form will place you violation of the Acts.

<b>Report submitted for year ending:</b> December 31, 2007	
<b>Present name of respondent:</b> Upper Peninsula Power Company	
<b>Address of principal place of business:</b>	
<b>Utility representative to whom inquires regarding this report may be directed:</b>	
<b>Name:</b> Denise Lepisto	<b>Title:</b> Accountant
<b>Address:</b> P. O. Box 130, 600 East Lakeshore Drive	
<b>City:</b> Houghton	<b>State:</b> MI <b>Zip:</b> 49931
<b>Telephone, Including Area Code:</b> (906) 483-4505	
<b>If the utility name has been changed during the past year:</b>	
<b>Prior Name:</b>	
<b>Date of Change:</b>	
<b>Two copies of the published annual report to stockholders:</b>	
[ <input checked="" type="checkbox"/> ]	were forwarded to the Commission
[ <input type="checkbox"/> ]	will be forwarded to the Commission
<b>on or about</b>	
<b>Annual reports to stockholders:</b>	
[ <input type="checkbox"/> ]	are published
[ <input type="checkbox"/> ]	are not published

FOR ASSISTANCE IN COMPLETION OF THIS FORM:

Contact the Michigan Public Service Commission (Bill Stosik) at (517) 241-5853 or [bmstosi@michigan.gov](mailto:bmstosi@michigan.gov) OR forward correspondence to:

Regulated Energy Division (Bill Stosik)  
Financial Analysis and Customer Choice Section  
6545 Mercantile Way  
P.O. Box 30221  
Lansing, MI 48909

**RECEIVED**  
Michigan Public Service Commission

REGULATED ENERGY  
DIVISION





**Deloitte & Touche LLP**  
555 E. Wells Street, Suite 1400  
Milwaukee, WI 53202-3824  
USA

Tel: +1 414 271 3000  
Fax: +1 414 347 6200  
[www.deloitte.com](http://www.deloitte.com)

To the Board of Directors of  
Upper Peninsula Power Company:

We have audited the balance sheet—regulatory basis of Upper Peninsula Power Company (the “Company”) as of December 31, 2007, and the related statements of income—regulatory basis; retained earnings—regulatory basis; cash flows—regulatory basis for the year ended December 31, 2007, included on pages 110(M) through 123 of the accompanying Michigan Public Service Commission Form P-521. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, these financial statements were prepared in accordance with the accounting requirements of the Michigan Public Service Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, such regulatory-basis financial statements present fairly, in all material respects, the assets, liabilities, and proprietary capital of Upper Peninsula Power Company as of December 31, 2007, and the results of its operations and its cash flows for the year ended December 31, 2007, in accordance with the accounting requirements of the Michigan Public Service Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

This report is intended solely for the information and use of the board of directors and management of Upper Peninsula Power Company, and for filing with the Michigan Public Service Commission, and is not intended to be and should not be used by anyone other than these specified parties.

April 17, 2008



INSTRUCTIONS FOR THE FILING OF THE ANNUAL REPORT OF  
MAJOR AND NONMAJOR ELECTRIC UTILITIES

GENERAL INFORMATION

**I. Purpose:**

By authority conferred upon the Michigan Public Service Commission by 1909 PA 106, as amended, being MCL 460.556 et seq. and 1969 PA 306, as amended, being MCL 24.201 et seq., this form is a regulatory support requirement. It is designed to collect financial and operational information from public utilities, licensees and others subject to the jurisdiction of the Michigan Public Service Commission. This report is a nonconfidential public use form.

**II. Who Must Submit:**

Each major and nonmajor public utility, licensee, or other, as classified in the Commission's Uniform System of Accounts Prescribed for Public Utilities and Licensees must submit this form.

NOTE: Major utilities means utilities that had, in each of the last three consecutive years, sales or transmission service that exceeded any one or more of the following:

- (a) one million megawatt-hours of total sales;
- (b) 100 megawatt-hours of sales for resale;
- (c) 500 megawatt-hours of gross interchange out; or
- (d) 500 megawatt-hours of wheeling for others (deliveries plus losses)

**III. What and Where to Submit:**

- (a) **Submit an original copy of this form to:**

Michigan Public Service Commission (Regulated Energy Division)  
Financial Analysis and Customer Choice Section  
6545 Mercantile Way  
P.O. Box 30221  
Lansing, MI 48909

**Retain one copy of this report for your files. Also submit the electronic version of this record to Bill Stosik at the address below or to [bmstosi@michigan.gov](mailto:bmstosi@michigan.gov)**

- (b) Submit immediately upon publication, one (1) copy of the latest annual report to stockholders and any annual financial or statistical report regularly prepared and distributed to bondholders, security analyst, or industry association. Do not include monthly and quarterly reports. If reports to stockholders are not prepared, enter "NA" in column (c) on Page 4, the List of Schedules.) Mail these reports to:

Michigan Public Service Commission (Regulated Energy Division)  
Financial Analysis and Customer Choice Section  
6545 Mercantile Way  
P.O. Box 30221  
Lansing, MI 48909

- (c) For the CPA certification, submit with the original submission, or within 30 days after the filing date for this form, a letter or report:

- (i) Attesting to the conformity, in all material aspects, of the below listed (schedules and) pages with the Commission's applicable Uniform Systems of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and
- (ii) Signed by independent certified public accountants or an independent licensed public accountant, certified or licensed by a regulatory authority or a state or other political subdivision of the U.S. (See 18 CFR 41.10-41.12 for specific qualifications).

<u>Schedules</u>	<u>Reference Page</u>
Comparative Balance Sheet	110 - 113
Statement of Income	114 - 117
Statement of Retained Earnings	118 - 119
Statement of Cash Flows	120 - 121
Notes to Financial Statements	122 - 123

When accompanying this form, insert the letter or report immediately following the cover sheet. Use the following form for the letter or report unless unusual circumstances or conditions, explained in the letter or report, demand that it be varied. Insert parenthetical phrases only when exceptions are reported.

In connection with our regular examination of the financial statements of \_\_\_\_\_ for the year ended on which we have reported separately under the date of \_\_\_\_\_ we have also reviewed schedules \_\_\_\_\_ of Form P-521 for the year filed with the Michigan Public Service Commission as set forth in its applicable Uniform System of Accounts and published accounting releases. Our review for this purpose included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

Based on our review, in our opinion the accompanying schedules identified in the preceding paragraph (except as noted below) conform in all material respects with the accounting requirements of the Michigan Public Service Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

State in the letter or report which, if any, of the pages above do not conform to the Commission's requirements. Describe the discrepancies that exist.

- (d) Federal, state, and local governments and other authorized user may obtain additional blank copies to meet their requirements for a charge from:

Michigan Public Service Commission (Regulated Energy Division)  
 Financial Analysis and Customer Choice Section  
 6545 Mercantile Way  
 P.O. Box 30221  
 Lansing, MI 48909

**IV. When to Submit**

Submit this report form on or before April 30 of the year following the year covered by this report.

**GENERAL INSTRUCTIONS**

- I. Prepare this report in conformity with the Uniform System of Accounts (USOA). Interpret all accounting words and phrases in accordance with the USOA.
- II. Enter in whole number (dollars or MWH) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important. The truncating of cents is allowed except on the four basic financial statements where rounding is required). The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances

at the end of the current reporting year, and use for statement of income accounts the current year's accounts.

- III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "NONE" where it truly and completely states the fact.
- IV. For any page(s) that is not applicable to respondent, either
  - (a) Enter the words "NOT APPLICABLE" on the particular page(s), OR
  - (b) Omit the page(s) and enter "NA", "NONE", or "NOT APPLICABLE" in column (c) on the List of Schedules, pages 2, 3, 4 and 5.
- V. Complete this report by means which result in a permanent record. Complete the original copy in permanent black ink or typewriter print, if practical. Additional copies must be clear and readable.
- VI. Enter the month, day, and year for all dates. Use customary abbreviations. The "Date of Report" included in the header of each page is to be completed only for resubmissions (See VIII. below). The date of the resubmission must be reported in the header for all form pages, whether or not they are changed from the previous filing.
- VII. Indicate negative amounts (such as decreases) by enclosing the figures in parentheses ( ).
- VIII. When making revisions, resubmit only those pages that have been changed from the original submission. Submit the same number of copies as required for filing the form. Include with the resubmission the identification and Attestation page, page 1. Mail dated resubmissions to:

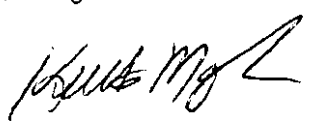
Michigan Public Service Commission (Regulated Energy Division)  
Financial Analysis and Customer Choice Section  
6545 Mercantile Way  
P.O. Box 30221  
Lansing, MI 48909
- IX. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement (8 1/2 x 11 inch size) to the page being supplemented. Provide the appropriate identification information, including the title(s) of the page and page number supplemented.
- X. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.
- XI. Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why the different figures were used.
- XII. Respondents may submit computer printed schedules (reduced to 8 1/2 x 11 inch size) instead of the preprinted schedules if they are in substantially the same format.
- XIII. A copy of the FERC Annual Report Form is acceptable to substitute for the same schedules of this report.

#### DEFINITIONS

- I. Commission Authorization (Comm. Auth.) - The authorization of the Michigan Public Service Commission, or any other Commission. Name the Commission whose authorization was obtained and give the date of the authorization.
- II. Respondent - The person, corporation, licensee, agency, authority, or other legal entity or instrumentality in whose behalf the report is made.

**MPSC FORM P-521**

ANNUAL REPORT OF ELECTRIC UTILITIES, LICENSEES AND OTHERS (Major and Nonmajor)

IDENTIFICATION		
01 Exact Legal Name of Respondent  Upper Peninsula Power Company	02 Year of Report  December 31, 2007	
03 Previous Name and Date of Change (if name changed during year)		
04 Address of Principal Business Office at End of Year (Street, City, St., Zip)  600 E Lakeshore Drive Houghton MI 49931		
05 Name of Contact Person  Denise Lepisto	06 Title of Contact Person  Accountant	
07 Address of Contact Person (Street, City, St., Zip)  600 E Lakeshore Drive Houghton MI 49931		
08 Telephone of Contact Person, Including Area Code:  906-483-4505	09 This Report is:  (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	10 Date of Report (Mo, Da, Yr)  April 30, 2008
ATTESTATION		
The undersigned officer certifies that he/she has examined the accompanying report; that to the best of his/her knowledge, information, and belief, all statements of fact contained in the accompanying report are true and the accompanying report is a corre		
01 Name  Keith E. Moyle	03 Signature  	04 Date Signed (Mo, Da, Yr)  4-30-08 April 30, 2008
02 Title  Vice President and General Mgr		



Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**LIST OF SCHEDULES (Electric Utility)**

1. Enter in column (c) the terms "none", "not applicable", or "NA", as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none", "not applicable", or "NA".

2. The "M" prefix below denotes those pages where the information requested by the MPSC differs from that requested by FERC. Each of these pages also contains the "M" designation on the page itself.

Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
<b>GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS</b>		
General Information	101	See FERC Form 1, Page 101
Control Over Respondent & Other Associated Companies	M 102	
Corporations Controlled by Respondent	103	See FERC Form 1, Page 103
Officers and Employees	M 104	
Directors	M 105	
Security Holders and Voting Powers	M 106-107	
Important Changes During the Year	108-109	See FERC Form 1, Pages 108-109
Comparative Balance Sheet	M 110-113	
Statement of Income for the Year	114-117	None - Page 116
Statement of Retained Earnings for the Year	118-119	See FERC Form 1, Pages 118-119
Statement of Cash Flows	120-121	See FERC Form 1, Pages 120-121
Notes to Financial Statements	122-123	See FERC Form 1, Pages 122-123
<b>BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits)</b>		
Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization, and Depletion	200-201	See FERC Form 1, Page 200
Nuclear Fuel Materials	202-203	None
Electric Plant in Service	M 204-211	
Electric Plant Leased to Others	213	None
Electric Plant Held for Future Use	214	None
Construction Work in Progress - Electric	M 216	
Construction Overheads - Electric	217	
General Description of Construction Overhead Procedure	M 218	
Accumulated Provision for Depreciation of Electric Utility Plant	M 219	See FERC Form 1, Page 219
Nonutility Property	M 221	
Investment in Subsidiary Companies	224-225	See FERC Form 1, Pages 224-225
Materials and Supply	227	See FERC Form 1, Page 227
Allowances	228-229	None
Extraordinary Property Losses	230B	None
Unrecovered Plant and Regulatory Study Costs	230B	None
Other Regulatory Assets	M 232	See FERC Form 1, Page 232
Miscellaneous Deferred Debits	M 233	See FERC Form 1, Page 233
Accumulated Deferred Income Taxes (Account 190)	M 234A-B	
<b>BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Credits)</b>		
Capital Stock	250-251	See FERC Form 1, Pages 250-251
Capital Stock Subscribed, Capital Stock Liability for Conversion Premium on Capital Stock, and Installments Received on Capital Stock	252	

Name of Respondent Upper Peninsula Power Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**LIST OF SCHEDULES (Electric Utility) (Continued)**

Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
<b>BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits) (Continued)</b>		
Other Paid-In Capital	253	
Discount on Capital Stock	254	None
Capital Stock Expense	254	None
Long-Term Debt	256-257	See FERC Form 1, Pages 256-257
Reconciliation of Reported Net Income with Taxable Income for Federal Income Tax	M 261A-B	
Calculation of Federal Income Tax		
Taxes Accrued, Prepaid and Charged During Year	M 262-263	See FERC Form 1, Pages 262-263
Distribution of Taxes Charged	M 262-263	See FERC Form 1, Pages 262-263
Accumulated Deferred Investment Tax Credits	266-267	See FERC Form 1, Pages 266-267
Other Deferred Credits	269	See FERC Form 1, Page 269
Accumulated Deferred Income Taxes - Accelerated Amortization Property	M 272-273	None
Accumulated Deferred Income Taxes - Other Property	M 274-275	See FERC Form 1, Pages 274-275
Accumulated Deferred Income Taxes - Other	M 276A-B	See FERC Form 1, Pages 276-277
Other Regulatory Liabilities	M 278	See FERC Form 1, Pages 278
<b>INCOME ACCOUNT SUPPORTING SCHEDULES</b>		
Electric Operating Revenues	M 300-301	See FERC Form 1, Pages 300-301
Sales of Electricity by Rate Schedules	304	See FERC Form 1, Page 304
Sales for Resale	310-311	See FERC Form 1, Pages 310-311
Electric Operation and Maintenance Expenses	320-323	
Number of Electric Department Employees	323	
Purchased Power	326-327	See FERC Form 1, Pages 326-327
Transmission of Electricity for Others	328-330	None
Transmission of Electricity by Others	332	See FERC Form 1, Page 332
Miscellaneous General Expenses - Electric	M 335	
Depreciation and Amortization of Electric Plant	M 336-337	Page 337-None
Particulars Concerning Certain Income Deduction and Interest Charges Accounts	340	
<b>COMMON SECTION</b>		
Regulatory Commission Expenses	350-351	See FERC Form 1, Pages 350-351
Research, Development and Demonstration Activities	352-353	None
Distribution of Salaries and Wages	354-355	See FERC Form 1, Pages 354-355
Common Utility Plant and Expenses	356	None
<b>ELECTRIC PLANT STATISTICAL DATA</b>		
Monthly Transmission System Peak Load	M 400	None
Electric Energy Account	401	See FERC Form 1, Page 401a
Monthly Peaks and Output	401	See FERC Form 1, Page 401b
Steam-Electric Generating Plant Statistics (Large Plants)	402-403	See FERC Form 1, Pages 402-403
Hydroelectric Generating Plant Statistics (Large Plants)	406-407	See FERC Form 1, Pages 406-407
Pumped Storage Generating Plant Statistics (Large Plants)	408-409	None
Generating Plant Statistics (Small Plants)	410-411	See FERC Form 1, Pages 410-411

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**LIST OF SCHEDULES (Electric Utility) (Continued)**

Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
<b>ELECTRIC PLANT STATISTICAL DATA (Continued)</b>		
Transmission Line Statistics	422-423	None
Transmission Lines Added During Year	424-425	None
Substations	426-427	See FERC Form 1, Pages 426-427
Electric Distribution Meters and Line Transformers	429	
Environmental Protection Facilities	430	Filing Not Required
Environmental Protection Expenses	431	Filing Not Required
Footnote Data	450	See FERC Form 1, Pages 101-427
Stockholders' Report	---	
<b>MPSC SCHEDULES</b>		
Reconciliation of Deferred Income Tax Expense	117A-B	
Operating Loss Carry Forward	117C	None
Plant Acquisition Adjustments and Accumulated Provision for Amortization of Plant Acquisition Adjustments	215	
Construction Work In Progress and Completed Construction Not Classified - Electric	216	
Accumulated Provision for Depreciation and Amortization of Nonutility Property	221	
Investments	222-223	
Notes & Accounts Receivable Summary for Balance Sheet	226A	
Accumulated Provision for Uncollectible Accounts - Credit Receivables From Associated Companies	226A 226B	
Production Fuel and Oil Stocks	227A-B	
Miscellaneous Current and Accrued Assets	230A	
Preliminary Survey and Investigation Charges	231A-B	
Deferred Losses for Disposition of Utility Plant	235A-B	None
Unamortized Loss and Gain on Reacquired Debt	237A-B	
Securities Issued or Assumed and Securities Refunded or Retired During the Year	255	
Notes Payable	260A	None
Payables to Associated Companies	260B	
Investment Tax Credits Generated and Utilized	264-265	Pages Eliminated by MPSC
Miscellaneous Current and Accrued Liabilities	268	
Customer Advances for Construction	268	
Deferred Gains from Disposition of Utility Plant	270A-B	None
Accumulated Deferred Income Taxes - Temporary	277	None
Gain or Loss on Disposition of Property	280A-B	
Income from Utility Plant Leased to Others	281	None
Particulars Concerning Certain Other Income Accounts	282	
Electric Operation and Maintenance Expenses (Nonmajor)	320N-324N	Not Applicable
Number of Electric Department Employees	324N	Not Applicable
Sales to Railroads & Railways and Interdepartmental Sales	331A	None
Rent From Electric Property & Interdepartmental Rents	331A	
Sales of Water and Water Power	331B	None
Misc. Service Revenues & Other Electric Revenues	331B	
Lease Rentals Charged	333A-D	Pages 333C & D - None
Expenditures for Certain Civic, Political and Related Activities	341	

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**LIST OF SCHEDULES (Electric Utility) (Continued)**

Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
<b>MPSC SCHEDULES (Continued)</b>		
Extraordinary Items	342	None
Charges for Outside Professional and Other Consultative Services	357	
Summary of Costs Billed to Associated Companies	358-359	
Summary of Costs Billed from Associated Companies	360-361	
Monthly Transmission System Peak Load	400	None
Changes Made or Scheduled to be Made in Generating Plant Capacities	412	
Steam-Electric Generating Plants	413A-B	None
Hydroelectric Generating Plants	414-415	
Pumped Storage Generating Plants	416-418	None
Internal Combustion Engine and Gas Turbine Generating Plants	420-421	

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report End of <u>2007/Q4</u>
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**GENERAL INFORMATION**

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Keith E. Moyle  
600 East Lakeshore Drive  
Houghton, MI 49931

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Incorporated February 26, 1947, under the laws of the State of Michigan Act 327 of the Public Acts of 1931.

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

N/A

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

Respondent operates only in the State of Michigan and is engaged in the business of generating, purchasing, distributing, and selling electricity.

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

- (1)  Yes...Enter the date when such independent accountant was initially engaged:  
 (2)  No

Name of Respondent	This Report Is:	Date of Report	Year of Report
Upper Peninsula Power Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007

**CONTROL OVER RESPONDENT & OTHER ASSOCIATED COMPANIES**

1. If any corporation, business trust, or similar organization or combination of such organizations jointly held control over the respondent at end of year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficiaries for whom trust was maintained, and purpose of the trust.

2. List any entities which respondent did not control either directly or indirectly and which did not control respondent but which were associated companies at any time during the year.

Upper Peninsula Power Company is a wholly-owned subsidiary of Integrys Energy Group, Inc. ("Holding Company," formerly known as WPS Resources Corporation).

**CORPORATIONS CONTROLLED BY RESPONDENT**

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.
2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.
3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

**Definitions**

1. See the Uniform System of Accounts for a definition of control.
2. Direct control is that which is exercised without interposition of an intermediary.
3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.
4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Line No.	Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
1	WPS Investments LLC	Company which holds	4.76%	
2		Respondent's investments in		
3		American Transmission Co.		
4				
5				
6	*Jointly owned by Respondent (approximately			
7	5%); holding company, Integrys Energy Group,			
8	Inc. (approximately 78%); and, another utility			
9	subsidiary, Wisconsin Public Service Corp.			
10	(approximately 17%). Respondent became a			
11	member on June 29, 2001.			
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Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**OFFICERS AND EMPLOYEES**

1. Report below the name, title and salary for the five executive officers
2. Report in column (b) salaries and wages accrued during the year including deferred compensation.
3. In column (c) report any other compensation provided, such as bonuses, car allowance, stock options and rights, savings contribution, etc., and explain in a footnote what the amounts represent. Provide type code for other compensation in column (d).
4. If a change was made during the year in the incumbent of any position, show the name and total remuneration of the previous incumbent and the date the change in incumbency occurred.
5. Upon request, the Company will provide the Commission with supplemental information on officers and other employees and salaries.

Line	Name and Title	Base Wages	Other Compensation	Type of Other Compensation	Total Compensation
	(a)	(b)	(c)	(d)	(e)
1	Charles A. Schrock Chief Executive Officer	None	None	None	None
2	Barbara A. Nick President	None	None	None	None
3	Keith E. Moyle Vice President & General Manager	136,956	56,454	A, B, C, D	193,410
4	Bradley A. Johnson Vice President and Treasurer	None	None	None	None
5	James F. Schott Vice President - Regulatory Affairs	None	None	None	None
6	Barth J. Wolf Secretary	None	None	None	None

Footnote Data					
1	All officer's salaries, except for Keith E. Moyle, are reported on affiliated company's (Wisconsin Public Service Corporation) FERC Form 1.				
2					
3					
4					
5					

Compensation Type Codes:	A = Executive Incentive Compensation B = Incentive Plan (Matching Employer Contribution) C = Stock Plans D = Other Reimbursements
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Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**DIRECTORS**

1. Report below any information called for concerning each director of the respondent who held office at any time during the year. Include in column (a), abbreviated titles of the directors who are officers of the respondent.
2. Designate members of the Executive Committee by a triple asterisk and the Chairman of the Executive Committee by a double asterisk.

Name and Title of Director (a)	Principal Business Address (b)	# of Directors Meetings During Yr (c)	Fees During Yr (d)
1 Lawrence T. Borgard	Integrys Energy Group, Inc. 130 East Randolph Chicago, IL 60601	1	None
2 Bradley A. Johnson	Integrus Energy Group, Inc. 700 North Adams Street P. O. Box 19001 Green Bay, WI 54307-9001	1	None
3 Thomas P. Meinz	Integrus Energy Group, Inc. 700 North Adams Street P. O. Box 19001 Green Bay, WI 54307-9001	7	None
4 Joseph P. O'Leary	Integrus Energy Group, Inc. 130 East Randolph Chicago, IL 60601	6	None
5 Barbara A. Nick ***	Integrus Energy Group, Inc. 700 North Adams Street P. O. Box 19001 Green Bay, WI 54307-9001	6	None
6 Charles A. Schrock	Integrus Energy Group, Inc. 700 North Adams Street P. O. Box 19001 Green Bay, WI 54307-9001	6	None
7 Keith E. Moyle	Upper Peninsula Power Company 500 North Washington Street P. O. Box 357 Ishpeming, MI 49849	6	None

Footnote Data

- 1 Served as Director January 1, 2007 through February 21, 2007.
- 2 Served as Director January 1, 2007 through February 21, 2007.
- 3
- 4
- 5 Served as director since February 21, 2007. As of February 21, 2007, the number of directors was increased from 4 to 5.
- 6 Served as director since February 21, 2007. As of February 21, 2007, the number of directors was increased from 4 to 5.
- 7 Number of meetings includes in person meetings and unanimous consent actions.  
The Company does not have an executive committee.

Name of Respondent	This Report Is:	Date of Report	Year of Report
Upper Peninsula Power Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007

**SECURITY HOLDERS AND VOTING POWERS**

1. (A) Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have had the right to cast on that date if a meeting were then in order. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.), duration of trust, and principal holders of beneficiary interests in the trust. If the stock book was not closed or a list of stockholders was not compiled within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

1. (B) Give also the name and indicate the voting powers resulting from ownership of securities of the respondent of each officer and director not included in the list of 10 largest security holders.

2. If any security other than stock carries voting rights, explain in a supplemental statement the circumstances whereby such security became vested with voting rights and give other important particulars (details) concerning the voting rights of such security. State whether voting rights are actual or contingent; if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten largest security holders. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants, or rights were issued on a prorata basis.

1. Give date of the latest closing of the stock book prior to end of year, and state the purpose of such closing:

Stock books are not closed.

2. State the total number of votes cast at the latest general proxy meeting prior to the end of year for election of directors of the respondent and number of such votes cast by proxy:

Total: 1,473,736

By Proxy: 0

3. Give the date and place of such meeting:

Directors were elected May 16, 2007 via unanimous consent of the sole shareholder in lieu of an annual meeting.

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**SECURITY HOLDERS AND VOTING POWERS (Continued)**

Line	Name (Title) and Address of Security Holder (a)	VOTING SECURITIES			
		Number of votes as of (date):			
		Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
4	TOTAL votes all voting securities		1,473,736		
5	TOTAL number of security holders		1		
6	TOTAL votes of security holders listed below		1,473,736		
7	Integrys Energy Group, Inc.		1,473,736		
8	130 East Randolph Drive				
9	Chicago, IL 60601				
10					
11	Instruction 2: Not applicable				
12	Instruction 3: Not applicable				
13	Instruction 4: Not applicable				
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# RESPONSE/NOTES TO INSTRUCTION #

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 12/31/2007	Year/Period of Report End of 2007/Q4
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**IMPORTANT CHANGES DURING THE QUARTER/YEAR**

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none," "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other condition. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.
6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less. Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on Page 106, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. (Reserved.)
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by Instructions 1 to 11 above, such notes may be included on this page.
13. Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
14. In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio.

PAGE 108 INTENTIONALLY LEFT BLANK  
SEE PAGE 109 FOR REQUIRED INFORMATION.

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Upper Peninsula Power Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 12/31/2007	2007/Q4
IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)			

1. None.
2. None.
3. On July 5, 2007, Upper Peninsula Power Company sold its J.H. Warden Generating Plant to White Pine Electric Power, LLC. The Warden plant is a steam unit built in 1959 with a installed capacity of 18.75 MW. The Warden plant on the Company's books has a gross plant cost of \$8,198,463. The Michigan Public Service Commission Order U-15323 explains how the Company will allocate the gain between its retail customers and shareholders. Journal entries were submitted to the FERC on February 6, 2008.
4. None.
5. None.
6. N/P Associated Co. - WPSR \$1,250,000 FERC \$20M authorization, Federal Power Act - Section 204, Docket ES05-15-000.
7. The Articles of Incorporation were not changed. The By-Laws were revised on February 21, 2007 to reflect a change in the number of directors from four to five.
8. Union Employees will received a 3.1% gross wage increase effective April 6, 2008. Non-union employees are governed by a merit-based pay system. Percentages have not been established.
9. See Note 11 of Notes to Financial Statements.
10. None.
11. Reserved.
12. None.
13. Lawrence T. Borgard was removed as Director effective February 21, 2007.  
Bradley A. Johnson was removed as Director effective February 21, 2007.  
Keith E. Moyle was appointed Director February 21, 2007.  
Barbara A. Nick was appointed Director effective February 21, 2007.  
Charles A. Schrock was appointed Director effective February 21, 2007.  
Lawrence T. Borgard was removed as President and Chief Executive Officer effective February 21, 2007.  
Barth J. Wolf was removed as Secretary effective February 21, 2007.  
Charles A. Schrock was appointed Chief Executive Officer effective February 21, 2007.  
Barbara A. Nick was appointed President effective February 21, 2007.  
James F. Schott was appointed Vice President Regulatory Affairs effective February 21, 2007.  
Peter Kauffman was appointed Secretary February 21, 2007.  
Peter Kauffman was removed as Secretary July, 31, 2007.  
Barth J. Wolf was appointed Secretary effective July 31, 2007.
14. We do not participate in a cash management program in which money is advanced to parent, subsidiary, or affiliated companies and our proprietary capital ratio is less than 30%.

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) [ X ] An Original (2) [ ] A Resubmission	Date of Report (Mo. Da, Yr) 04/30/08	Year of Report December 31, 2007
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**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)**

Line	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
<b>1</b>	<b>UTILITY PLANT</b>			
2	Utility Plant (101-106, 114)	200-201	198,652,898	197,102,719
3	Construction Work in Progress (107)	200-201	3,562,447	3,816,244
4	TOTAL Utility Plant (Enter total of lines 2 and 3)		<b>202,215,345</b>	<b>200,918,963</b>
5	(Less) Accum.Prov for Depr.Amort.Depl.(108,111,115)	200-201	90,853,363	85,828,268
6	Net Utility Plant (Enter total of line 4 less 5)		<b>111,361,982</b>	<b>115,090,695</b>
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab (120.1)			
8	Nuclear Fuel Materials & Assemblies - Stock Account (120.2)			
9	Nuclear Fuel Assemblies in Reactor (120.3)			
10	Spent Nuclear Fuel (120.4)			
11	Nuclear Fuel under Capital Leases (120.6)			
12	Assemblies (120.5)	202-203		
13	Net Nuclear Fuel (Enter total of line 7 less 8)		0	0
14	Net Utility Plant (Enter total of lines 6 and 13)		<b>111,361,982</b>	<b>115,090,695</b>
15	Utility Plant Adjustments (116)	122		
16	Gas Stored Underground-Noncurrent (117)	—		
<b>17</b>	<b>OTHER PROPERTY AND INVESTMENTS</b>			
18	Nonutility Property (121)	221	5,361,674	5,608,592
19	(Less) Accum.Prov. for Depr. and Amort. (122)	---	649,305	720,889
20	Investments in Associated Companies (123)	222-223		
21	Investments in Subsidiary Companies (123.1)	224-225	13,169,251	13,673,844
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229		
24	Other Investments (124)			
25	Sinking Funds (125)			
26	Depreciation Fund (126)			
27	Amortization Fund - Federal (127)			
28	Other Special Funds (128)			
29	Special Funds (Non-Major Only) (129)			
30	Long-Term Portion of Derivative Assets (175)			
31	Long-Term Portion of Derivative Assets - Hedges (176)			
32	TOTAL Other Property and Investments (Total of lines 18 thru 21, 23 thru 31)		<b>17,881,620</b>	<b>18,561,547</b>
<b>33</b>	<b>CURRENT AND ACCRUED ASSETS</b>			
34	Cash and Working Funds (Non-Major Only) (130)			
35	Cash (131)	---	826,703	125,853
36	Special Deposits (132-134)	---	4,500	19,500
37	Working Fund (135)	---	3,050	3,050
38	Temporary Cash Investments (136)	222-223		
39	Notes Receivable (141)	226A		
40	Customer Accounts Receivable (142)	226A	9,661,653	11,153,866
41	Other Accounts Receivable (143)	226A	7,144,374	5,302,093
42	(Less) Accum.Prov. for Uncoll. Acct.- Credit (144)	226A	400,000	200,000
43	Notes Receivable from Assoc. Companies (145)	226B		
44	Accounts Receivable from Assoc. Companies (146)	226B	1,682,087	138,357
45	Fuel Stock (151)	227	345,614	428,456
46	Fuel Stock Expenses Undistributed (152)	227		
47	Residuals (Elec) and Extracted Products (153)	227		
48	Plant Materials and Operating Supplies (154)	227	1,296,010	966,061
49	Merchandise (155)	227		
50	Other Materials and Supplies (156)	227		
51	Nuclear Materials Held for Sale (157)	202-203, 207		
52	Allowances (158.1 and 158.2)	228-229		

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)**

Line	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
53	(Less) Noncurrent Portion of Allowances	---		
54	Stores Expense Undistributed (163)	227	66,177	5,883
55	Gas Stored Underground-Current (164.1)	---		
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)	---		
57	Prepayments (165)	---	485,557	289,403
58	Advances for Gas (166-167)	---		
59	Interest and Dividends Receivable (171)	---		
60	Rents Receivable (172)	---		
61	Accrued Utility Revenues (173)	---	3,365,176	3,777,495
62	Misc Current and Accrued Assets (174)		3,818,367	4,118,313
63	Derivative Instrument Assets (175)		557,645	430,144
64	(Less) LT Portion of Derivative Inst. Assets (175)			
65	Derivative Instrument Assets - Hedges (176)			
66	(Less) LT Portion of Derivative Inst. Assets - Hedges (176)			
67	TOTAL Current and Accrued Assets (Enter total of lines 34 thru 66)		<b>28,856,913</b>	<b>26,558,474</b>
68	<b>DEFERRED DEBITS</b>			
69	Unamortized Debt Expenses (181)	---	83,235	72,449
70	Extraordinary Property Losses (182.1)	230		
71	Unrecovered Plant & Regulatory Study Costs (182.2)	230		
72	Other Regulatory Assets	232	53,470,217	44,671,670
73	Prelim. Survey & Invest. Charges (Elec) (183)	231	697,928	384,621
74	Prelim. Survey & Invest. Charges (Gas) (183.1)	---		
75	Other Prelim. Survey & Investigation Charges (183.2)			
76	Clearing Accounts (184)	---		
77	Temporary Facilities (185)	---		
78	Miscellaneous Deferred Debits (186)	233	1,182,592	333,399
79	Def. Losses from Disposition of Utility Plant (187)	235		
80	Research, Devel. and Demonstration Expend (188)	352-353		
81	Unamortized Loss on Reacquired Debt (189)	237	40,235	37,523
82	Accumulated Deferred Income Taxes (190)	234	3,510,470	7,375,883
83	Unrecovered Purchased Gas Costs (191)	---		
84	TOTAL Deferred Debits (Enter total of lines 69 thru 83)		<b>58,984,677</b>	<b>52,875,545</b>
85	TOTAL Assets and Other Debits (Enter total of lines 14 thru 16, 32, 67, and 84)		<b>217,085,192</b>	<b>213,086,261</b>

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)**

Line	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
<b>1</b>	<b>PROPRIETARY CAPITAL</b>			
2	Common Stock Issued (201)	250-251	13,263,624	13,263,624
3	Preferred Stock Issued (204)	250-251		
4	Capital Stock Subscribed (202, 205)	252		
5	Stock Liability for Conversion (203, 206)	252		
6	Premium on Capital Stock (207)	252	12,920,433	5,420,433
7	Other Paid-In Capital (208-211)	253	40,250	40,250
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254		
11	Retained Earnings (215, 215.1, 216)	118-119	36,491,370	43,670,796
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	2,260,491	2,726,771
13	(Less) Reacquired Capital Stock (217)	250-251		
14	Noncorporate Proprietorship (Non-major only) (218)			
15	Accumulated Other Comprehensive Income (219)	122(a)(b)		
16	<b>TOTAL Proprietary Capital (Enter total of lines 2 thru 15)</b>		<b>64,976,168</b>	<b>65,121,874</b>
<b>17</b>	<b>LONG-TERM DEBT</b>			
18	Bonds (221)	256-257	13,500,000	12,600,000
19	(Less) Reacquired Bonds (222)	256-257		
20	Advances from Associated Companies (223)	256-257	15,000,000	30,000,000
21	Other Long-Term Debt (224)	256-257		
22	Unamortized Premium on Long-Term Debt (225)	---		
23	(Less) Unamortized Discount on Long-Term Debt -Debit (226)	---		
24	<b>TOTAL Long-Term Debt (Enter total lines 18 thru 23)</b>		<b>28,500,000</b>	<b>42,600,000</b>
<b>25</b>	<b>OTHER NONCURRENT LIABILITIES</b>			
26	Obligations Under Capital Leases-Noncurrent (227)			
27	Accumulated Prov. for Property Insurance (228.1)			
28	Accumulated Prov. for Injuries and Damage (228.2)			
29	Accumulated Prov. for Pensions and Benefits (228.3)			989,901
30	Accumulated Misc. Operating Provisions (228.4)			
31	Accumulated Provision for Rate Refunds (229)			
32	Long-Term Portion of Derivative Instrument Liabilities			
33	LT Portion of Derivative Instrument Liabilities - Hedges			
34	Asset Retirement Obligations (230)		942,343	746,718
35	<b>TOTAL Other Noncurrent Liabilities (Enter total of lines 26 thru 34)</b>		<b>942,343</b>	<b>1,736,619</b>
<b>36</b>	<b>CURRENT AND ACCRUED LIABILITIES</b>			
37	Notes Payable (231)			
38	Accounts Payable (232)		7,736,701	6,666,263
39	Notes Payable to Associated Companies (233)		15,350,000	1,250,000
40	Accounts Payable to Associated Companies (234)		8,808,157	7,231,203
41	Customer Deposits (235)		16,885	34,964
42	Taxes Accrued (236)	262-263	3,957,996	4,054,014
43	Interest Accrued (237)		209,700	195,720
44	Dividends Declared (238)			
45	Matured Long-Term Debt (239)			



Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)**

Line	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
46	Matured Interest (240)			
47	Tax Collections Payable (241)		75,059	187,120
48	Misc. Current and Accrued Liabilities (242)		3,426,255	2,979,832
49	Obligations Under Capital Leases -Current (243)			
50	Derivative Instrument Liabilities (244)		12,051	3,955
51	(Less) Long-Term Portion of Derivative Instrument Liabilities			
52	Fed. Inc. Taxes Accrued for Prior Years -Adj. (245)			
53	Michigan Single Business Taxes Accrued for Prior Years - Adj. (245.1)			
54	37 thru 53)		<b>39,592,804</b>	<b>22,603,071</b>
55	<b>DEFERRED CREDITS</b>			
56	Customer Advances for Construction (252)		4,785,107	5,489,659
57	Accumulated Deferred Investment Tax Credits (255)	266-267	752,255	715,278
58	Deferred Gains from Disposition of Utility Plt. (256)	270		
59	Other Deferred Credits (253)	269	51,661,081	43,194,161
60	Other Regulatory Liabilities	278	5,124,154	7,022,969
61	Unamortized Gain on Reacquired Debt (257)	237		
62	Accum. Deferred Income Taxes-Accel. Amort. (281)			
63	Accum. Deferred Income Taxes-Other Property (282)		19,814,635	21,279,549
64	Accum. Deferred Income Taxes-Other (283)	272-277	936,645	3,323,081
65	TOTAL Deferred Credits (Enter total of lines 56 thru 64)		<b>83,073,877</b>	<b>81,024,697</b>
66	TOTAL Liabilities and Other Credits (Enter total of lines 16, 24, 35, 54 and 65)		<b>217,085,192</b>	<b>213,086,261</b>

Name of Respondent Upper Peninsula Power Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**STATEMENT OF INCOME FOR THE YEAR**

- Report amounts for accounts 412 and 413, Revenue and Expenses for Utility Plant Leased to Others, in another utility column (l,k,m,o) in a similar manner to a utility department. Spread the amount(s) over lines 02 thru 24 as appropriate. Include these amounts in columns (c) and (d) totals.
- Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
- Report data for lines 7,9, and 10 for Natural Gas companies using accounts 404.1,404.2, 404.3 407.1, and 407.2
- Use pages 122-123 for important notes regarding the statement of income or any account thereof.
- Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to....

Line	Title of Account (a)	Ref. Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
1	<b>UTILITY OPERATING INCOME</b>			
2	Operating Revenues (400)	300-301	125,353,366	115,269,057
3	Operating Expenses			
4	Operation Expenses (401)	320-323	96,785,408	89,597,904
5	Maintenance Expenses (402)	320-323	7,216,312	6,355,895
6	Depreciation Expenses (403)	336-337	5,333,563	5,080,122
7	Depreciation Expenses for Asset Retirement Costs (403.1)			
8	Amortization and Depl. of Utility Plant (404-405)	336-337	205,535	207,864
9	Amortization of Utility Plant Acq. Adj (406)	336-337	143,023	143,023
10	Amort. Of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)			
11	Amort. Of Conversion Expenses (407)			
12	Regulatory Debits		(487)	11,204
13	(Less) Regulatory Credits			
14	Taxes Other Than Income Taxes (408.1)	262-263	4,289,395	5,146,802
15	Income Taxes-Federal (409.1)	262-263	2,625,546	1,328,158
16	-Other (409.1)	262-263	16,616	(1,287)
17	Provision for Deferred Income Taxes (410.1)	234,272-276	8,014,634	5,305,471
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234,272-276	8,092,974	5,055,592
19	Investment Tax Credit Adj.- Net (411.4)	266-267	(36,977)	(124,468)
20	(Less) Gains from Disp. of Utility Plant (411.7)	270A-B		
21	Losses from Disposition of Utility Plant (411.6)	235A-B		
22	(Less) Gains from Disposition of Allowances			
23	Losses from Disposition of Allowances			
24	Accretion Expense (411.10)			
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		116,499,594	107,995,096
26	Net Utility Operating Income ( Enter Total of line 2 less 25) ( Carry forward to page 117, line 27)		8,853,772	7,273,961

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**STATEMENT OF INCOME FOR THE YEAR (Continued)**

...retain such revenues or recover amounts paid with respect to power and gas purchases.

6. Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.

7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be included on pages 122-123.

8. Enter on pages 122-123 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.

9. Explain in a footnote if the previous year's figures are different from that reported in prior years.

10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 2 to 23, and report the information in the blank space on pages 122-123 or in a footnote.

ELECTIC UTILITY		GAS UTILITY		OTHER UTILITY		Line
Current Year (e)	Previous Year (f)	Current Year (g)	Previous Year (h)	Current Year (i)	Previous Year (j)	
						1
125,353,366	115,269,057					2
						3
96,785,408	89,597,904					4
7,216,312	6,355,895					5
5,333,563	5,080,122					6
						7
205,535	207,864					8
143,023	143,023					9
						10
						11
(487)	11,204					12
						13
4,289,395	5,146,802					14
2,625,546	1,328,158					15
16,616	(1,287)					16
8,014,634	5,305,471					17
8,092,974	5,055,592					18
(36,977)	(124,468)					19
						20
						21
						22
						23
						24
116,499,594	107,995,096	0	0	0	0	25
8,853,772	7,273,961	0	0	0	0	26

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**STATEMENT OF INCOME FOR THE YEAR (Continued)**

Line	Account (a)	(Ref.) Page No. (b)	Total	
			Current Year (c)	Previous Year (d)
27	Net Utility Operating Income (Carried forward from page 114)		8,853,772	7,273,961
28	OTHER INCOME AND DEDUCTIONS			
29	Other Income			
30	Nonutility Operating Income			
31	Revenues From Merchandising, Jobbing and Contract Work (415)	282		
32	(Less) Costs and Exp. Of Merchandising, Job. And Contract Work (416)	282		
33	Revenues From Nonutility Operations ( 417)	282	538,321	647,599
34	(Less) Expenses of Nonutility Operations (417.1)	282	632,342	792,896
35	Nonoperating Rental Income (418)	282	4,100	4,200
36	Equity in Earnings of Subsidiary Companies (418.1)	119,282	1,901,841	2,072,107
37	Interest and Dividend Income (419)	282	309,453	369,815
38	Allowance for Other Funds Used During Construction (419.1)	282		
39	Miscellaneous Nonoperating Income (421)	282	(671,164)	
40	Gain on Disposition of Property (421.1)	280	1,563,613	(492,284)
41	TOTAL Other Income (enter Total of lines 31 thru 40)		3,013,822	1,808,541
42	Other Income Deductions			
43	Loss on Disposition of Property (421.2)	280	86	2,322
44	Miscellaneous Amortization (425)	340		
45	Donations (426.1)		71,523	76,037
46	Life Insurance (426.2)			
47	Penalties (426.3)		3,181	
48	Exp. For Certain Civic, Political & Related Activities (426.4)		13,436	9,141
49	Other Deductions (426.5)			
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		88,226	87,500
51	Taxes Applicable to Other Income and Deductions			
52	Taxes Other Than Income Taxes (408.2)	262-263	130,133	121,756
53	Income Taxes - Federal (409.2)	282-263	1,006,398	533,105
54	Income Taxes - Other (409.2)	262-263	5,918	5,203
55	Provision for Deferred Income Taxes (410.2)	234,272-278	337,876	225,722
56	(Less) Provision for Deferred Income Taxes - Cr. (411.2)	234,272-278	315,395	206,929
57	Investment Tax Credit Adjustment - Net (411.5)	264-265		
58	(Less) Investment Tax Credits (420)	264-265		
59	TOTAL Taxes on Other Income and Deductions (total of 52 thru 58)		1,164,930	678,857
60	Net Other Income and Deductions (total of lines 41,50 & 59)		1,760,666	1,042,184
61	INTEREST CHARGES			
62	Interest on Long-Term Debt (427)	257	1,244,220	1,328,100
63	Amort. Of Debt Disc. And Expense (428)	256-257	10,787	11,535
64	Amortizaiton of Loss on Reacquired Debt (428.1)		2,712	2,712
65	(Less) Amort. Of Premium on Debt-Credit (429)	256-257		
66	(Less) Amort. of Gain on Reacquired Debt-Credit (429.1)			
67	Interest on Debt to Associated Companies (430)	257-340	1,587,301	1,446,603
68	Other Interest Expense (431)	340	123,712	274,626
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)			
70	Net Interest Charges (total of lines 62 thru 69)		2,968,732	3,063,576
71	Income Before Extraordinary Items (total lines 27,60,70)		7,645,706	5,252,569
72	EXTRAORDINARY ITEMS			
73	Extraordinary Income (434)	342		
74	(Less) Extraordinary Deductions (435)	342		
75	Net Extraordinary Items (total line 73 less line 74)		0	0
76	Income Taxes-Federal and Other (409.3)	262-263		
77	Extraordinary Items After Taxes (Enter Total of lines 75 less line 76)		0	0
78	Net Income (Enter Total of lines 71 and 77)		7,645,706	5,252,569

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**FOOTNOTE DATA**

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
115	2	(e)	Includes \$4,336,473 per FERC Order 668-A.
115	2	(f)	Includes \$6,545,496 per FERC Order 668-A.
115	4	(e)	Includes \$4,336,473 per FERC Order 668-A.
115	4	(f)	Includes \$6,545,496 per FERC Order 668-A.
117	67	(c)	Interest on Long Term Debt      \$1,028,806 Interest on Short Term Debt <u>558,495</u> \$1,587,301
117	67	(d)	Interest on Long Term Debt      \$796,615 Interest on Short Term Debt <u>649,988</u> \$1,446,603

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**RECONCILIATION OF DEFERRED INCOME TAX EXPENSE**

1. Report on this page the charges to accounts 410, 411 and 420 reported in the contra accounts 190, 281, 282, 283 and 284. In the event the deferred income tax expenses reported on pages 114-117 do not directly reconcile with the amounts found on these pages, then provide the additional information requested in instruction #3, on a separate page.

2. The charges to the subaccounts of 410 and 411 found on pages 114-117 should agree with the subaccount totals reported on these pages.

Line No.	Electric Utility	Gas Utility
1 Debits to Account 410 from:		
2 Account 190	4,581,383	
3 Account 281		
4 Account 282	1,209,065	
5 Account 283	2,224,186	
6 Account 284		
7 Reconciling Adjustments		
8 TOTAL Account 410.1 (on pages 114-115 line 17)	<b>8,014,634</b>	<b>0</b>
9 TOTAL Account 410.2 (on page 117 line 55)		
10 Credits to Account 411 from:		
11 Account 190	(8,023,553)	
12 Account 281		
13 Account 282	(69,421)	
14 Account 283		
15 Account 284		
16 Reconciling Adjustments		
17 TOTAL Account 411.1 ( on page 114-115 line 18)	<b>(8,092,974)</b>	<b>0</b>
18 TOTAL Account 411.2 ( on page 117 line 56)		
19 Net ITC Adjustment:		
20 ITC Utilized for the Year DR		
21 ITC Amortized for the Year CR	(36,977)	
22 ITC Adjustments:		
23 Adjust last year's estimate to actual per filed return		
24 Other (specify)		
25 Net Reconciling Adjustments Account 411.4*	<b>(36,977)</b>	<b>0</b>
26 Net Reconciling Adjustments Account 411.5**		
27 Net Reconciling Adjustments Account 420***		

\* on pages 114-15 line 19

\*\* on page 117 line 57

\*\*\* on page 117 line 58

Name of Respondent	This Report Is:	Date of Report	Year of Report
Upper Peninsula Power Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007

**RECONCILIATION OF DEFERRED INCOME TAX EXPENSE**

3. (a) Provide a detailed reconciliation of the applicable deferred income tax expense subaccount(s) reported on pages 114-117 with the amount reported on these pages. (b) Identify all contra accounts (other than accounts 190 and 281-284). (c) Identify the company's regulatory authority to utilize contra accounts other than accounts 190 or 281-284 for the recording of deferred income tax expense(s).

Other Utility	Total Utility	Other Income	Total Company	Line No.
	4,581,383		4,581,383	1 2
	1,209,065	337,876	1,546,941	3 4
	2,224,186		2,224,186	5 6 7
0	8,014,634			8
		337,876		9
	(8,023,553)		(8,023,553)	10 11
	(69,421)	(315,395)	(384,816)	13 14 15 16
0	(8,092,974)			17
		(315,395)		18
	(36,977)		(36,977)	19 20 21 22 23 24
0	(36,977)	0		25
		0		26
		0		27

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report End of 2007/Q4
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**STATEMENT OF RETAINED EARNINGS**

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance-Beginning of Period		36,458,184	31,902,518
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4				
5				
6				
7				
8				
9	TOTAL Credits to Retained Earnings (Acct. 439)			
10				
11				
12				
13				
14				
15	TOTAL Debits to Retained Earnings (Acct. 439)			
16	Balance Transferred from Income (Account 433 less Account 418.1)		7,645,706	5,252,569
17	Appropriations of Retained Earnings (Acct. 436)			
18				
19				
20				
21				
22	TOTAL Appropriations of Retained Earnings (Acct. 436)			
23	Dividends Declared-Preferred Stock (Account 437)			
24				
25				
26				
27				
28				
29	TOTAL Dividends Declared-Preferred Stock (Acct. 437)			
30	Dividends Declared-Common Stock (Account 438)			
31				
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)			
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings		-466,280	( 696,903)
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		43,637,610	36,458,184
	APPROPRIATED RETAINED EARNINGS (Account 215)			



Name of Respondent  
Upper Peninsula Power Company

This Report Is:  
(1)  An Original  
(2)  A Resubmission

Date of Report  
(Mo, Da, Yr)  
12/31/2007

Year/Period of Report  
End of 2007/Q4

STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
39				
40				
41				
42				
43				
44				
45	TOTAL Appropriated Retained Earnings (Account 215)			
	APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)			
46	TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1)		33,186	33,186
47	TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46)		33,186	33,186
48	TOTAL Retained Earnings (Acct. 215, 215.1, 216) (Total 38, 47) (216.1)		43,670,796	36,491,370
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account			
	Report only on an Annual Basis, no Quarterly			
49	Balance-Beginning of Year (Debit or Credit)		2,260,491	1,563,588
50	Equity in Earnings for Year (Credit) (Account 418.1)		1,901,841	2,072,107
51	(Less) Dividends Received (Debit)		1,435,561	1,375,204
52				
53	Balance-End of Year (Total lines 49 thru 52)		2,726,771	2,260,491

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report End of 2007/Q4
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**STATEMENT OF CASH FLOWS**

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.  
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.  
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.  
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 78(c) on page 117)	7,645,706	5,252,569
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depietion	5,405,146	5,157,926
5	Amortization of Utility Plant Acq. Adj.	328,399	350,887
6	Amortization of Regulatory Assets and Liabilities	69,112	44,125
7			
8	Deferred Income Taxes (Net)	-55,858	268,672
9	Investment Tax Credit Adjustment (Net)	-36,977	-124,468
10	Net (Increase) Decrease in Receivables	3,232,463	10,108,925
11	Net (Increase) Decrease in Inventory	307,400	-175,659
12	Net (Increase) Decrease in Allowances Inventory		
13	Net Increase (Decrease) in Payables and Accrued Expenses	-3,970,875	-8,156,191
14	Net (Increase) Decrease in Other Regulatory Assets	2,018,092	-1,132,563
15	Net Increase (Decrease) in Other Regulatory Liabilities		
16	(Less) Allowance for Other Funds Used During Construction		
17	(Less) Undistributed Earnings from Subsidiary Companies	504,593	735,232
18	Other (provide details in footnote):		
19	Pension Expense and Post Retirement Liability	-255,141	-79,226
20	Other changes in working capital besides cash	-723,685	2,046,518
21	Other Items not affecting cash flow	710,498	1,183,498
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	14,169,687	14,009,781
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-11,108,619	-11,877,277
27	Gross Additions to Nuclear Fuel		
28	Gross Additions to Common Utility Plant		
29	Gross Additions to Nonutility Plant	-246,918	-1,110,826
30	(Less) Allowance for Other Funds Used During Construction		
31	Other (provide details in footnote):		
32	Non cash capital expense accrual		682,080
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-11,355,537	-12,306,023
35			
36	Acquisition of Other Noncurrent Assets (d)		
37	Proceeds from Disposal of Noncurrent Assets (d)	4,000,000	402,459
38			
39	Investments in and Advances to Assoc. and Subsidiary Companies		
40	Contributions and Advances from Assoc. and Subsidiary Companies		
41	Disposition of Investments in (and Advances to)		
42	Associated and Subsidiary Companies		
43			
44	Purchase of Investment Securities (a)		
45	Proceeds from Sales of Investment Securities (a)		

Name of respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report End of <u>2007/Q4</u>
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**STATEMENT OF CASH FLOWS**

(1) Codes to be used: (a) Net Proceeds or Payments; (b) Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.  
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.  
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.  
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
46	Loans Made or Purchased		
47	Collections on Loans		
48			
49	Net (Increase) Decrease in Receivables		
50	Net (Increase ) Decrease in Inventory		
51	Net (Increase) Decrease in Allowances Held for Speculation		
52	Net Increase (Decrease) in Payables and Accrued Expenses		
53	Other (provide details in footnote):		
54	Return of Capital on Consol. Equity Investment		1,765,179
55			
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-7,355,537	-10,138,385
58			
59	Cash Flows from Financing Activities:		
60	Proceeds from Issuance of:		
61	Long-Term Debt (b)	15,000,000	
62	Preferred Stock		
63	Common Stock		
64	Other (provide details in footnote):		
65	Return of capital paid to parent	-7,500,000	-7,000,000
66	Net Increase in Short-Term Debt (c)		1,350,000
67	Other (provide details in footnote):		
68			
69			
70	Cash Provided by Outside Sources (Total 61 thru 69)	7,500,000	-5,650,000
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)	-900,000	-900,000
74	Preferred Stock		
75	Common Stock		
76	Other (provide details in footnote):		
77	Redemption of intercompany notes payable	-14,100,000	
78	Net Decrease in Short-Term Debt (c)		
79			
80	Dividends on Preferred Stock		
81	Dividends on Common Stock		
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	-7,500,000	-6,550,000
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22.57 and 83)	-685,850	-2,678,604
87			
88	Cash and Cash Equivalents at Beginning of Period	834,253	3,512,857
89			
90	Cash and Cash Equivalents at End of period	148,403	834,253

Name of Respondent Upper Peninsula Power Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report 2007/Q4
FOOTNOTE DATA			

**Schedule Page: 120 Line No.: 19 Column: b**

Pension Expense and Post Retirement Liability	
Pension Expense	\$ (94,546)
Post Retirement Liability	(160,595)
	<u>\$ (255,141)</u>

**Schedule Page: 120 Line No.: 19 Column:**

Pension Expense and Post Retirement Liability:	
Pension Expense	\$ 100,681
Post Retirement Liability	(179,907)
	<u>\$ (79,226)</u>

**Schedule Page: 120 Line No.: 20 Column: b**

Other changes in working capital besides cash:	
Accrued Revenue	\$ (412,319)
Prepays	(103,793)
Investments & Other Assets	(207,573)
	<u>\$ (723,685)</u>

**Schedule Page: 120 Line No.: 20 Column:**

Other changes in Working Capital besides cash:	
Accrued Revenue	\$ (11,962)
Prepayments and other current assets	1,635,373
Investments and other LT assets	523,107
	<u>\$2,046,518</u>

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 12/31/2007	Year/Period of Report End of 2007/Q4
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NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.
7. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
8. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
9. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

PAGE 122 INTENTIONALLY LEFT BLANK  
SEE PAGE 123 FOR REQUIRED INFORMATION.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### FERC Form 1 Presentation Compared to Generally Accepted Accounting Principles

The accompanying financial statements have been prepared in accordance with the accounting requirements of the FERC as set forth in the Uniform System of Accounts and accounting releases, which differs from generally accepted accounting principles ("GAAP"). As required by FERC, Upper Peninsula Power Company classifies certain items in its 2007 Form 1 in a manner different than the presentation in the SEC Form 10-K:

- Removal costs that do not have an associated legal obligation are recognized as a component of accumulated depreciation, whereas these costs are recognized for GAAP as a regulatory liability.
- Accumulated deferred income taxes are reported as deferred debits and deferred credits and are not netted into short-term or long-term classifications as required by GAAP.
- FERC requires transactions for the real-time and day-ahead Regional Transmission Organization administered energy markets to be separately reported for each hour on the statement of income, whereas Upper Peninsula Power Company combines the transactions of these two markets for a given hour for GAAP reporting purposes.
- Upon adoption of Statement of Financial Accounting Standards ("SFAS") No. 158, GAAP requires an adjustment to accumulated other comprehensive income whereas FERC requires the adjustment to be recorded as a change in other comprehensive income.
- Gains and losses on derivative instruments are reported as other income and deductions rather than revenue and operating and maintenance expenses as required by GAAP.
- The Securities and Exchange Commission ("SEC") financial statement presentation reports unamortized loss on reacquired debt and energy refunds or recoveries as regulatory assets and liabilities whereas the FERC financial statement presentation reports these balances as deferred debits and current assets and liabilities.
- The SEC financial statements are reported in accordance with the Financial Accounting Standards Board Interpretation No. 48, Accounting for Uncertainty in Income Taxes, whereas the Form 1 is reported in accordance with the FERC issued accounting guidance for this Interpretation. As such, the Form 1 recognizes deferred income taxes based on the difference between positions taken in tax returns filed and amounts reported in the financial statements and does not report interest and penalties on tax deficiencies as income tax expense.

#### Nature of Operations

Upper Peninsula Power Company (the "Company") is an electric utility engaged in the supply and distribution of electric power in its franchised territory in the Upper Peninsula of Michigan. The Company is a wholly owned subsidiary of Integrys Energy Group, Inc.

The term "utility" refers to the regulated activities of the Company, while the term "non-utility" refers to the activities of the Company that are not regulated.

#### Use of Estimates

The preparation of financial statements in conformity with the accounting requirements of FERC requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and

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expenses during the reporting period. Actual results may differ from those estimates.

#### Property, Plant, and Equipment

Utility plant is stated at original cost. The cost of property additions, including replacement of units of property and betterments, is capitalized. Cost includes contract labor, company labor, materials, allowance for funds used during construction ("AFUDC"), and overheads. Expenditures for maintenance and repairs of property and costs of replacing items determined to be less than units of property are charged to operating expenses. The Company charges cost of removal and original cost of property, less salvage, to accumulated provision for depreciation when the property is retired, sold, or otherwise disposed of. Substantially all utility property is subject to lien and collateralized under first mortgage bonds.

AFUDC is defined in the applicable regulatory system of accounts as the net cost, during the period of construction, of borrowed funds used for construction purposes and a reasonable rate on equity funds when so used. The Company is subject to one AFUDC rate. The rate is specified in a formula in FERC's Uniform System of Accounts, but limited by the MPSC's allowed rate of return. Historically, there have been few calculations of allowance for funds used during construction due to the small dollar amounts or short construction periods of the Company's construction projects. There were no construction projects qualifying for AFUDC in 2007 and 2006.

#### Depreciation

The original cost of utility property is depreciated using the straight-line method over its estimated service life. The Company's book depreciation rates, effective for the years December 31, 2007 and 2006, are approved by the MPSC. The book depreciation calculated for those years was the equivalent of approximately 3.01% for 2007 and 2.90% for 2006 of depreciable plant.

#### Non-Utility Property

Non-utility property mainly consists of three Escanaba River Hydros (9 MW) purchased from Escanaba Paper Company, a division of Mead Corporation. Under terms of the purchase agreement, Escanaba Paper will purchase all energy produced by the hydros through June 30, 2012.

#### Asset Impairment

We review the recoverability of long-lived tangible and intangible assets and other indefinite lived tangible assets, in accordance with SFAS No. 144, *Accounting for Impairment or Disposal of Long-Lived Assets*. This Statement requires review of assets when circumstances indicate that the carrying amount may not be recoverable. The carrying amount of assets held and used is not recoverable if it exceeds the undiscounted sum of cash flows expected to result from the use and eventual disposition of the asset. If the carrying value is not recoverable, the impairment loss is measured as the excess of the asset's carrying value over its fair value. The carrying value of assets held for sale is not recoverable if it exceeds the fair value less costs to sell the asset. An impairment charge is recorded for any excess of the carrying value over the fair value less costs to sell. If events or circumstances indicate the carrying value of investments accounted for under the equity method of accounting may not be recoverable, potential impairment is assessed by comparing the fair value of these investments to their carrying values. Impairment charges are recorded if the carrying value of such assets exceeds the investment's fair value, unless the decline in fair value is temporary. There were no impairment charges recorded for the years ended December 31, 2007 and 2006.

#### Taxes Other Than Income

The Company presents revenue net of pass-through taxes on the Statements of Income.

#### Investments in Affiliates

WPS Investments LLC, jointly owned by the Company (5%), Wisconsin Public Service Corporation ("WPSC") (17%),

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and Integrys Energy Group (78%), holds Integrys Energy Group and its subsidiaries' entire investment in American Transmission Company LLC ("ATC"). The ownership interests have varied throughout 2007 and will continue to change as WPSC and the Company contribute additional assets to WPS Investments, or as cash is contributed by Integrys Energy Group. The Company's investment in WPS Investments LLC is accounted for under the equity method.

WPS Investments LLC, has a 34.54% ownership in ATC as of December 31, 2007. ATC is a for-profit, transmission only company. It owns, plans, maintains, monitors, and operates electric transmission assets in portions of Wisconsin, Michigan, and Illinois. ATC began operations on January 1, 2001. Its assets previously were owned and operated by multiple electric utilities serving the upper Midwest, all of which transferred their transmission assets to ATC in exchange for an ownership interest.

<u>(Thousands)</u>	<u>2007</u>	<u>2006</u>
WPS Investments LLC	\$13,670.6	\$13,166.0
ATC Management Inc.	3.2	3.2
Investments In Affiliates, At Equity Method	<u>\$13,673.8</u>	<u>\$13,169.2</u>

The Company recorded equity in earnings of WPS Investments LLC of \$1,863,528 and \$2,033,778 in 2007 and 2006, respectively.

The Company recorded dividends of \$1,397,248 and \$1,336,875 from WPS Investments LLC in 2007 and 2006, respectively.

#### Cash and Cash Equivalents

We consider short-term investments with an original maturity of three months or less to be cash equivalents.

The balance in cash and cash equivalents at the end of the current year consists of items shown below (in thousands).

	<u>2007</u>	<u>2006</u>
Cash	\$125.8	\$826.7
Working Funds	\$3.0	\$3.0
Special Deposits	\$19.5	\$4.5
	<u>\$148.3</u>	<u>\$834.2</u>

#### Inventories

Inventories consist of fossil fuels, materials and supplies which are valued at average cost.

#### Risk Management Activities

As part of our regular operations, the Company may enter into contracts, including forwards and other contractual commitments, to manage market risks such as changes in commodity prices and interest rates. The Company accounts for its derivative contracts in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended and interpreted. SFAS No. 133 establishes accounting and financial reporting standards for derivative instruments and requires, in part, that we recognize certain derivative instruments on the balance sheet as assets or liabilities at their fair value. If the derivatives qualify for regulatory deferral subject to the provisions of SFAS No. 71, *Accounting for the Effects of Certain Types of Regulation*, the derivatives are marked to fair value pursuant to SFAS No. 133 and are offset with a corresponding regulatory asset or liability. For additional information on Risk Management Activities, see Note 7, *Risk Management Activities*.



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### Regulatory Assets and Liabilities

The Company is subject to the provisions of SFAS No. 71, *Accounting for the Effects of Certain Types of Regulation*. Regulatory assets represent incurred costs that are probable of recovery from customers through the ratemaking process. Based on current evaluation of the various factors and conditions that are expected to impact future cost recover, we believe the recovery of the regulatory asset is probable. If, at any reporting date, a previously recorded regulatory asset is no longer probable of recovery, the regulatory asset is reduced to the amount considered probable of recovery with reduction charged to current expense. The retiree health care regulatory asset is earning a rate of return. Regulatory assets for which the Company has incurred costs, earn a rate of return that is subject to regulatory commission approval. Regulatory liabilities represent amounts imposed by rate actions of the Company's regulators that may require refunds to customers, represent amounts provided in current rates that are intended to recover costs that are expected to be incurred in the future for which the Company remains accountable, or represent gain or other reduction of allowable costs to be given to customers over future periods.

The following regulatory assets and liabilities were reflected on the Balance Sheet as of December 31:

	<i>(Thousands of Dollars)</i>	
	<u>2007</u>	<u>2006</u>
<b>Regulatory Assets:</b>		
Retiree Health Care	\$151	\$181
Warden Ash Site Groundwater Monitoring	\$1,210	\$1,265
2003 PSCR Dead River Costs	\$2,389	\$3,562
Silver Lake Costs	\$0	\$845
Pension Related	\$40,473	\$47,091
Asset Retirement Obligation	\$445	\$514
Risk Management Activities	\$4	\$12
<b>TOTAL</b>	<u>\$44,672</u>	<u>\$53,470</u>
<b>Regulatory Liabilities:</b>		
Income Tax Related	\$388	\$410
Income Tax Rate Changes - Plant	\$3,920	\$3,941
Income Tax Rate Changes - Non-Plant	\$217	\$215
Risk Management Activities	\$430	\$558
<b>TOTAL</b>	<u>\$4,955</u>	<u>\$5,124</u>

### Revenues and Customer Receivables

Revenues are recognized on the accrual basis. The Company utilizes monthly cycle billing and applies the unbilled revenue method for recording revenue on services rendered but not billed. Under the unbilled revenue method, revenues are recognized for electric power delivered to customers through the end of the period but not billed to customers.

The Company uses automatic fuel and purchased power adjustment clauses for the MPSC retail electric portions of the business. Most wholesale electric contracts have no automatic fuel and purchase power adjustment clauses.

Billings to customers under the MPSC jurisdiction include base rate charges and a power supply cost recovery factor. The Company receives MPSC approval each year to recover projected power supply costs by establishment of power supply cost recovery factors. Annually, the MPSC reconciles these factors to actual costs and permits 100% recovery of allowed power supply costs. The Company recognizes any over or under recovery currently in its revenues and a deferred asset or liability is recognized on the balance sheet until settlement. The deferrals are relieved with additional billings or refunds. At December 31, 2007, the Company has also recorded regulatory assets related to power supply costs associated with the flooding of the Dead River in 2003 for which the MPSC has authorized deferral.

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The Company is required to provide service and grant credit to customers within their service territories. The Company continually reviews their customers' credit worthiness and obtains or refunds deposits accordingly. The Company is precluded from discontinuing service to residential customers during winter moratorium months. The Company calculates a reserve for potential uncollectible customer receivables using a four-year average of bad debts net of recoveries as a percentage of total accounts receivable. The historical percentage is reviewed in light of the current year conditions, and an appropriate percentage is applied to the current year-end accounts receivable balance to determine the required reserve balance.

Retirement of Debt

Premiums, discounts, and expenses incurred with the issuance of outstanding long-term debt are amortized over the terms of the debt issues. Any call premiums or unamortized expenses associated with refinancing higher-cost debt obligations used to finance regulated assets and operations are deferred as a regulatory asset and amortized consistent with regulatory treatment of those items, where appropriate.

Income Taxes

We account for income taxes using the asset and liability method as prescribed by SFAS No. 109, *Accounting for Income Taxes*. Under this method, deferred income taxes have been recorded using currently enacted tax rates for the differences between the tax basis of assets and liabilities and the basis reported in the financial statements. Due to the effects of regulation, certain adjustments made to deferred income taxes are, in turn, recorded as regulatory assets or liabilities.

Investment tax credits, which have been used to reduce our federal income taxes payable, have been deferred for financial reporting purposes. These deferred investment tax credits are being amortized over the useful lives of the property to which they are related.

The Company is a member of a consolidated group under Integrys Energy Group, Inc. Integrys Energy Group files a consolidated United States income tax return that includes domestic subsidiaries in which its ownership is 80 percent or more. Integrys Energy Group and its consolidated subsidiaries, including the Company, are parties to a tax allocation arrangement under which each entity determines its income tax provision on a stand-alone basis, after which effects of federal consolidation are accounted for.

Integrys Energy Group and its subsidiaries have routinely been subject to examination by various taxing jurisdictions, including the Internal Revenue Service (IRS), and other state and local taxing jurisdictions. At any given time there might be several of these audits open covering multiple tax years. Management has not been informed by any taxing jurisdictions of any material adjustment to any filed or proposed tax position as a result of the on-going examinations.

The Company accounts for the Michigan Single Business tax as a tax other than income taxes.

New Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, "Fair Value of Measurements," which defines fair value, establishes new criteria to be considered when measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements. The Company applies fair value measurements to certain assets and liabilities, primarily derivative instruments, available-for-sale securities and financial instruments required to be disclosed at fair value under SFAS No. 107. SFAS No. 157 is effective for the Company on January 1, 2008 for financial assets and liabilities and January 1, 2009 for nonfinancial assets and liabilities.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." This standard permits entities to choose to measure many financial instruments and certain other items at fair value, following the provisions of SFAS No. 157. SFAS No. 159 is effective for the Company beginning January 1, 2008. We have chosen not to elect the fair value option for any of our financial assets and liabilities.

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## 2. FAIR VALUE OF FINANCIAL INSTRUMENTS

Cash, and Cash Equivalents, Notes Payable, Accounts Payable, Accounts Receivable, and Outstanding Short-Term Debts: The carrying amount approximates fair value due to short maturity of these investments and obligations.

Long-Term Debt: The fair value of long-term debt is estimated based on the quoted market price for the same or similar issues or on the current market rates offered to the Company for debt of the same remaining maturity.

The estimated fair values of the Company's financial instruments were:

<i>(Thousands)</i>	December 31, 2007		December 31, 2006	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and Cash Equivalents	\$148.4	\$148.4	\$834.3	\$834.3
Accounts Receivable	\$16,255.9	\$16,255.9	\$16,406.4	\$16,406.4
Accounts Payable	\$6,666.2	\$6,666.2	\$7,736.7	\$7,736.7
Notes Payable	\$1,250.0	\$1,250.0	\$15,350.0	\$15,350.0
Long-Term Debt	\$42,600.0	\$46,338.6	\$28,500.0	\$32,891.8
Risk Management Activities - Net	(\$426.2)	(\$426.2)	(\$546.0)	(\$546.0)

## 3. SHORT-TERM DEBT AND LINES OF CREDIT

All short-term borrowings are from Integrys Energy Group and bear interest at Integry's Energy Group's weighted average borrowing rate on short-term loans. Short-term borrowings from Integrys Energy Group were as follows (in thousands):

	<u>2007</u>	<u>2006</u>
Maximum amount of short-term borrowings outstanding during the year	\$18,350.0	\$15,350.0
Average amount of short-term borrowings outstanding during the year	\$10,067.0	\$12,620.0
Weighted average interest rate on short-term borrowings	5.55%	5.15%
Short-term borrowings from Integrys Energy Group at December 31	\$1,250.0	\$15,350.0
Weighted average interest rate on short-term borrowing outstanding at year end	4.94%	5.41%

## 4. LONG-TERM DEBT

As of December 31, 2007 and 2006, the market value of the Company's long-term debt with external creditors was \$16.3 million and \$17.9 million, respectively.

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First mortgage bonds are secured by utility plant assets. A summary of long-term debt outstanding at December 31 is as follows:

	<i>(Thousands of Dollars)</i>	
	<b>2007</b>	<b>2006</b>
First Mortgage Bonds:		
9.32% Series Due 2021	\$12,600.0	\$13,500.0
Long-Term Notes for Assoc. Co	\$30,000.0	\$15,000.0
Less Current Portion	\$900.0	\$900.0
<b>Total Long-Term Debt</b>	<b>\$43,500.0</b>	<b>\$27,600.0</b>

Amounts of long-term debt due in each year subsequent to December 31, 2007 are \$900,000 annually until maturity in 2021.

The Company's long-term first mortgage bonds are subject to the terms and conditions of the Company's First Mortgage Indenture. Under the terms of the indenture, substantially all property owned by the Company is pledged as collateral for these outstanding debt securities. All of these debt securities require semi-annual payments of interest. Principal payments are due on the maturity date of the series.

## 5. EMPLOYEE BENEFIT PLANS

Employees of the Company are eligible to participate in Integrys Energy Group employee benefit plans. The costs of the plans are allocated among Integrys Energy Group and its subsidiaries, including the Company. The plans are sponsored and administered by Wisconsin Public Service Corporation (WPSC), a subsidiary of Integrys Energy Group. The Board of Directors has established the Employee Benefits Administrator Committee, which consists of Integrys Energy Group employees, to manage the operation and administration of all benefit plans and related trusts.

The pension and postretirement benefits are expensed over the period in which the employee renders service. The transition obligation for postretirement benefits of current and future retirees is being recognized over a 20-year period beginning in 1993. Integrys Energy Group uses a December 31 measurement date for all of its plans. The Company's share of pension costs was \$3.2 million in 2007, \$4.3 million in 2006, and \$4.4 million in 2005. The Company's share of the postretirement health care costs was \$2.9 million in 2007, \$3.8 million in 2006, and \$2.4 million in 2005.

### Plan Information

The Company also maintains a legacy non-qualified Supplemental Employee Retirement Plan (SERP). The liabilities for this plan are recorded on the Company's balance sheet. There are no assets for this plan. Actuarial calculations are performed (based upon specific employees and their related years of service) in order to determine the Company's benefit cost.

The following tables provide a reconciliation of the changes in the plan's benefit obligation during 2007 and 2006, as well as a statement of the funded status as of December 31 for each year.

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<i>(Millions)</i>	2007	2006
<b>Reconciliation of Benefit Obligation (Qualified and Non-Qualified Plans)</b>		
Obligation at January 1	\$1.4	\$1.6
Interest Cost	\$0.1	\$0.1
Actuarial Loss - Net	\$0.0	\$0.0
Benefit Payments	(\$0.3)	(\$0.3)
Obligation at December 31	\$1.2	\$1.4
<b>Reconciliation of Fair Value of Plan Assets</b>		
Fair Value of pplan Assets at January 1	\$0.0	\$0.0
Actual Return on Plan Assets	\$0.0	\$0.0
Employer Contributions	\$0.3	\$0.3
Benefit Payments	(\$0.3)	(\$0.3)
Fair Value of Plan Assets at December 31	\$0.0	\$0.0
<b>Funded Status of Plans</b>		
Funded Status at December 31	(\$1.2)	(\$1.4)
Unrecognized Loss	\$0.3	\$0.3
Net Liability Recognized	(\$0.9)	(\$1.1)

Amounts recognized in the Balance Sheet at December 31, 2007 and 2006 related to the SERP consist of:

<i>(Millions)</i>	SERP	
	2007	2006
Current Liabilities	\$0.2	\$0.3
Noncurrent Liabilities	\$1.0	\$1.1
Net asset (liability) Recognized	\$1.2	\$1.4

The following table shows the amounts that have not yet been recognized in the Company's net periodic benefit cost as of December 31, 2007 and 2006:

<i>(Millions)</i>	SERP	
	2007	2006
<b>Regulatory Asset</b>		
Net Actuarial Loss	\$0.3	\$0.3

The following table presents the components of the net periodic benefit cost (credit) for the SERP for 2007 and 2006:

<i>(Millions)</i>	SERP	
	2007	2006
Interest Cost	\$0.1	\$0.1
Net Periodic Benefit Cost	\$0.1	\$0.1

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**Assumptions**

The weighted average assumptions used at December 31 in the accounting for the Integrys Energy Group benefit plans are as follows:

	SERP	
	2007	2006
Discount Rate for Benefit Obligations	6.40%	5.87
Discount Rate for Net Periodic Benefit Cost	5.87%	5.65%
Expected Rate on Assets	N/A	N/A
Rate of Compensation Increase	5.50%	5.50%

**Defined Contribution Benefit Plans**

Integrys Energy Group maintains a 401(k) Savings Plan for substantially all full-time employees of the Company. Employees generally may contribute from 1% to 30% of their base compensation to individual accounts within the 401(k) Savings Plan. For Company union employees, the Company matches 50% of the employees' contributions up to 5% of eligible compensation. Participation in this plan automatically qualifies eligible non-union employees for participation in the ESOP. The Company match, in the form of Integrys Energy Group shares of common stock, is contributed to an employee's ESOP account. The plan requires a match equivalent to 100% of the first 4% and 50% of the next 2% contributed by non-union employees. Union employees of the Company do not participate in the ESOP. The ESOP held 2.3 million shares of Integrys Energy Group common stock (market value of approximately \$121.9 million) at December 31, 2007. The Company's share of the total costs was \$0.4 million and \$0.4 million in 2007 and 2006, respectively.

**6. INCOME TAXES**

The principal components of the Company's deferred tax assets and liabilities recognized in the balance sheet as of December 31 are as follows:

<i>(Thousands)</i>	2007	2006
<b>Deferred Tax Assets</b>		
Plant & Investment Related	3,878	1,370
Employee Benefits	1,953	1,768
Deferred Income and Deductions	377	130
Other	1,168	243
Total	7,376	3,510
<b>Deferred Tax Liabilities</b>		
Plant & Investment Related	(23,670)	(19,879)
Employee Benefits	-	-
Regulatory Deferrals	(673)	(479)
Deferred Income and Deductions	(16)	(70)
Other	(244)	(323)
Total	(24,603)	(20,751)

The following is a reconciliation of federal income taxes that would be computed by applying the federal statutory rate to income before income taxes, and the actual current and future income tax expense that was recorded on the income statements for the year ended December 31:

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Thousands, except for percentages

	2007		2006	
	Rate	Amount	Rate	Amount
<b>Effective Income Tax</b>				
Statutory Federal Income Tax	35.0%	\$3,923	35.0%	\$2,542
State Income Taxes, Net	(0.1)	(9)	1.3	96
Investment Credit Restored	(0.3)	(37)	(1.7)	(124)
Plant-Related Differences	(0.4)	(40)	(1.5)	(106)
Benefits and Compensation	(2.4)	(267)	(5.4)	(393)
Other Differences, Net	0.0	(5)	0.0	(5)
<b>Effective Income Tax</b>	<b>31.8%</b>	<b>\$3,562</b>	<b>27.7%</b>	<b>\$2,009</b>
<b>Current Provision</b>				
Federal		\$3,706		\$1,861
State		22		4
Total Current Provision		3,729		1,865
Deferred (Benefit) Provision		(56)		269
Interest		(74)		0
Investment Tax Credit Restored, Net		(37)		(124)
Total Deferred Provision		(167)		144
<b>Total Income Tax Expense</b>		<b>\$3,562</b>		<b>\$2,009</b>

The Company is refunding taxes provided in prior years at rates greater than current rates to customers prospectively as the temporary differences reverse. The net regulatory liability for these refunds totaled \$4.5 million as of December 31, 2007 and \$4.6 million as of December 31, 2006.

## 7. RISK MANAGEMENT ACTIVITIES

The following table shows the Company's assets and liabilities from risk management activities as of December 31, 2007 and 2006.

Risk Management Activities (Thousands)	Assets		Liabilities	
	2007	2006	2007	2006
Financial Transmission Rights	\$430	\$558	\$4	\$12
<b>Balance Sheet Presentation</b>				
Current	\$430	\$558	\$4	\$12

Assets and liabilities from risk management activities are classified as current or long-term based upon the maturities of the underlying financial instruments.

Financial transmission rights are financial instruments used to manage the transmission congestion costs of the Company. Under the Michigan Power Supply Cost Mechanism any gains or losses resulting from the eventual settlement of these derivative instruments will be collected from or refunded to customers.

## 8. LEASES

The Company leases its General Office Building. Terms of the lease require the Company to pay property taxes, insurance premiums, and maintenance costs associated with the leased property. Rental expense attributable to operating leases was \$999,600, in 2007 and 2006, respectively. Future minimum rental obligations under non-cancelable operating leases are payable as follows:

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NOTES TO FINANCIAL STATEMENTS (Continued)			

Year Ended December 31  
(Thousands)

	2008	\$999.6
	2009	999.6
	2010	999.6
	2011	999.6
	2012	999.6
	Later Years	4,998.0
<b>Total Payments</b>		<b>\$9,996.0</b>

## 9. ASSET RETIREMENT OBLIGATIONS

The Company adopted the provisions of Interpretation No. 47 as of December 31, 2005. Upon adoption of this Interpretation, the Company identified conditional asset retirement obligations related to asbestos abatement at certain generation facilities, office buildings, and service centers, as well as disposal of PCB-contaminated transformers. A \$0.6 million pre-tax cumulative effect of a change in accounting principle was deferred as a regulatory asset pursuant to SFAS No. 71 in connection with the implementation of the Interpretation, as we believe it is probable that the actual cost to dispose of the asset will be recoverable in future rates. Accretion is deferred as a regulatory asset pursuant to SFAS No. 71.

### Changes to Asset Retirement Obligation Liabilities

The following table describes changes to the asset retirement obligations of the Company through December 31, 2007.

Asset retirement obligations at December 31, 2005	\$891,295
Accretion	51,048
Asset retirement obligations at December 31, 2006	942,343
Asset retirement obligations transferred in the sale of Warden	(243,758)
Accretion	48,132
<b>Asset retirement obligations at December 31, 2007</b>	<b>\$746,717</b>

## 10. REGULATORY ENVIRONMENT

In July 2003, the Company requested from the MPSC and the FERC to defer incremental O&M costs associated with the May 2003 flooding incident near Marquette. These requests were approved in November 2003. At this time, insurance and third party settlements are expected to cover these incremental costs.

The Company also received approval to defer incremental power supply costs associated with the flooding incident. The current balance of approximately \$2.4 million will be requested in a future rate proceeding.

On December 8, 2004, the Company submitted a request to the MPSC to approve the Company's proposed treatment of the pre-tax gains from certain sales of undeveloped and partially developed lands located in the Upper Peninsula of Michigan as appropriate for ratemaking purposes. On April 28, 2005, the MPSC issued an order authorizing the Company to retain 100% of the pre-tax gains on certain lands owned up to \$18.5 million, and 73% of any pre-tax gains over that amount. Under the Order, the Company was not allowed to file for a retail electric service base rate increase until January 1, 2006. The Power Supply Cost Recovery Clause was not subject to the filing moratorium.



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NOTES TO FINANCIAL STATEMENTS (Continued)			

On June 27, 2006, the MPSC issued a final order authorizing the Company to increase its retail electric rates by \$3.8 million (4.8%) with a 10.75% return on equity, and a 54.93% common equity ratio. The new rates were effective June 28, 2006. The retail electric rate increase was required in order to improve service quality and reliability, upgrade technology, and manage rising employee and retiree benefit costs. The Company's previous retail electric rate increase was in December 2002.

The Company and WPSC made a joint filing with FERC on November 1, 2004 for approval of a new wholesale power contract between the companies to be in effect on January 1, 2005. Parties, including the Company's wholesale customers, intervened and protested the filing, Docket ER05-164. On December 21, 2004, FERC issued an order accepting and suspending the contract and established settlement discussions. The Company reached settlement with its wholesale customers. The settlement included new power supply contracts for two wholesale customers that did not have contracts in place beyond December 31, 2005, and a one-time early termination provision for the other wholesale customers that have contracts with the Company beyond December 31, 2005. On November 2, 2005, the Company filed this settlement agreement at FERC. FERC approved this settlement on December 27, 2005.

WPSC and the Company reached settlement with wholesale customers of WPSC that were protesting this docket as well as Docket ER05-1089. The Company was also a party to Docket ER05-1089 as it dealt with the collection of replacement power costs of the Kewaunee Nuclear Plant 2005 outage, as well as the refund of a decommissioning fund as a result of the sale of the plant by WPSC. The settlements for these two dockets, which were contingent upon each other, were filed with FERC on November 9, 2006. FERC approved the Docket ER05-164 settlement on April 30, 2007, and the Docket ER05-1089 settlement on August 21, 2007. As a part of Docket ER05-1089 settlement, the Company made a one-time payment of \$1,216,650.31 to WPSC reflecting the net of the Company's obligations of WPSC deferred purchase power and O&M costs, the refund of the decommissioning fund, and accumulated interest.

On June 8, 2007, the Company submitted a request to the MPSC to approve the Company's proposed treatment of the jurisdictional pre-tax gains from the sale of the Warden Generating Station in L'Anse Michigan as appropriate for ratemaking purposes. The Company proposed to distribute 100% of the jurisdictional portion of the first \$800,000 of any pre-tax gains to customers. The Company further proposed to share the jurisdictional portion of any pre-tax gains above \$800,000 between the customers and shareholders on a 50% / 50% basis. Lastly, within 9 months after the sale of the Warden Generating Station, the Company proposed to file a plan for distributing the gains to retail customers. A settlement agreement was executed by all parties in this case, and the MPSC issued an order approving the settlement agreement on October 9, 2007. As provided for in the settlement agreement, the order approves the requested gains treatment, requires the Company to file a plan for distributing the customer gains (approximately \$1.9 million) to retail customers by April 5, 2008, and implements a base rate increase moratorium until March 14, 2009. The base rate increase moratorium does not preclude deferred accounting treatment for any governmental mandates and base rate increases for any unusual and extraordinary events that would cause serious financial harm to the Company, and the Company's Power Supply Cost Recovery Clause not subject to the moratorium.

Retail customer choice became available on January 1, 2002 in Michigan. Effective January 1, 2008, CertainTeed, one of the Company's five largest customers, became the Company's first retail customer to choose an alternative energy supplier for power supply service. CertainTeed began taking service from an alternative energy supplier which is affiliated with the new ownership of Warden Generating Station, as described above. The net impact of the loss of power supply service to CertainTeed on the Company's retail margin is approximately \$0.4 million per year. Because CertainTeed is located adjacent to the Warden Generating Station, it is expected that CertainTeed will eventually elect to interconnect directly with the Warden Generating Station for both electric and steam service. If the direct interconnection occurs, the loss of distribution service revenue would cause an additional loss of approximately \$100,000 per year of margin.

As part of the regulatory approval process associated with an acquisition, Integrys Energy Group agreed to formally propose the formation of a centralized service company to provide administrative and general support services to Integrys Energy Group's six regulated utilities including the Company. These services include categories such as

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legal, accounting and finance, environmental, information technology, purchasing and warehousing, human resources, administrative services (e.g., real estate, printing, etc.), external/regulatory affairs, gas services, and gas supply, among others. In addition, many of these same services will also be provided to Integrys Energy Group's nonregulated subsidiaries. The centralized service company became operational on January 1, 2008. The creation of a centralized service company required the Company to move some of the employees supporting these functions into the new service company along with many of the employees who provided these services from WPSC, Peoples Energy Company, Peoples Gas Light and Coke Company, and Integrys Energy Group. Certain assets were also transferred by affiliates to the centralized service company.

**Collective Bargaining Agreement**

A one year contract extension was agreed upon from April 20, 2008 until April 18, 2009.

**11. COMMITMENTS, CONTINGENCIES, AND UNCERTAINTIES**

The Company has made commitments for the purchase of commodities, mainly capacity or energy related to purchased power, which total \$39.2 million and extend through 2014.

For 2008, the Company has a Capacity Purchase Agreement with WPSC that entitles the Company to purchase 65 MW of capacity. The Company also has a purchase power agreement for interruptible partial requirements service for 38 to 52 MW's that varies by month. The rate is determined by a rate formula. Either party may terminate this agreement with 24 months prior notice.

The Company has a capacity and energy purchase agreement with White Pine Electric Power for 35 MW of capacity through December 31, 2014. Termination of this contract may occur on the fifth anniversary of the effective date, which will be in 2010.

**Flood Damage**

On May 14, 2003, the fuse plug at the Silver Lake reservoir owned by the Company was breached. This breach resulted in subsequent flooding downstream of the Dead River, which is located in Michigan's Upper Peninsula near Marquette, Michigan. Several lawsuits were filed related to this incident all of which have been settled and for which insurance recovery was received in excess of the applicable self-insured retention.

The Company has completed significant environmental restoration activities and is working with the Michigan Department of Environmental Quality to determine what additional activities are necessary to resolve the impacts associated with this event. Integrys Energy Group maintains a comprehensive insurance program that includes the Company and it believes is sufficient to cover its responsibilities related to this event. The self-insured retention on this policy is not material to Integrys Energy Group.

In November 2003, the Company received approval from the MPSC and FERC for deferral of incremental O&M costs that are not reimbursable through insurance. At this time, it is expected that all of these costs will be covered by third party settlements. The Company also received approval from the MPSC to defer incremental power supply costs associated with the incident. Recovery of costs deferred will be addressed in future rate proceedings.

The Company has announced its decision to restore Silver Lake as a reservoir for power generation pending approval of an economically feasible design by the FERC. The FERC has required that a board of consultants evaluate and oversee the design approval process. The Company continues to work with its Board and the FERC to develop an economically feasible design. Once work is done, Silver Lake is expected to take approximately two years to refill, based upon natural precipitation.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

## UPPCO Litigation

### Naterra Land, Inc. vs. UPPCO Mitigation

In 2005, Upper Peninsula Power Company ("UPPCO") sold land to Naterra Land, Inc. ("Naterra") for \$5,900,000 related to several hydro electric properties in the Upper Peninsula of Michigan. These land sales were negotiated in a Vacant Land Offer to Purchase ("Agreement") dated November 2, 2005. Recently, Naterra filed suit against UPPCO and Integrys Energy Group, Inc. in the Federal District Court for the District of Minnesota relating to the Agreement. Specifically, Naterra alleges UPPCO and Integrys Energy Group engaged in fraud and that UPPCO breached the contract and its duty of good faith and fair dealing relative to the Agreement. UPPCO and Integrys Energy Group have filed an Answer denying the allegations and are vigorously defending this lawsuit. A scheduling order has not been set, no discovery has occurred, nor has a trial date been set.

## 12. SALE OF UPPER PENINSULA POWER COMPANY LANDS

In December 2005, the Company sold a portion of its real estate holdings that were no longer needed for operations for \$5.9 million and recognized a pre-tax gain of \$5.5 million in 2005. See note 10, "Regulatory Environment," for details on how the MPSC has agreed to handle the land sales for rate purposes.

## 13. COMMON STOCK

<i>(Thousands)</i>	December 31	
	2007	2006
Common Stock of the Company, Consists of		
Common Stock Without Par Value, \$9 Stated Value,		
Authorized 3,000,000 Shares, Issued and Outstanding -		
1,473,736 Shares in 2007 and 2006	<b>\$13,263.6</b>	\$13,263.6

All shares of the Company's common stock are owned by Integrys Energy Group, Inc. In 2007, the Company made a \$7.5 million return of capital payment to Integrys Energy Group, Inc.

## 14. DIVIDEND RESTRICTION

The Company's indentures relating to first mortgage bonds contains certain limitations on the payment of cash dividends on common stock. Under the most restrictive provisions, approximately \$26.1 million of retained earnings was available at December 31, 2007, for the payment of common stock cash dividends by the Company.

## 15. RELATED PARTY TRANSACTIONS

Integrys Energy Group and its consolidated subsidiaries file consolidated federal income tax returns. WPSC pays the income taxes, which are then allocated to the appropriate entities. The tax allocable to each subsidiary is the amount of tax it would have paid had it filed a separate return of the tax year in question, after application of any credit to which it would be entitled on a separate return basis. Adjustments are made as necessary to reflect any items which are usable on the consolidated return, but which would not be usable on a separate return, such as deducting a capital loss that can be used against capital gains attributable to another member of the consolidated group. At December 31, 2007, the Company's Balance Sheet included intercompany taxes payable of \$1.2 million. At December 31, 2006, the intercompany taxes receivable totaled \$1.6 million.

The Company leases its corporate office building from Upper Peninsula Building Development Corporation, a sister company.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

The Company records related-party transactions for services provided to and network transmission services received from ATC. Charges to ATC for services provided by the Company were \$2.5 million, and \$2.4 million in 2007 and 2006, respectively. Network transmission service costs paid to ATC by the Company were \$4.7 million and \$3.9 million in 2007 and 2006, respectively.

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report End of 2007/Q4
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**SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS  
FOR DEPRECIATION, AMORTIZATION AND DEPLETION**

Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (h) common function.

Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)
1	Utility Plant		
2	In Service		
3	Plant in Service (Classified)	187,753,161	187,753,161
4	Property Under Capital Leases		
5	Plant Purchased or Sold		
6	Completed Construction not Classified	9,349,558	9,349,558
7	Experimental Plant Unclassified		
8	Total (3 thru 7)	197,102,719	197,102,719
9	Leased to Others		
10	Held for Future Use		
11	Construction Work in Progress	3,816,244	3,816,244
12	Acquisition Adjustments		
13	Total Utility Plant (8 thru 12)	200,918,963	200,918,963
14	Accum Prov for Depr, Amort, & Depl	85,828,268	85,828,268
15	Net Utility Plant (13 less 14)	115,090,695	115,090,695
16	Detail of Accum Prov for Depr, Amort & Depl		
17	In Service:		
18	Depreciation	81,647,882	81,647,882
19	Amort & Depl of Producing Nat Gas Land/Land Right		
20	Amort of Underground Storage Land/Land Rights		
21	Amort of Other Utility Plant	1,343,771	1,343,771
22	Total In Service (18 thru 21)	82,991,653	82,991,653
23	Leased to Others		
24	Depreciation		
25	Amortization and Depletion		
26	Total Leased to Others (24 & 25)		
27	Held for Future Use		
28	Depreciation		
29	Amortization		
30	Total Held for Future Use (28 & 29)		
31	Abandonment of Leases (Natural Gas)		
32	Amort of Plant Acquisition Adj	2,836,615	2,836,615
33	Total Accum Prov (equals 14) (22,26,30,31,32)	85,828,268	85,828,268

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106)**

- |   |  |
|---|--|
| <p>1. Report below the original cost of plant in service in the same detail as in the current depreciation order.</p> <p>2. In addition to Account 101, Electric Plant in service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified - Electric.</p> <p>3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.</p> <p>4. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such amounts.</p> <p>5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and</p> | <p>include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year of unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d), including the</p> |
|---|--|

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	301 Organization	2,005	
3	302 Franchises and Consents	7,551,275	
4	303 Miscellaneous Intangible Plant	81,871	
5	TOTAL Intangible Plant	7,635,151	0
6	2. PRODUCTION PLANT		
7	Steam Production Plant		
8	310.1 Land	153,164	
9	310.2 Land Rights	185	
10	311 Structures and Improvements	1,474,516	
11	312 Boiler Plant Equipment	4,410,820	
12	313 Engines and Engine-Driven Generators	0	
13	314 Turbogenerator Units	1,429,231	
14	315 Accessory Electric Equipment	562,364	
15	316 Miscellaneous Power Plant Equipment	207,328	
16	TOTAL Steam Production Plant	8,237,608	0
17	Nuclear Production Plant		
18	320.1 Land		
19	320.2 Land Rights		
20	321 Structures and Improvements		
21	322 Reactor Plant Equipment		
22	323 Turbogenerator Units		
23	324 Accessory Electric Equipment		

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)**

reversals of the prior year's tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

6. Show in column (f) reclassification or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f)

to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and, if substantial in amount, submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date of such filing.

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					1
			2,005	301	2
			7,551,275	302	3
60,478			21,393	303	4
60,478	0	0	<b>7,574,673</b>		5
					6
					7
9,830			143,334	310.1	8
185			0	310.2	9
1,474,516			0	311	10
4,351,415		(59,405)	0	312	11
0	0	0	0	313	12
1,429,231			0	314	13
559,551		(2,813)	0	315	14
194,515		(12,813)		316	15
8,019,243	0	(75,031)	<b>143,334</b>		16
					17
				320.1	18
				320.2	19
				321	20
				322	21
				323	22
				324	23

Name of Respondent		This Report Is:	Date of Report	Year of Report
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<b>ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)</b>				
Line No.	Account (a)	Balance at Beginning of Year (b)	Addition (c)	
24	325 Miscellaneous Power Plant Equipment			
25	TOTAL Nuclear Production Plant	0	0	
26	Hydraulic Production Plant			
27	330.1 Land	285,252		
28	330.2 Land Rights	367,462		
29	331 Structures and Improvements	1,036,175	35,150	
30	332 Reservoirs, Dams and Waterways	29,782,645	172,636	
31	333 Water Wheels, Turbines and Generators	686,005		
32	334 Accessory Electric Equipment	1,350,398		
33	335 Miscellaneous Power Plant Equipment	635,761	3,028	
34	336 Roads, Railroads and Bridges	510,048		
35	TOTAL Hydraulic Production Plant	<b>34,653,746</b>	210,814	
36	Other Production Plant			
37	340.1 Land	63,016		
38	340.2 Land Rights			
39	341 Structures and Improvements	187,671	14,966	
40	342 Fuel Holders, Products and Accessories	419,466	1,035,934	
41	343 Prime Movers	2,489,856		
42	344 Generators	1,056,338		
43	345 Accessory Electric Equipment	701,981	1,050	
44	346 Miscellaneous Power Plant Equipment	31,547		
45	TOTAL Other Production Plant	<b>4,949,875</b>	1,051,950	
46	TOTAL Production Plant	<b>47,841,229</b>	1,262,764	
47	3. TRANSMISSION PLANT			
48	350.1 Land			
49	350.2 Land Rights			
50	352 Structures and Improvements			
51	353 Station Equipment			
52	354 Towers and Fixtures			
53	355 Poles and Fixtures			
54	356 Overhead Conductors and Devices			
55	357 Underground Conduit			
56	358 Underground Conductors and Devices			



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<b>ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)</b>					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
				325	24
0	0	0	0		25
					26
			285,252	330.1	27
			367,462	330.2	28
			1,071,325	331	29
3,056			29,952,225	332	30
			686,005	333	31
			1,350,398	334	32
79,441		65,453	624,801	335	33
			501,048	336	34
82,497	0	65,453	<b>34,847,516</b>		35
					36
			63,016	340.1	37
				340.2	38
			202,637	341	39
178,493			1,276,907	342	40
			2,489,856	343	41
			1,056,338	344	42
			701,981	345	43
760			31,837	346	44
179,253	0	0	<b>5,822,572</b>		45
<b>8,280,993</b>	0	(9,578)	<b>40,813,422</b>		46
					47
				350.1	48
				350.2	49
				352	50
				353	51
				354	52
				355	53
				356	54
				357	55
				358	56

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**ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)**

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
57	359 Roads and Trails		
58	TOTAL Transmission Plant	0	0
59	4. DISTRIBUTION PLANT		
60	360.1 Land	336,365	
61	360.2 Land Rights	387,362	
62	361 Structures and Improvements	1,175,900	59,568
63	362 Station Equipment	21,042,696	1,739,655
64	363 Storage Battery Equipment		
65	364 Poles, Towers and Fixtures	26,417,473	1,174,393
66	365 Overhead Conductors and Devices	15,081,713	132,198
67	366 Underground Conduit		
68	367 Underground Conductors and Devices	15,400,547	1,200,277
69	368 Line Transformers	18,479,042	1,530,930
70	368.1 Capacitors	52,247	21,511
71	369 Services	11,976,720	783,703
72	370 Meters	5,558,711	69,138
73	371 Installations on Customers' Premises	580,017	36,278
74	372 Leased Property on Customers' Premises		
75	373 Street Lighting and Signal Systems	1,763,445	152,629
76	TOTAL Distribution Plant	<b>118,252,238</b>	6,900,280
77	5. GENERAL PLANT		
78	389.1 Land	125,811	0
79	389.2 Lands Rights	0	0
80	390 Structures and Improvements	4,545,380	138,285
81	391 Office Furniture and Equipment	1,680,511	15,070
82	391.1 Computers / Computer Related Equipment	1,266,135	60,265
83	392 Transportation Equipment	7,513,840	545,219
84	393 Stores Equipment	100,995	
85	394 Tools, Shop and Garage Equipment	1,471,099	76,988
86	395 Laboratory Equipment	1,230,910	21,501
87	396 Power Operated Equipment	492,855	331,403
88	397 Communication Equipment	2,285,186	123,949
89	398 Miscellaneous Equipment	32,384	
90	SUBTOTAL	<b>20,745,106</b>	1,312,680

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Upper Peninsula Power Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr) 04/30/08	December 31, 2007
ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
				359	57
0	0	0	0		58
					59
86			336,279	360.1	60
			387,362	360.2	61
			1,235,468	361	62
522,836		(28,494)	22,231,021	362	63
				363	64
246,692			27,345,174	364	65
60,564			15,153,347	365	66
				366	67
139,773		(2,300)	16,458,751	367	68
442,143		28,432	19,596,261	368	69
			73,758	368.1	70
60,730			12,699,693	369	71
211,362			5,416,487	370	72
24,662		228	591,861	371	73
				372	74
45,758		2,072	1,872,388	373	75
1,754,606	0	(62)	<b>123,397,850</b>		76
					77
			125,811	389.1	78
				389.2	79
2,204			4,681,461	390	80
6,156		5,773	1,695,198	391	81
111,426		11,449	1,226,423	391.1	82
635,735		5,481	7,428,805	392	83
			100,995	393	84
		(29,701)	1,518,386	394	85
299		22,057	1,274,169	395	86
23,636		(5,481)	795,141	396	87
736		62	2,408,461	397	88
			32,384	398	89
780,192	0	9,640	<b>21,287,234</b>		90

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)**

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
91	399 Other Tangible Property		
92	TOTAL General Plant	20,745,106	1,312,680
93	TOTAL (Accounts 101 and 106)	194,473,724	9,475,724
94			
95	102 Electric Plant Purchased		
96	(Less) 102 Electric Plant Sold		
97	103 Experimental Plant Unclassified		
98	TOTAL Electric Plant in Service (Total of lines 93 thru 97)	194,473,724	9,475,724

Name of Respondent Upper Peninsula Power Company		This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
<b>ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)</b>					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
				399	91
780,192	0	9,640	21,287,234		92
10,876,269	0	0	193,073,179		93
					94
				102	95
					96
				103	97
10,876,269	0	0	193,073,179		98

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**PLANT ACQUISITION ADJUSTMENTS AND ACCUMULATED PROVISION FOR AMORTIZATION  
OF PLANT ACQUISITION ADJUSTMENTS (Accounts 114 & 115)**

- |  |   |
|--|---|
| <p>1. Report the particulars called for concerning acquisition adjustments.</p> <p>2. Provide a subheading for each account and list thereunder the information called for, observing the instructions below.</p> <p>3. Explain each debit and credit during the year, give reference to any Commission orders or other authorizations concerning such amounts, and show contra account debited or credited.</p> <p>4. For acquisition adjustments arising during the year</p> | <p>state the name of the company from which the property was acquired, date of transaction, and date journal entries clearing Account 102, Plant Purchased or Sold, were filed with the Commission.</p> <p>5. In the blank space at the bottom of the schedule, explain the plan of disposition of any acquisition adjustments not currently being amortized.</p> <p>6. Give date Commission authorized use of Account 115.</p> |
|--|---|

Line No.	Description (a)	Balance Beginning of Year (b)	Debits (c)	CREDITS		Balance End of Year (f)
				Contra Acct. (d)	Amount (e)	
1	Account 114					
2	Purchased (4) Hydro-Electric	3,575,565				3,575,565
3	Generating Stations for Cliffs					
4	Electric Service on February 17, 1998					
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15	Account 115					
16	Four (4) Hyrdo-Electric Generating	2,693,592		406	(143,022)	2,836,615
17	Stations					
18						
19						
20						

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**CONSTRUCTION WORK IN PROGRESS AND COMPLETED CONSTRUCTION  
NOT CLASSIFIED - ELECTRIC (Accounts 107 and 106)**

1. Report below descriptions and balances at end of year of projects in process of construction and completed construction not classified for projects actually in service. For any substantial amounts of completed construction not classified for plant actually in service explain the circumstances which have prevented final classification of such amounts to prescribed primary accounts for plant in service.
2. The information specified by this schedule for Account 106, Completed Construction
- Not Classified-Electric, shall be furnished even though this account is included in the schedule, Electric Plant in Service, pages 204-211, according to a tentative classification by primary accounts.
3. Show items relating to "research and development" projects last under a caption Research and Development (See Account 107, Uniform System of Accounts).
4. Minor projects may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress-Electric (Account 107) (b)	Completed Construction Not Classified-Electric (Account 106) (c)	Estimated Additional Cost of Project (d)
1	Silver Lake Dam Replacement	1,734,020		7,265,980
2	AuTrain Dam PMF	699,937		1,400,063
3	Eng. for Bond Falls FERC	388,606		4,862,394
4	Ontonogan Sub Rebuild	152,284		370,317
5	Proj. With Bal Less \$100,000	841,397	2,551,828	
6	Henry St. By Pass and Exits		164,675	
7	Hoist Dam Stability/Past Tension		1,476,093	
8	McClure Safety Modif.		1,676,590	
9	Prickett Intake Penstock Drain		143,352	
10	Portage CT Above Ground Oil Storage		1,035,934	
11	Atlantic Sub Add Trans. & Fdrs		665,626	
12	Freeman Sub Switch		153,986	
13	Henry St. Sub Rebuild		778,135	
14	MTU Sub Bank 2 and Transformer		703,339	
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35	<b>TOTAL</b>	<b>3,816,244</b>	<b>9,349,558</b>	<b>13,898,754</b>

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**CONSTRUCTION OVERHEADS - ELECTRIC**

1. List in columns (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items. should explain on page 218 the accounting procedures employed and the amounts of engineering, supervision and administrative costs, etc., which are directly charged to construction.
2. On page 218 furnish information concerning construction overheads. 4. Enter on this page engineering, supervision, administrative, and allowance for funds used during construction, etc., which are first assigned to a blanket work order and then prorated to construction jobs.
3. A respondent should not report "none" to this page if no overhead apportionments are made, but rather

Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)
1	Local Engineering	11,290
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
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34		
35		
36		
37		
38		
39	<b>TOTAL</b>	<b>11,290</b>



Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 04/30/08	Year of Report December 31, 2007
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**GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE**

For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of determination in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned. 2. Show below the computation of the allowance for funds used during construction rates, in accordance with the provisions of Electric Plant instruction 3(17) of the U.S. of A. 3. Where a net-of-tax rate for borrowed funds is used, show the appropriate tax effect adjustment to the computations below in a manner that clearly indicates the amount of reduction in the gross rate for tax effects.

1. Construction Overheads: Supervision and engineering are charged to specific requisitions involved, direct from the time vouchers. Pensions expense, workmen's compensation insurance, payroll taxes, and other employee benefits including health and dental insurance, and long term disability insurance are allocated to construction based on direct payroll charges. 2. General Administration: By examination, certain administration and general salaries are transferred to construction costs based on direct payroll charges to construction projects involved. 3. Items 2 and 3 below (Gross rate for borrowed funds and rate for other funds) are based on Michigan Public Service commissions found overall rate of return ordered by Case U-14745 dated June 26, 2006.

**COMPUTATION OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION RATES**

For line 1(5), column (d) below, enter the rate granted in the last rate proceeding. If such is not available, use the average rate earned during the preceding three years.

1. Components of Formula (Derived from actual book balances and actual cost rates):

Line No.	Title (a)	Amount (b)	Capitalization Ratio (Percent) (c)	Cost Rate Percentage (d)
1	Average Short-Term Debt &	S \$ 10,067,260		
2	Short-Term Interest			s 5.55%
3	Long-Term Debt	D 28,500,000	30.50%	d 7.27%
4	Preferred Stock	P		p
5	Common Equity	C 64,942,982	69.50%	c 10.75%
6	Total Capitalization	\$ 93,442,982	100.00%	
7	Average Construction Work In Progress Balance	W \$ 3,749,591		

2. Gross Rate for Borrowed Funds      S                      D                      S  
 $s \text{ (-----)} + d \text{ (-----)} (1 - \text{-----})$

3. Rate for Other Funds                      S                      P                      C  
 $[1 - \text{-----}] [p \text{ (-----)} + c \text{ (-----)}]$

4. Weighted Average Rate Actually Used for the Year:

- a. Rate for Borrowed Funds - 5.55
- b. Rate for Other Funds - 0.00

Name of Respondent Upper Peninsula Power Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report End of 2007/Q4
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**ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)**

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, Line 11, column (c), and that reported for electric plant in service, pages 204-207, column 9d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

**Section A. Balances and Changes During Year**

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	87,001,375	87,001,375		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	5,333,563	5,333,563		
4	(403.1) Depreciation Expense for Asset Retirement Costs				
5	(413) Exp. of Elec. Plt. Leas. to Others				
6	Transportation Expenses-Cleaning				
7	Other Clearing Accounts	718,359	718,359		
8	Other Accounts (Specify, details in footnote):				
9	ARO Depreciation Expense	38,250	38,250		
10	TOTAL Deprec. Prov for Year (Enter Total of lines 3 thru 9)	6,090,172	6,090,172		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	10,965,425	10,965,425		
13	Cost of Removal	472,281	472,281		
14	Salvage (Credit)	3,564,689	3,564,689		
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	7,873,017	7,873,017		
16	Other Debit or Cr. Items (Describe, details in footnote):	-3,570,649	-3,570,649		
17					
18	Book Cost or Asset Retirement Costs Retired				
19	Balance End of Year (Enter Totals of lines 1, 10, 15, 16, and 18)	81,647,881	81,647,881		

**Section B. Balances at End of Year According to Functional Classification**

20	Steam Production	87,697	87,697		
21	Nuclear Production				
22	Hydraulic Production-Conventional	11,337,438	11,337,438		
23	Hydraulic Production-Pumped Storage				
24	Other Production	4,256,454	4,256,454		
25	Transmission				
26	Distribution	53,873,872	53,873,872		
27	Regional Transmission and Market Operation				
28	General	12,092,420	12,092,420		
29	TOTAL (Enter Total of lines 20 thru 28)	81,647,881	81,647,881		

Name of Respondent Upper Peninsula Power Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report 2007/Q4
FOOTNOTE DATA			

**Schedule Page: 219 Line No.: 16 Column: c**

Gain on Sale of JH Warden Station	\$ (3,555,699)
Reclass of cost of removal collected through rates	(14,118)
Other Transfers	168
	<u>\$ (3,570,649)</u>

**Schedule Page: 219 Line No.: 19 Column: c**

**Footnote:**

**Steam Production**

End Balance (above)	87,697
Less: 108200 ARO	87,697
Depreciation (Non-Rate base)	
Add: 182376 ARO COR Depr (Rate base)	0
Ending Rate Base Reserve	0

**Nuclear Production**

End Balance (above)	0
Less: 108200 ARO	0
Depreciation (Non-Rate base)	
Add: 182376 ARO COR Depr (Rate base)	0
Ending Rate Base Reserve	0

**Hydraulic Production - Conventional**

End Balance (above)	11,337,438
Less: 108200 ARO	0
Depreciation (Non-Rate base)	
Add: 182376 ARO COR Depr (Rate base)	0
Ending Rate Base Reserve	11,337,438

**Hydraulic Production - Pumped Storage**

End Balance (above)	0
Less: 108200 ARO	0
Depreciation (Non-Rate base)	
Add: 182376 ARO COR Depr (Rate base)	0
Ending Rate Base Reserve	0

**Other Production**

End Balance (above)	4,256,454
Less: 108200 ARO	0
Depreciation (Non-Rate base)	
Add: 182376 ARO COR Depr (Rate base)	0
Ending Rate Base Reserve	4,256,454

**Transmission**

End Balance (above)	0
Less: 108200 ARO	0
Depreciation (Non-Rate base)	
Add: 182376 ARO COR Depr (Rate base)	0

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Upper Peninsula Power Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 12/31/2007	2007/Q4
FOOTNOTE DATA			

Ending Rate Base Reserve 0

**Distribution**

End Balance (above) 53,873,872  
Less: 108200 ARO 107,075  
Depreciation (Non-Rate base)  
Add: 182376 ARO COR Depr 139,447  
(Rate base)  
Ending Rate Base Reserve 53,906,244

**General**

End Balance (above) 12,092,421  
Less: 108200 ARO 96,426  
Depreciation (Non-Rate base)  
Add: 182376 ARO COR Depr 0  
(Rate base)  
Ending Rate Base Reserve 11,995,994

**Total**

End Balance (above) 81,647,881  
Less: 108200 ARO 291,198  
Depreciation (Non-Rate base)  
Add: 182376 ARO COR Depr 139,447  
(Rate base)  
Ending Rate Base Reserve 81,496,130

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**NONUTILITY PROPERTY (Account 121)**

- |   |   |
|---|---|
| <p>1. Give a brief description and state the location of nonutility property included in Account 121.</p> <p>2. Designate with a double asterisk any property which is leased to another company. State name of lessee and whether lessee is an associated company.</p> <p>3. Furnish particulars (details) concerning sales, purchases, or transfers of Nonutility Property during the year.</p> | <p>4. List separately all property previously devoted to public service and give date of transfer to Account 121, Nonutility Property.</p> <p>5. Minor items (5% of the Balance at the End of the Year for Account 121 or \$100,000, whichever is less) may be grouped by (1) previously devoted to public service, or (2) other nonutility property.</p> |
|---|---|

Line No.	Description and Location (a)	Balance at Beginning of Year (b)	Purchases, Sales Transfers, etc. (c)	Balance at End of Year (d)
1	Two (2) Dam Sites in Baraga			
2	& Houghton County	48,341		48,341
3	Land in the Ontonagon River Area	108,774		108,774
4	Land in the City of Gladstone	205,031		205,031
5	Escanaba River Hydros Delta County	3,468,321	65,289	3,533,610
6	Easter Hydro Dams	65,605		65,605
7	Bond Falls Ontonagon County	0	454,062	454,062
8	CWIP	1,465,602	(272,433)	1,193,169
9				
10				
11				
12				
13				
14				
15				
16				
17				
	TOTAL	5,361,674	246,918	5,608,592

**ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY (Account 122)**

Report below the information called for concerning depreciation and amortization of nonutility property.

Line No.	Item (a)	Amount (b)
1	Balance, Beginning of Year	649,305
2	Accruals for Year, Charged to	
3	(417) Income from Nonutility Operations	71,583
4	(418) Nonoperating Rental Income	0
5	Other Accounts (Specify):	0
6		
7	TOTAL Accruals for Year (Enter Total of lines 3 thru 6)	71,583
8	Net Charges for Plant Retired:	
9	Book Cost of Plant Retired	0
10	Cost of Removal	0
11	Salvage (Credit)	0
12	TOTAL Net Charges (Enter Total of lines 9 thru 11)	0
13	Other Debit or Credit Items (Describe):	
14		
15	Balance, End of Year (Enter Total of lines 1, 7, 12, and 14)	720,888

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**INVESTMENTS (Accounts 123, 124, 136)**

1. Report below the investments in Accounts 123, *Investments in Associated Companies*, 124, *Other Investment*, and 136, *Temporary Cash Investments*.  
 2. Provide a subheading for each account and list thereunder the information called for:  
 (a) Investment in securities - List and describe each security owned, giving name of user, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant to authorization by the Board of Directors, and included in Account 124, *Other Investments*), state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, *Temporary Cash Investments*, also may be grouped by classes.  
 (b) Investment Advances-Report separately for each person or company the amounts of loans or investment advances which are properly includable in Account 123. Advances subject to current repayment should be included in Accounts 145 and 146. With respect to each advance, show whether the advance is a note or an open account. Each note should be

Line No.	Description of Investment  (a)	Book Cost at Beginning of Year <i>(If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference)</i> (b)		Purchases or Additions During Year  (c)
		Original Cost	Book Value	
1	WPS Investments LLC	13,166,031		1,901,841
2	Date Acquired 6/29/2001			
3	5.89% Interest (Paid in Capital)			
4				
5	ATC Management, Inc.	3,220		
6	Date Acquired 6/29/2001			
7	2.15% Non-Voting Interest, 0% Voting Interest			
8	(Common Equity)			
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
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25				
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27				
28				
29				
30		13,169,251	0	1,901,841

Name of Respondent Upper Peninsula Power Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**INVESTMENTS (Accounts 123, 124, 136) (Cont'd)**

listed giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees. Exclude amounts reported on page 229.

3. For any securities, notes or accounts that were pledged designate with an asterisk such securities, notes, or accounts and in a footnote state the name of pledgee and purpose of the pledge.

4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.

5. Report in column (g) interest and dividend revenues from investments including such revenues from securities disposed of during the year.

6. In column (h) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (g).

Sales or Other Dispositions During Year (d)	Principal Amount or No. of Shares at End of Year (e)	Book Cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (f)		Revenues for Year (g)	Gain or Loss from Improvement Disposed of (h)	Line No.
		Original Cost	Book Value			
		13,670,624		1,397,248		1
						2
						3
						4
		3,220				5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
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						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
0	0	13,673,844	0	1,397,248	0	29
						30

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report End of <u>2007/Q4</u>
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**INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1)**

- Report below investments in Accounts 123.1, investments in Subsidiary Companies.
- Provide a subheading for each company and List there under the information called for below. Sub - TOTAL by company and give a TOTAL in columns (e),(f),(g) and (h)  
 (a) Investment in Securities - List and describe each security owned. For bonds give also principal amount, date of issue, maturity and interest rate.  
 (b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.
- Report separately the equity in undistributed subsidiary earnings since acquisition. The TOTAL in column (e) should equal the amount entered for Account 418.1.

Line No.	Description of Investment (a)	Date Acquired (b)	Date Of Maturity (c)	Amount of Investment at Beginning of Year (d)
1	WPS Investments LLC	6/29/2001		13,166,031
2	4.76% Interest			
3	Paid in Capital			
4				
5				
6	ATC Management, Inc.	6/29/2001		3,220
7	1.96% Non-Voting Interest, 0% Voting Interest			
8	Common Equity			
9				
10				
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17				
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35				
36				
37				
38				
39				
40				
41				
42	Total Cost of Account 123.1 \$	0	TOTAL	13,169,251



Name of Respondent  
Upper Peninsula Power Company

This Report Is:  
(1)  An Original  
(2)  A Resubmission

Date of Report  
(Mo, Da, Yr)  
12/31/2007

Year/Period of Report  
End of 2007/Q4

INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1) (Continued)

4. For any securities, notes, or accounts that were pledged designate such securities, notes, or accounts in a footnote, and state the name of pledgee and purpose of the pledge.
5. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.
6. Report column (f) interest and dividend revenues from investments, including such revenues from securities disposed of during the year.
7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if difference from cost) and the selling price thereof, not including interest adjustment includible in column (f).
8. Report on Line 42, column (a) the TOTAL cost of Account 123.1

Equity in Subsidiary Earnings of Year (e)	Revenues for Year (f)	Amount of Investment at End of Year (g)	Gain or Loss from Investment Disposed of (h)	Line No.
1,901,841	1,397,248	13,670,624		1
				2
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		3,220		6
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1,901,841	1,397,248	13,673,844		42

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Upper Peninsula Power Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 12/31/2007	2007/Q4
FOOTNOTE DATA			

**Schedule Page: 224 Line No.: 1 Column: e**

WPS Investments holds our investment in American Transmission Company, LLC.  
Dividends from American Transmission Company, LLC \$(1,397,248)

**Schedule Page: 224 Line No.: 6 Column: b**

ATC Management, Inc. is the corporate manager of the American Transmission Company, LLC.

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**NOTES AND ACCOUNTS RECEIVABLE SUMMARY FOR BALANCE SHEET**

Show separately by footnote the total amount of notes and accounts receivable from directors, officers, and employees included in Notes Receivable (Account 141) and Other Accounts Receivable (Account 143).

Line No.	Accounts (a)	Balance Beginning of Year (b)	Balance End of Year (c)
1	Notes Receivable (Account 141)		
2	Customer Accounts Receivable (Account 142)	9,661,653	11,153,866
3	Other Accounts Receivable (Account 143) (Disclose any capital stock subscriptions received)	7,144,374	5,302,093
4	<b>TOTAL</b>	<b>16,806,027</b>	<b>16,455,959</b>
5	Less: Accumulated Provision for Uncollectible Accounts-Cr. (Account 144)	400,000	200,000
6	<b>TOTAL, Less Accumulated Provision for Uncollectible Accounts</b>	<b>16,406,027</b>	<b>16,255,959</b>
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14			

**ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNT-CR. (Account 144)**

1. Report below the information called for concerning this accumulated provision.
2. Explain any important adjustments of subaccounts.
3. Entries with respect to officers and employees shall not include items for utility services.

Line No.	Item (a)	Utility Customers (b)	Merchandise Jobbing and Contract Work (c)	Officers and Employees (d)	Other (e)	Total (f)
1	Balance beginning of year	400,000				400,000
2	Prov. for uncollectibles for current year	312,454				312,454
3	Account written off (less)	591,833				591,833
4	Coll. of accounts written off	79,379				79,379
5	Adjustments (explain): .....					0 0
6	<b>Balance end of year</b>	<b>200,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>200,000</b>
7						
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11						

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**RECEIVABLES FROM ASSOCIATED COMPANIES (Accounts 145, 146)**

- |   |  |
|---|--|
| <p>1. Report particulars of notes and accounts receivable from associated companies* at end of year.</p> <p>2. Provide separate headings and totals for Accounts 145, Notes Receivable from Associated Companies, and 146, Accounts Receivable from Associated Companies, in addition to a total for the combined accounts.</p> <p>3. For notes receivable, list each note separately and state purpose for which received. Show also in column (a) date of note, date of maturity and interest rate.</p> | <p>4. If any note was received in satisfaction of an open account, state the period covered by such open account.</p> <p>5. Include in column (f) interest recorded as income during the year including interest on accounts and notes held any time during the year.</p> <p>6. Give particulars of any notes pledged or discounted, also of any collateral held as guarantee of payment of any note or account.</p> |
|---|--|

\* NOTE: "Associated companies" means companies or persons that, directly or indirectly, through one or more intermediaries, control, or are controlled by, or are under common control with, the account company. This includes related parties.

"Control" (including the terms "controlling," "controlled by," and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers or stockholders, voting trusts, holding trusts, associated companies, contract or any other direct or indirect means.

Line No.	Particulars (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)
			Debits (c)	Credits (d)		
1	Integrus Energy Group	20,461	29,214	39,252	10,423	
2	Upper Peninsula Building					
3	Development Company	0	33,286	473	32,813	
4	Penvest	5,783	2,473	6,256	2,000	
5	Wisconsin Public Serv.	46,518	277,471	298,963	25,026	
6	Wisconsin River Power	3,061	30,965	30,736	3,290	
7	Minnesota Energy	0	1,169	1,034	135	
8	Michigan Gas Utilities	52,111	304,093	291,534	64,670	
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24						
25	TOTAL	127,934	678,671	668,248	138,357	0

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report End of <u>2007/Q4</u>
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**MATERIALS AND SUPPLIES**

- For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments which use the class of material.
- Give an explanation of important inventory adjustments during the year (in a footnote) showing general classes of material and supplies and the various accounts (operating expenses, clearing accounts, plant, etc.) affected debited or credited. Show separately debit or credits to stores expense clearing, if applicable.

Line No.	Account (a)	Balance Beginning of Year (b)	Balance End of Year (c)	Department or Departments which Use Material (d)
1	Fuel Stock (Account 151)	345,614	428,456	Electric
2	Fuel Stock Expenses Undistributed (Account 152)			
3	Residuals and Extracted Products (Account 153)			
4	Plant Materials and Operating Supplies (Account 154)			
5	Assigned to - Construction (Estimated)	488,019	721,061	Electric
6	Assigned to - Operations and Maintenance			
7	Production Plant (Estimated)	283,306	1,142	Electric
8	Transmission Plant (Estimated)			
9	Distribution Plant (Estimated)	512,470	238,582	Electric
10	Regional Transmission and Market Operation Plant (Estimated)			
11	Assigned to - Other (provide details in footnote)	12,215	5,276	Electric
12	TOTAL Account 154 (Enter Total of lines 5 thru 11)	1,296,010	966,061	
13	Merchandise (Account 155)			
14	Other Materials and Supplies (Account 156)			
15	Nuclear Materials Held for Sale (Account 157) (Not applic to Gas Util)			
16	Stores Expense Undistributed (Account 163)	66,177	5,883	
17				
18				
19				
20	TOTAL Materials and Supplies (Per Balance Sheet)	1,707,801	1,400,400	

Name of Respondent Upper Peninsula Power Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**PRODUCTION FUEL AND OIL STOCKS (Included in Account 151)**

- |   |   |
|---|---|
| <p>1. Report below the information called for concerning production fuel and oil stock.</p> <p>2. Show quantities in tons Of 2000 lb. Barrels (42 gals.) or Mcf., whichever unit of quantity is applicable.</p> <p>3. Each kind of coal or oil should be shown separately.</p> <p>4. If the respondent obtained any of its fuel from its own coal mines or oil or gas lands or leases or from</p> | <p>affiliated companies, a statement should be submitted showing the quantity of such fuel so obtained, the quantity used and quantity on hand, and cost of the fuel classified as to the nature of the costs and expenses incurred with appropriate adjustment for the inventories at beginning and end of year.</p> |
|---|---|

Line No.	Item (a)	Total Cost (b)	KINDS OF FUEL AND OIL	
			Quantity (c)	Cost (d)
1	On hand beginning of year	345,614	4,082	317,614
2	Received during year	1,078,639	12,153	1,078,639
3	TOTAL	1,424,253	16,235	1,396,253
4	Used during year (specify department)	995,797	11,059	995,797
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14				
15	Sold or transferred			
16	TOTAL DISPOSED OF	995,797	11,059	995,797
17	BALANCE END OF YEAR	428,456	5,176	400,456

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**PRODUCTION FUEL AND OIL STOCKS (Included in Account 151 (Continued))**

**KINDS OF FUEL AND OIL (Continued)**

Quantity (e)	Cost (f)	Quantity (g)	Cost (h)	Quantity (i)	Cost (j)	Line No.
						1
						2
0	0	0	0	0	0	3
						4
						5
						6
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						15
0	0	0	0	0	0	16
0	0	0	0	0	0	17

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**MISCELLANEOUS CURRENT AND ACCRUED ASSETS (Account 174)**

1. Give description and amount of other current and accrued assets as of the end of year.
2. Minor items may be grouped by classes, showing number of items in each class.

Line No.	Item (a)	Balance End of Year (b)
1	Accrued Ad Valorem Taxes	4,050,000
2	Deferred Power Supply Cost Revenue	68,313
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25	<b>TOTAL</b>	<b>4,118,313</b>



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Name of Respondent	This Report Is:	Date of Report	Year of Report
Upper Peninsula Power Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007

**PRELIMINARY SURVEY AND INVESTIGATION CHARGES (Account 183)**

1. Report below particulars concerning the cost of plans, surveys, and investigations made for the purpose of determining the feasibility of projects under contemplation.  
2. Minor items may be grouped by classes. Show the number of items in each group.

Line No.	Description and Purpose of Project (a)	Balance Beginning of Year (b)
1	Bond Falls - Eng for New FERC Lic. Reg	62,058
2	Victoria Investigation Drilling Piezometer	159,925
3	Silver Lake Dike Evaluations & Design	376,073
4	Snowfield Sub - Eng. & Design	911
5	Victoria Dam Re-Evaluate Hydrology	25,143
6	Prickett IDF Assessment/Eval/Eng.	73,386
7	McClure Boat Landing Investigation	432
8	Hoist Hyrdogeological Study	0
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<b>TOTAL</b>		<b>697,928</b>

Name of Respondent Upper Peninsula Power Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**PRELIMINARY SURVEY AND INVESTIGATION CHARGES (Account 183)**

Debits (c)	CREDITS		Balance End of Year (f)	Line No.
	Account Charged (d)	Amount (e)		
			62,058	1
25,877			185,802	2
	332	376,073	0	3
	592	911	0	4
586			25,729	5
3,212			76,598	6
4,460			4,892	7
29,542			29,542	8
				9
				10
				11
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				29
63,677		376,984	384,621	TOTAL

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report End of 2007/Q4
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OTHER REGULATORY ASSETS (Account 182.3)

- Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.
- Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than \$50,000 which ever is less), may be grouped by classes.
- For Regulatory Assets being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Assets  (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS		Balance at end of Current Quarter/Year (f)
				Written off During the Quarter/Year Account Charged (d)	Written off During the Period Amount (e)	
1	Retiree Health and Life	181,254		926	30,210	151,044
2						
3	Warden Ash Site Monitoring	1,265,000		253	55,000	1,210,000
4						
5	Minimum Pension Liability Adjustment	47,091,230	79,384,747	253	86,002,968	40,473,009
6						
7	ARO Depr/Accr NonRate Base	697,975	458,272	230/108	572,306	583,941
8						
9	ARO COR Rate Base	( 184,632)	59,303	254	14,118	-139,447
10						
11	Derivatives	12,052	22,783	244	30,879	3,956
12						
13	Silver Lake	845,012		131	845,012	
14						
15	PI Plant Outage PSCR-2003 Int	3,562,326	161,133	131	1,334,292	2,389,167
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43						
44	TOTAL	53,470,217	80,086,238		88,864,785	44,671,670

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report End of <u>2007/Q4</u>
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MISCELLANEOUS DEFERRED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a)
3. Minor item (1% of the Balance at End of Year for Account 186 or amounts less than \$50,000, whichever is less) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	Warden Ash Site Cost	208,713	22,892	511	35,044	196,561
2						
3	Long Term Receivable	662,500		253	662,500	
4						
5	Work Orders	284,531	255,323	Various	469,610	70,244
6						
7	Minor Items	19,973	80			20,053
8						
9	Accruals to Subsidiaries	6,875	415,565	Various	399,041	23,399
10						
11	Labor Load/Transp. Capital Acc		798,194	Various	775,052	23,142
12						
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46						
47	Misc. Work-in Progress					
48	Deferred Regulatory Comm. Expenses (See pages 350 - 351)					
49	TOTAL	1,182,592				333,399

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**ACCUMULATED DEFERRED INCOME TAXES (Account 190)**

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.      2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Account Subdivision (a)	Balance at Beginning of Year (b)	Changes During Year	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Electric			
2				
3	Plant	934,694		53,259
4	Other than Plant	2,061,919	(4,581,383)	7,970,294
5	Plant (FAS109)	410,312		
6	Other than Plant (FAS109)	103,545		
7	Other			
8	TOTAL (Account 190) (Enter total of lines 2 thru 7)	3,510,470	(4,581,383)	8,023,553
9	Gas			
10				
11				
12				
13				
14				
15	Other			
16	TOTAL Gas (Enter total of lines 10 thru 15)	0	0	0
17	Other (Specify)			
18	TOTAL (Account 190) (Enter total of lines 8, 16 & 17)	3,510,470	(4,581,383)	8,023,553
19	Classification of Total:			
20	Federal Income Tax	3,517,515	4,581,393	5,786,762
21	State Income Tax	(7,045)	0	2,236,791
22	Local Income Tax			

**NOTES**

*In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts listed under Other.*

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**ACCUMULATED DEFERRED INCOME TAXES (Account 190) (Continued)**

3. If more space is needed, use separate pages as required. and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts listed other Other.

4. In the space provided below, identify by amount

Changes During Year		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	DEBITS		CREDITS			
		Acct. No. (g)	Amount (h)	Acct. No. (i)	Amount (j)		
							1
							2
						987,953	3
						162,194	4
			(22,630)			387,682	5
						2,485	6
							7
0	0		(22,630)			164,679	8
							9
							10
							11
							12
							13
							14
							15
0	0		0			0	16
						281,194	17
0	0		(22,630)			445,873	18
							19
			(20,863)			473,567	20
			(1,767)			(27,694)	21
							22

NOTES (Continued)

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (Account 189, 257)**

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, particulars of gain and loss on reacquisition applicable to each class and series of long-term debt, including maturity date. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.

2. In column (c) show the principal amount of bonds or other long-term debt reacquired.

3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with General Instruction 16 of the Uniform System of Accounts.

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Princ. Amt. Of Debt Reacquired (c)	Net Gain or Net Loss (d)
1	Acct 189 Unamortized Loss on Reacq. Debt			
2	First Mortgage Bonds 10-3/4% Series (1)	8/1/1991	3,150,000	(81,375)
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**UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (Account 189, 257) (Continued)**

4. Show loss amounts in red or by enclosure in parentheses. Amortization of Loss on Reacquired Debt or credited to Account 429.1, Amortization of Gain on Reacquired Debt-Credit.

5. Explain any debits and credits other than amortization debited to Account 428.1.

Balance Beginning of Year (e)	Debits During Year (f)	Credits During Year (g)	Balance End of Year (h)	Line No.
				1
40,235		2,712	37,523	2
				3
				4
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CAPITAL STOCKS (Account 201 and 204)

- Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form filing, a specific reference to report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.
- Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.

Line No.	Class and Series of Stock and Name of Stock Series (a)	Number of shares Authorized by Charter (b)	Par or Stated Value per share (c)	Call Price at End of Year (d)
1	Common Stock Without Par	3,000,000	9.00	
2				
3	Cumulative Preferred Stock	300,000		
4				
5	Cumulative Preference Stock	1,000,000	1.00	
6				
7	NOTE: Respondent's common stock is held			
8	entirely by its parent holding company,			
9	Integrus Energy Group, Inc.			
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Name of Respondent  
Upper Peninsula Power Company

This Report Is:  
(1)  An Original  
(2)  A Resubmission

Date of Report  
(Mo, Da, Yr)  
12/31/2007

Year/Period of Report  
End of 2007/Q4

CAPITAL STOCKS (Account 201 and 204) (Continued)

3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.
4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or non-cumulative.
5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.  
Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purposes of pledge.

OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent)		HELD BY RESPONDENT				Line No.
		AS ACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	
1,473,736	13,263,624					1
						2
						3
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Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**CAPITAL STOCK SUBSCRIBED, CAPITAL STOCK LIABILITY FOR CONVERSION, PREMIUM ON CAPITAL STOCK AND INSTALLMENTS RECEIVED ON CAPITAL STOCK**  
(Accounts 202 & 205, 203 & 206, 207, 212)

- |   |   |
|---|---|
| <p>1. Show for each of the above accounts the amounts applying to each class and series of capital stock.</p> <p>2. For Account 202, <i>Common Stock Subscribed</i>, and Account 205, <i>Preferred Stock Subscribed</i>, show the subscription price and the balance due on each class at the end of year.</p> <p>3. Describe in a footnote the agreement and transactions under which a conversion liability existed</p> | <p>under Account 203, <i>Common Stock Liability for Conversion</i>, or Account 206, <i>Preferred Stock Liability for Conversion</i>, at the end of the year.</p> <p>4. For Premium on Account 207, <i>Capital Stock</i>, designate with a double asterisk any amounts representing the excess of consideration received over stated values of stocks without par value.</p> |
|---|---|

Line No.	Name of Account & Description of Item (a)	Number of Shares (b)	Amount (c)
1			
2	Account 207 - Premium on Capital Stock		
3			
4	Common Stock *	1,090,736	12,920,433
5	Return of Capital		(7,500,000)
6			
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40	TOTAL	1,090,736	5,420,433

Name of Respondent Upper Peninsula Power Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**OTHER PAID - IN CAPITAL (Accounts 208-211, inc.)**

Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as total of all accounts for reconciliation with balance sheet, page 112. Add more columns for any account if deemed necessary. Explain changes made in any account during the year and give the accounting entries effecting such change.

(a) *Donations Received from Stockholders* (Account 208)-State amount and give brief explanation of the origin and purpose of each donation.

(b) *Reduction in Par or Stated Value of Capital Stock* (account 209)-State amount and give brief explanation

of the capital changes which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.

(c) *Gain on Resale or Cancellation of Reacquired Capital Stock* (Account 210)-Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.

(d) *Miscellaneous Paid-in Capital* (Account 211)- Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1	Account 210- Gain on Resale or Cancellation of Reacquired Capital	
2		
3	Balance Beginning of Year	40,250
4		
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35	TOTAL	40,250

Name of Respondent Upper Peninsula Power Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**SECURITIES ISSUED OR ASSUMED AND SECURITIES REFUNDED OR RETIRED  
DURING THE YEAR**

- |  |   |
|--|---|
| <p>1. Furnish a supplemental statement giving a brief description of security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses. Identify as to Commission authorization numbers and dates.</p> <p>2. Furnish particulars (details) showing fully the accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gains or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.</p> <p>3. Include in the identification of each class and series of security, as appropriate, the interest or dividend</p> | <p>rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance of redemption price and name of the principal underwriting firm through which the security transactions were consummated.</p> <p>4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 16 of the Uniform System of Accounts, give references to the commission authorization for the different accounting and state the accounting method.</p> <p>5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as particulars (details) of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discounts, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.</p> |
|--|---|

Security financing:

Security fund requirements of the various series bonds were satisfied during the year.

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Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report End of 2007/Q4
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**LONG-TERM DEBT (Account 221, 222, 223 and 224)**

1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other long-Term Debt.
2. In column (a), for new issues, give Commission authorization numbers and dates.
3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
5. For receivers, certificates, show in column (a) the name of the court -and date of court order under which such certificates were issued.
6. In column (b) show the principal amount of bonds or other long-term debt originally issued.
7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.
8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.
9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

Line No.	Class and Series of Obligation, Coupon Rate (For new issue, give commission Authorization numbers and dates) (a)	Principal Amount Of Debt issued (b)	Total expense, Premium or Discount (c)
1	Bonds (Account 221)		
2			
3	9.32% Series	18,000,000	224,361
4			
5	Advances from Affiliates (Account 223)		
6			
7	5.25% Note	15,000,000	
8	6.059% Note	15,000,000	
9			
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33	TOTAL	48,000,000	224,361



Name of Respondent  
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End of 2007/Q4

LONG-TERM DEBT (Account 221, 222, 223 and 224) (Continued)

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.
11. Explain any debits and credits other than debited to Account 428, Amortization and Expense, or credited to Account 429, Premium on Debt - Credit.
12. In a footnote, give explanatory (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principle repaid during year. Give Commission authorization numbers and dates.
13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.
14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD		Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
						1
						2
11/01/1991	11/01/2021	11/01/1991	11/01/2021	12,600,000	1,244,220	3
						4
						5
						6
08/29/2003	07/29/2013			15,000,000	798,438	7
10/01/2007	9/1/2017			15,000,000	230,368	8
						9
						10
						11
						12
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				42,600,000	2,273,026	33

Name of Respondent Upper Peninsula Power Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**PAYABLES TO ASSOCIATED COMPANIES\* (Accounts 233, 234)**

1. Report particulars of notes and accounts payable to associated companies at end of year.
2. Provide separate totals for Accounts 233, Notes Payable to Associated Companies, and 234, Accounts Payable to Associated Companies, in addition to total for the combined accounts.
3. List each note separately and state the purpose for which issued. Show also in column (a) date of note, maturity and interest rate.
4. Include in column (f) the amount of any interest expense during the year on notes or accounts that were paid before the end of the year.
5. If collateral has been pledged as security to the payment of any note or account, describe such collateral.

*\*See definition on page 226B*

Line No.	Particulars (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)
			Debits (c)	Credits (d)		
1	Account 233:					
2	Accounts Pay Assoc. Co. Integrys Energy	15,350,000	82,875,000	68,775,000	1,250,000	558,496
3						
4	Account 234:					
5	Integrys Energy Group	433,061	3,536,185	3,904,275	801,151	
6	Upper Peninsula Building Development	183,815	1,224,138	1,141,560	101,237	
7	Penvest	1,450	17,400	17,400	1,450	
8	Wisconsin Public Service	8,189,827	101,811,142	99,936,891	6,315,576	
9	Wisconsin River Power	0	498	708	210	
10	Minnesota Energy	0	50,142	61,514	11,372	
11	Michigan Gas Utilities	4	2,592	2,795	207	
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
	<b>TOTAL</b>	<b>24,158,157</b>	<b>189,517,097</b>	<b>173,840,143</b>	<b>8,481,203</b>	<b>558,496</b>

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Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES**

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.

Line No.		TOTAL AMOUNT
1	Utility net operating income (page 114 line 20)	
2	Allocations: Allowance for funds used during construction	
3	Interest expense	
4	Other (specify)	
5	Net income for the year (page 117 line 68)	7,645,706
6	Allocation of net income for the year	
7	Add: Federal income tax expenses	3,562,341
8		
9	Total pre-tax income	11,208,047
10		
11	Add: Taxable income not reported on books:	704,734
12		
13		
14		
15	Add: Deductions recorded on books not deducted from return	3,884,277
16		
17		
18		
19	Subtract: Income recorded on books not included in return:	(485,006)
20		
21		
22		
23	Subtract: Deductions on return not charged against book income:	(3,541,812)
24		
25		
26	Federal taxable income for the year	11,770,240

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**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES (Continued)**

3. Allocate taxable income between utility and other income as required to allocate tax expense between 409.1 and 409.2  
4. A substitute page, designed to meet a particular need of a company, may be used as long as data is consistent and meets the requirements of the above instructions.

Utility	Other	Line No.
		1
		2
		3
		4
		5
		6
2,534,422	1,027,919	7
		8
		9
		10
704,734		11
		12
		13
		14
3,063,958	820,319	15
		16
		17
		18
	(485,006)	19
		20
		21
		22
(3,426,986)	(114,826)	23
		24
		25
		26

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report End of 2007/Q4
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**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR**

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual, or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes.) Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See instruction 5) (a)	BALANCE AT BEGINNING OF YEAR		Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)
		Taxes Accrued (Account 236) (b)	Prepaid Taxes (Include in Account 165) (c)			
1	Federal					
2	Income			3,631,944	3,631,944	
3	State					
4	Income Current Year		-24,444	26,270	38,000	
5	Income Prior Year		78,536	-3,736	-56,518	
6						
7	Other Taxes:					
8	Social Security	22,702		765,812	948,657	199,960
9	Unemployment			27,772	33,393	5,625
10	Single Business Tax	237,417		438,668	786,257	
11	Unauthorized Insurance Tax			28,736	14,036	
12	Use Tax			8,275	8,275	
13	Other Tax			1,200	952	
14	Property (1999-2000)	-111,923		-710,417	-710,417	111,923
15	Property 2007	3,809,800		-262,610	3,676,927	189,154
16	Property 2008			4,050,000		
17						
18						
19						
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41	TOTAL	3,957,996	54,092	8,001,914	8,371,506	506,662

Name of Respondent  
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5. If any tax (exclude Federal and State income taxes)- covers more then one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a foot- note. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Report in columns (i) through (l) how the taxes were distributed. Report in column (l) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (l) the amounts charged to Accounts 408.1 and 109.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (l) the taxes charged to utility plant or other balance sheet accounts.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				Line No.
(Taxes accrued Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	Electric (Account 408.1, 409.1) (i)	Extraordinary Items (Account 409.3) (j)	Adjustments to Ret. Earnings (Account 439) (k)	Other (l)	
						1
		2,625,546			1,006,398	2
						3
	-12,714	-19,728			-6,700	4
	25,754	3,112			782	5
						6
						7
39,817		765,812				8
4		27,772				9
-110,172		438,668				10
14,700		28,736				11
		8,275				12
248		1,200				13
		-638,325			-72,092	14
59,417		-262,610				15
4,050,000		3,919,867			130,133	16
						17
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4,054,014	13,040	6,898,325			1,058,521	41

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
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FOOTNOTE DATA			

**Schedule Page: 262 Line No.: 8 Column: f**

Capitalized Payroll Tax	\$167,170
Allocation	1,085
InterCompany Adjustment	31,705
	<u>\$199,960</u>

**Schedule Page: 262 Line No.: 9 Column: f**

Capitalized Payroll Tax	\$4,850
Allocation	21
InterCompany Adjustment	754
	<u>\$5,625</u>

**Schedule Page: 262 Line No.: 15 Column: f**

Acct 174 Prepaid Property Tax	\$240,200
Miscellaneous Adjustment	(51,046)
	<u>\$189,154</u>



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**ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)**

Report below information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any correction adjustments to the account balance shown in column (g). Include in column (i) the average period over which the tax credits are amortized.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Deferred for Year		Allocations to Current Year's Income		Adjustments (g)
			Account No. (c)	Amount (d)	Account No. (e)	Amount (f)	
1	Electric Utility						
2	3%						
3	4%	51,517			411.4	4,188	-33,488
4	7%						
5	10%	700,738			411.4	32,789	-33,488
6							
7							
8	TOTAL	752,255				36,977	
9	Other (List separately and show 3%, 4%, 7%, 10% and TOTAL)						
10							
11							
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ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255) (continued)

Balance at End of Year (h)	Average Period of Allocation to Income (i)	ADJUSTMENT EXPLANATION	Line No.
			1
			2
80,817			3
			4
634,461			5
			6
			7
715,278			8
			9
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			11
			12
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			44
			45
			46
			47
			48

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Upper Peninsula Power Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 12/31/2007	2007/Q4
FOOTNOTE DATA			

<b>Schedule Page: 266</b>	<b>Line No.: 3</b>	<b>Column: g</b>
Reclassification of account balance from 10% to 4%.		
<b>Schedule Page: 266</b>	<b>Line No.: 5</b>	<b>Column: g</b>
Reclassification of account balance from 10% to 4%.		

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)**

1. Give description and amount of other current and accrued liabilities as of the end of year.  
2. Minor items may be grouped by classes, showing number of items in each class.

Line No.	Item (a)	Balance End of Year (b)
1	Deferred Revenue	1,251,913
2	Misc. Payroll Deduction	1,156
3	Vacation Accrual	1,023,399
4	401(k) Deduction	421
5	Short Term Variable Pay Plan	24,086
6	Goal Sharing	341,947
7	Pension Obligation	334,934
8	Long Term Care	1,976
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20	<b>TOTAL</b>	<b>2,979,832</b>

**CUSTOMER ADVANCES FOR CONSTRUCTION (Account 252)**

Line No.	List Advances by department (a)	Balance End of Year (b)
21		
22	Electric	5,489,659
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39	<b>TOTAL</b>	<b>5,489,659</b>

**OTHER DEFERRED CREDITS (Account 253)**

1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (5% of the Balance End of Year for Account 253 or amounts less than \$10,000, whichever is greater) may be grouped by classes.

Line No.	Description and Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1	Deferred Option Premium	170,000				170,000
2						
3	Long Term Payable	662,500	186	662,500		
4						
5	Bond Falls Mitigation	104,103	Various	203,784	250,200	150,519
6						
7	P.I. Ash Site	408,000	511	68,000		340,000
8						
9	Outstanding Checks Cancelled	1,140	232	302	232	1,070
10						
11	Non-Contributory Supplemental					
12	Retirement Plan	1,150,496	182/242	1,794,989	644,493	
13						
14	Sick Leave Term. Pay	1,082,516	131	359,958	121,686	844,244
15						
16	Warden Ash Site	1,265,000	Various	79,591	24,591	1,210,000
17						
18	Miscellaneous Def. Credit	20,159	111	20,159		
19						
20	Advances from Assoc. Co.	46,797,167	182	86,794,509	80,188,022	40,190,680
21						
22	ELF Demitigation Buyout		Various	18,284	305,932	287,648
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47	<b>TOTAL</b>	<b>51,661,081</b>		<b>90,002,076</b>	<b>81,535,156</b>	<b>43,194,161</b>

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Upper Peninsula Power Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 12/31/2007	2007/Q4
FOOTNOTE DATA			

**Schedule Page: 269 Line No.: 12 Column: b**

Effective for year end 2007, liabilities for the under-funded status of post-retirement benefit plans are to be recorded in Account 228.3 in accordance with the Commission Accounting and Reporting Guidance to Recognize the Funded Status of Defined Benefit Post-Retirement Plans issued by FERC in Docket No. A107-1-000. These liabilities were previously recorded in Account 253.

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report End of 2007/Q4
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**ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282)**

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization
2. For other (Specify), include deferrals relating to other income and deductions.

Line No.	Account  (a)	Balance at Beginning of Year  (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1  (c)	Amounts Credited to Account 411.1  (d)
1	Account 282			
2	Electric	13,750,852	1,209,065	69,421
3	Gas			
4	Non Utility	6,063,783		
5	TOTAL (Enter Total of lines 2 thru 4)	19,814,635	1,209,065	69,421
6				
7				
8				
9	TOTAL Account 282 (Enter Total of lines 5 thru 8)	19,814,635	1,209,065	69,421
10	Classification of TOTAL			
11	Federal Income Tax	19,720,871	1,178,609	27,377
12	State Income Tax	93,764	30,456	42,044
13	Local Income Tax			

NOTES



Name of Respondent  
Upper Peninsula Power Company

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Date of Report  
(Mo, Da, Yr)  
12/31/2007

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ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282) (Continued)

3. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits		Credits			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
				254	21,595	14,912,091	1
							2
							3
337,876	315,395			254	281,194	6,367,458	4
337,876	315,395				302,789	21,279,549	5
							6
							7
							8
337,876	315,395				302,789	21,279,549	9
							10
335,098	313,577				346,261	21,239,885	11
2,778	1,818				-43,472	39,664	12
							13

NOTES (Continued)

Name of Respondent  
Upper Peninsula Power Company

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(2)  A Resubmission

Date of Report  
(Mo, Da, Yr)  
12/31/2007

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ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. For other (Specify), include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3				
4	Other than Plant	1,048,175	2,224,186	
5				
6	Other than Plant FAS109	-111,530		
7				
8				
9	TOTAL Electric (Total of lines 3 thru 8)	936,645	2,224,186	
10	Gas			
11				
12				
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)			
18				
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	936,645	2,224,186	
20	Classification of TOTAL			
21	Federal Income Tax	934,796		
22	State Income Tax	1,849	2,224,186	
23	Local Income Tax			

NOTES

Name of Respondent  
Upper Peninsula Power Company

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(1)  An Original  
(2)  A Resubmission

Date of Report  
(Mo, Da, Yr)  
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End of 2007/Q4

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.  
4. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits		Credits			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
							1
							2
							3
					162,194	3,434,555	4
							5
					56	-111,474	6
							7
							8
					162,250	3,323,081	9
							10
							11
							12
							13
							14
							15
							16
							17
							18
					162,250	3,323,081	19
							20
					188,130	1,122,926	21
					-25,880	2,200,155	22
							23

NOTES (Continued)

**OTHER REGULATORY LIABILITIES (Account 254)**

1. Report below the particulars (details) called for concerning other regulatory liabilities, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 254 at end of period, or amounts less than \$50,000 which ever is less), may be grouped by classes.
3. For Regulatory Liabilities being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning of Current Quarter/Year (b)	DEBITS		Credits (e)	Balance at End of Current Quarter/Year (f)
			Account Credited (c)	Amount (d)		
1	Derivatives	557,645		1,026,197	898,696	430,144
2						
3	Non-Plant Deferred Taxes	215,075			2,429	217,504
4						
5	Plant Deferred Taxes	4,351,434		44,225		4,307,209
6						
7	JH Warren Plant		107	12,755	2,080,867	2,068,112
8						
9						
10						
11						
12						
13						
14						
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16						
17						
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30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	<b>TOTAL</b>	5,124,154		1,083,177	2,981,992	7,022,969

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421. 2)**

1. Give a brief description of property creating the gain or loss. Include name of party acquiring the property (when acquired by another utility or associated company) and the date transaction was completed. Identify property by type: Leased, Held for Future Use, or Nonutility.
2. Individual gains or losses relating to property with an original cost of less than \$100,000 may be grouped with the number of such transactions disclosed in column (a).
3. Give the date of Commission approval of journal entries in column (b), when approval is required. Where approval is required but has not been received, give explanation following the item in column (a). (See account 102, Utility Plant Purchased or Sold.)

Line No.	Description of Property (a)	Original Cost of Related Property (b)	Date Journal Entry Approved (When Required) (c)	Account 421.1 (d)	Account 421.2 (e)
1	Gain on disposition of property:				
2	Sale of Non-Utility Land			(275,697)	
3	Sale of Warden Plant	8,198,463	7/1/2007	1,839,310	
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17	Total Gain	8,198,463		1,563,613	

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2) (Continued)**

Line No.	Description of Property (a)	Original Cost of Related Property (b)	Date Journal Entry Approved (When Required) (c)	Account 421.1 (d)	Account 421.2 (e)
18	Loss on disposition of property:				
19	Sale of Portion of Osceola Sub Site	1			(86)
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34	<b>Total Loss</b>	<b>1</b>			<b>(86)</b>

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**PARTICULARS CONCERNING CERTAIN OTHER INCOME ACCOUNTS**

1. Report in this schedule the information specified in the instructions below for the respective other income accounts. Provide a conspicuous subheading for each account and show a total for the account. Additional columns may be added for any account if deemed necessary.
2. Merchandising, Jobbing and Contract Work (Accounts 415 and 416) - Describe the general nature of merchandising, jobbing and contract activities. Show revenues by class of activity, operating expenses classified as to operation, maintenance, depreciation, rents and net income before taxes. Give the bases of any allocations of expenses between utility and merchandising, jobbing and contract work activities.
3. Nonutility Operations (Accounts 417 and 417.1) - Describe each nonutility operation and show revenues, operating expenses classified as to operation, maintenance, depreciation, rents, amortization, and net income before taxes, from the operation. Give the bases of any allocations of expenses between utility and nonutility operations. The book cost of property classified as nonutility operations should be included in Account 121.
4. Nonoperating Rental Income (Account 418) - For each major item of miscellaneous property included in Account 121, Nonutility Property, which is not used in operations for which income is included in Account 417, but which is leased or rented to others, give name of lessee, brief description of property, effective date and expiration date of lease, amount of rent revenues, operating expenses classified as to operation, maintenance, depreciation, rents, amortization, and net income, before taxes, from the rentals. If the property is leased on a basis other than that of a fixed annual rental, state the method of determining the rental. Minor items may be grouped by classes, but the number of items so grouped should be shown. Designate any lessees which are associated companies.
5. Equity in earnings of subsidiary companies (Account 418.1) - Report the utility's equity in the earnings or losses of each subsidiary company for the year.
6. Interest and Dividend Income (Account 419) - Report interest and dividend income, before taxes, identified as to the asset account or group of accounts in which are included the assets from which the interest or dividend income was derived. Income derived from investments, Accounts 123, 124 and 136 may be shown in total. Income from sinking and other funds should be identified with the related special funds. Show also expenses included in Account 419 as required by the Uniform System of Accounts.
7. Miscellaneous Nonoperating Income (Account 421) - Give the nature and source of each miscellaneous nonoperating income, and expense and the amount for the year. Minor items may be grouped by classes.

Line No.	Item (a)	Amount (b)
<b>1</b>	<b>Revenues from Non Utility Operations</b>	
2	Operation of Escanaba River Hydros	
3	Revenue	538,321
4	Operations	(110,980)
5	Maintenance	(449,779)
6	Depreciation	(71,583)
7	<b>Subtotal 417</b>	<b>(94,021)</b>
8		
9		
<b>10</b>	<b>Non Operating Rental Income</b>	
11	Land Lease Income	4,100
12	<b>Subtotal 418</b>	<b>4,100</b>
13		
14		
15	<b>Equity Earnings in American Transmission Company</b>	<b>1,901,841</b>
16	<b>Subtotal 418.1</b>	<b>1,901,841</b>
17		
<b>18</b>	<b>Interest and Dividend Income</b>	
19	Interest on Underrecovered PSC	161,133
20	Interest on Cash Investment	19,461
21	Interest - Misc.	56,768
22	Interest on Tax Refund	72,091
23		<b>309,453</b>
24		
25		
26		
27		
28		<b>2,121,373</b>

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report End of 2007/Q4
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**ELECTRIC OPERATING REVENUES (Account 400)**

- The following instructions generally apply to the annual version of these pages. Do not report quarterly data in columns (c), (e), (f), and (g). Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages.
- Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
- Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.
- If increases or decreases from previous period (columns (c), (e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.

Line No.	Title of Account (a)	Operating Revenues Year to Date Quarterly/Annual (b)	Operating Revenues Previous year (no Quarterly) (c)
1	Sales of Electricity		
2	(440) Residential Sales	41,009,587	37,739,411
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)	30,343,813	28,348,401
5	Large (or Ind.) (See Instr. 4)	22,390,138	19,766,905
6	(444) Public Street and Highway Lighting	1,234,799	1,131,800
7	(445) Other Sales to Public Authorities		
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers	94,978,337	86,986,517
11	(447) Sales for Resale	25,983,537	27,194,668
12	TOTAL Sales of Electricity	120,961,874	114,181,185
13	(Less) (449.1) Provision for Rate Refunds	-843,427	2,544,660
14	TOTAL Revenues Net of Prov. for Refunds	121,805,301	111,636,525
15	Other Operating Revenues		
16	(450) Forfeited Discounts	91,825	112,377
17	(451) Miscellaneous Service Revenues	25,845	9,655
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property	333,522	369,367
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues	3,096,873	3,141,133
22	(456.1) Revenues from Transmission of Electricity of Others		
23	(457.1) Regional Control Service Revenues		
24	(457.2) Miscellaneous Revenues		
25			
26	TOTAL Other Operating Revenues	3,548,065	3,632,532
27	TOTAL Electric Operating Revenues	125,353,366	115,269,057



Name of Respondent:

Upper Peninsula Power Company

This Report is:

(1)  An Original

(2)  A Resubmission

Date of Report

(Mo, Da, Yr)

12/31/2007

Year/Period of Report

End of 2007/Q4

ELECTRIC OPERATING REVENUES (Account 400)

5. Commercial and industrial Sales. Account 442. may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 Kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)

6. See pages 108-109, Important Changes During Period, for important new territory added and important rate increase or decreases.

7. For Lines 2,4,5, and 6, see Page 304 for amounts relating to unbilled revenue by accounts.

8. Include unmetered sales. Provide details of such Sales in a footnote.

MEGAWATT HOURS SOLD		AVG. NO. CUSTOMERS PER MONTH		Line No.
Year to Date Quarterly/Annual (d)	Amount Previous year (no Quarterly) (e)	Current Year (no Quarterly) (f)	Previous Year (no Quarterly) (g)	
				1
277,968	273,367	46,030	46,074	2
				3
247,987	249,924	5,549	5,559	4
329,523	270,536	14	14	5
5,927	5,824	214	214	6
				7
				8
				9
861,405	799,651	51,807	51,861	10
399,815	674,878	50	55	11
1,261,220	1,474,529	51,857	51,916	12
				13
1,261,220	1,474,529	51,857	51,916	14

Line 12, column (b) includes \$ 0 of unbilled revenues.  
 Line 12, column (d) includes 0 MWH relating to unbilled revenues

Name of Respondent Upper Peninsula Power Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report 2007/Q4
FOOTNOTE DATA			

**Schedule Page: 300 Line No.: 11 Column: b**

Includes \$4,336,473 for FERC Order 668-A.

**Schedule Page: 300 Line No.: 11 Column: c**

Includes \$6,545,496 for FERC Order 668-A.

**Schedule Page: 300 Line No.: 11 Column: d**

Includes 68,996 MWH for FERC Order 668-A.

**Schedule Page: 300 Line No.: 11 Column: e**

Includes 106,237 MWH for FERC Order 668-A.

**SALES OF ELECTRICITY BY RATE SCHEDULES**

- Report below for each rate schedule in effect during the year the MWh of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
- Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
- Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
- The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
- For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
- Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate Schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	440 Residential Sales					
2	A-1 Residential	219,253	33,179,215	39,283	5,581	0.1513
3	A-2 Residential	18,652	2,302,766	3,274	5,697	0.1235
4	AH-1 Electric Heat	34,528	4,593,964	3,339	10,341	0.1331
5	AH-2 Electric Heat	2,010	221,233	196	10,255	0.1101
6	Z-1 & 3 Dusk to Dawn	883	176,815			0.2002
7	Z-2 & 4 Dusk to Dawn	101	15,434			0.1528
8	Total	275,427	40,489,427	46,092	5,976	0.1470
9						
10	442 Commercial & Industrial					
11	C-1 General Comm. Service	57,124	9,025,298	4,326	13,205	0.1580
12	C-2 General Comm. Service	7,009	815,923	426	16,453	0.1164
13	H-1 Commercial Heating	10,473	1,335,829	217	48,263	0.1275
14	H-2 Commercial Heating	821	82,310	27	30,407	0.1003
15	P-1 Light & Power	86,655	10,533,404	440	196,943	0.1216
16	P-2 Light & Power	9,334	989,914	58	160,931	0.1061
17	WP-1 Large Light & Power	288,772	21,449,231	62	4,657,613	0.0743
18	WP-2 Large Light & Power	8,041	749,903	6	1,340,167	0.0933
19	Schedule A	75,297	5,307,660	1	75,297,000	0.0705
20	CP-1 Commercial	33	5,759	3	11,000	0.1745
21	WP-3	35,626	2,395,347	1	35,626,000	0.0672
22	Z-1 & 3	725	135,738			0.1872
23	Z-2 & 4	98	15,478			0.1579
24	Total	580,008	52,841,794	5,567	104,187	0.0911
25						
26	444 Public Street Hwy Lighting	5,927	1,234,799	215	27,567	0.2083
27	Total	5,927	1,234,799	215	27,567	0.2083
28						
29						
30	Unbilled Revenue by					
31	Revenue Class:					
32	Residential: \$520,160					
33	Comm & Ind: \$(107,843)					
34						
35						
36						
37						
38						
39						
40						
41	TOTAL Billed	861,362	94,566,020	51,874	16,605	0.1098
42	Total Unbilled Rev. (See Instr 6)	44	412,317	0	0	9.3708
43	TOTAL	861,406	94,978,337	51,874	16,606	0.1103

Name of Respondent Upper Peninsula Power Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report 2007/Q4
FOOTNOTE DATA			

**Schedule Page: 304 Line No.: 6 Column: d**  
No count customer.

**Schedule Page: 304 Line No.: 7 Column: d**  
No count customer.

**Schedule Page: 304 Line No.: 17 Column: c**  
Interruptible Demand Revenue \$387,768

**Schedule Page: 304 Line No.: 22 Column: d**  
No count customer.

**Schedule Page: 304 Line No.: 23 Column: d**  
No count customer.

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Name of Respondent Upper Peninsula Power Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report End of 2007/Q4
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SALES FOR RESALE (Account 447)

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on the Purchased Power schedule (Page 326-327).

2. Enter the name of the purchaser in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the purchaser.

3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:  
 RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.  
 LF - for long-term service. "Long-term" means five years or Longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for Long-term firm service which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or setter can unilaterally get out of the contract.  
 IF - for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but Less than five years.  
 SF - for short-term firm service. Use this category for all firm services where the duration of each period of commitment for service is one year or less.  
 LU - for Long-term service from a designated generating unit. "Long-term" means five years or Longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of designated unit.  
 IU - for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means Longer than one year but Less than five years.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	Village of Baraga	RQ	35	4.4554	4.3689	3.8067
2						
3	Village of L'Anse	RQ	38	2.9178	2.8589	2.5261
4						
5	City of Gladstone	RQ	38	5.8593	5.8882	5.5082
6						
7	City of Negaunee	RQ	56	3.5787	3.9055	3.5787
8						
9	Ontonagon REA	RQ	55	3.7667	4.6854	3.7667
10						
11	Alger Delta Electric Coop	RQ	54	3.4219	4.2399	3.4219
12						
13	Non Requirement Customers					
14						
	Subtotal RQ			0	0	0
	Subtotal non-RQ			0	0	0
	Total			0	0	0

SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.

AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)

5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.

6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP)

demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.

7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.

8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.

9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401, line 24.

10. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Sold (g)	REVENUE			Total (\$) (h+i+j) (k)	Line No.
	Demand Charges (\$) (h)	Energy Charges (\$) (i)	Other Charges (\$) (j)		
23,325	210,117	1,538,534		1,748,651	1
					2
15,986	135,195	1,083,162		1,218,357	3
					4
34,607	261,561	2,347,862		2,609,423	5
					6
25,122	986,631	628,939	211,186	1,826,756	7
					8
26,282	1,045,472	661,439	276,031	1,982,942	9
					10
25,213	930,467	637,104	231,768	1,799,339	11
					12
					13
					14
150,535	3,569,443	6,897,040	718,985	11,185,468	
249,279	78,580	14,598,072	121,417	14,798,069	
399,814	3,648,023	21,495,112	840,402	25,983,537	

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report End of 2007/Q4
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**SALES FOR RESALE (Account 447)**

- Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on the Purchased Power schedule (Page 326-327).
- Enter the name of the purchaser in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the purchaser.
- In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:  
 RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.  
 LF - for long-term service. "Long-term" means five years or Longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for Long-term firm service which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or setter can unilaterally get out of the contract.  
 IF - for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but Less than five years.  
 SF - for short-term firm service. Use this category for all firm services where the duration of each period of commitment for service is one year or less.  
 LU - for Long-term service from a designated generating unit. "Long-term" means five years or Longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of designated unit.  
 IU - for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means Longer than one year but Less than five years.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	City of Escanaba					
2	General Purpose	OS	NA	NA	NA	NA
3	Maintenance	OS	NA	NA	NA	NA
4	Negotiated Capacity	OS	NA	NA	NA	NA
5	Capacity	OS	NA	NA	NA	NA
6	Customer Charge	OS	NA	NA	NA	NA
7	Transmission	OS	NA	NA	NA	NA
8	Wisconsin Public Service General Purp.	OS	NA	NA	NA	NA
9	Midwest ISO					
10	General Purpose	OS	NA	NA	NA	NA
11	Automatic Reserve Sharing Group	OS	NA	NA	NA	NA
12	Ancillary Services	OS	NA	NA	NA	NA
13						
14						
	Subtotal RQ			0	0	0
	Subtotal non-RQ			0	0	0
	Total			0	0	0



Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report End of 2007/Q4
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SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.

AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)

5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.

6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.

7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.

8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.

9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last-line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401, line 24.

10. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Sold (g)	REVENUE			Total (\$) (h+i+j) (k)	Line No.
	Demand Charges (\$) (h)	Energy Charges (\$) (i)	Other Charges (\$) (j)		
					1
2,598		68,691		68,691	2
14,595		1,025,149		1,025,149	3
17,721		1,294,970		1,294,970	4
	74,552			74,552	5
			5,000	5,000	6
			3,794	3,794	7
52		2,730		2,730	8
					9
214,313		12,206,532		12,206,532	10
	4,028			4,028	11
			112,623	112,623	12
					13
					14
150,535	3,569,443	6,897,040	718,985	11,185,468	
249,279	78,580	14,598,072	121,417	14,798,069	
399,814	3,648,023	21,495,112	840,402	25,983,537	

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Upper Peninsula Power Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 12/31/2007	2007/Q4
FOOTNOTE DATA			

**Schedule Page: 310 Line No.: 7 Column: j**

Transmission Charge	\$156,462
Customer Charge	2,400
Meter Charges	301
Prior Year End Accrual True Up Diff.	52,023
	<u>\$211,186</u>

**Schedule Page: 310 Line No.: 9 Column: j**

Transmission Charges	\$160,752
Customer Charge	2,400
Meter Charge	3,311
Prior Year-End Accrual True-up Diff	109,568
	<u>\$276,031</u>

**Schedule Page: 310 Line No.: 11 Column: j**

Transmission Charges:	\$146,107
Customer Charge	2,400
Meter Charge	1,505
Prior Year End Accrual True Up Diff.	81,756
	<u>\$231,768</u>

**Schedule Page: 310.1 Line No.: 2 Column: g**

Midwest ISO Non-firm service. Includes adjustment for compliance with FERC Order 668-A. The megawatt hours reported are total megawatt hours sold to MISO. The megawatt hour sales when netted on an hourly basis with the megawatt hours purchased from MISO are 145,357.

**Schedule Page: 310.1 Line No.: 2 Column: i**

Midwest ISO Non-firm service. Includes adjustment for compliance with FERC order 668-A. The dollars reported are the total purchases from MISO. The dollars purchased, when netted on an hourly basis with the dollars sold are \$7,874,067.

**Schedule Page: 310.1 Line No.: 6 Column: j**

Non-Firm service customer charge.

**Schedule Page: 310.1 Line No.: 7 Column: j**

Non-Firm service transmission.

**Schedule Page: 310.1 Line No.: 10 Column: k**

Includes \$4,336,473 for FERC Order 668-A.

**Schedule Page: 310.1 Line No.: 11 Column: h**

Midwest ISO Non-firm service. Includes adjustment for compliance with FERC Order 668-A. The dollars reported include the net revenues from the contingent reserve sharing group activities in the amount of \$4,028. Voluntary participation in the group is administered by MISO.

**Schedule Page: 310.1 Line No.: 12 Column: j**

Midwest ISO Ancillary Services.

Name of Respondent		This Report Is:	Date of Report	Year of Report
Upper Peninsula Power Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo. Da. Yr) 04/30/08	December 31, 2007
ELECTRIC OPERATION AND MAINTENANCE EXPENSES				
If the amount for previous year is not derived from previously reported figures, explain in footnotes.				
Line No.	Account (a)	Amt. For Current Year (b)	Amt. For Previous Year (c)	
1	<b>1. POWER PRODUCTION EXPENSES</b>			
2	<b>A. Steam Power Generation</b>			
3	Operation			
4	(500) Operation Supervision and Engineering	113,854	55,889	
5	(501) Fuel	2,800	5,500	
6	(502) Steam Expenses	2,949	4,230	
7	(503) Steam from Other Sources			
8	(Less) (504) Steam Transferred - CR.			
9	(505) Electric Expenses	2,947	4,353	
10	(506) Miscellaneous Steam Power Expenses	65,787	80,563	
11	(507) Rents			
12	Allowances			
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	188,337	150,535	
14	Maintenance			
15	(510) Maintenance Supervision and Engineering	99	20,549	
16	(511) Maintenance of Structures	(23,024)	175,646	
17	(512) Maintenance of Boiler Plant	2,293	7,185	
18	(513) Maintenance of Electric Plant	3,351	19,441	
19	(514) Maintenance of Miscellaneous Steam Plant	13,880	21,463	
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	(3,401)	244,284	
21	TOTAL Power Production Expenses-Steam Power (Total of lines 13 & 20)	184,936	394,819	
22	<b>B. Nuclear Power Generation</b>			
23	Operation			
24	(517) Operation Supervision and Engineering			
25	(518) Fuel			
26	(519) Coolants and Water			
27	(520) Steam Expenses			
28	(521) Steam from Other Sources			
29	(Less) (522) Steam Transferred - CR			
30	(523) Electric Expenses			
31	(524) Miscellaneous Nuclear Power Expenses			
32	(525) Rents			
33	TOTAL Operation (Enter Total of lines 24 thru 32)	0	0	
34	Maintenance			
35	(528) Maintenance Supervision and Engineering			
36	(529) Maintenance of Structures			
37	(530) Maintenance of Reactor Plant Equipment			
38	(531) Maintenance of Electric Plant			
39	(532) Maintenance of Miscellaneous Nuclear Plant			
40	TOTAL Maintenance (Enter Total of Lines 35 thru 39)	0	0	
41	TOTAL Power Production Expenses-Nuclear Power (Total of lines 33 & 40)	0	0	
42	<b>C. Hydraulic Power Generation</b>			
43	Operation			
44	(535) Operation Supervision and Engineering	609,879	466,672	
45	(536) Water for Power	25,059	25,865	
46	(537) Hydraulic Expenses	499,483	412,724	
47	(538) Electric Expenses	178,615	249,801	
48	(539) Miscellaneous Hydraulic Power Generation Expenses	504,448	454,940	
49	(540) Rents	63,191	61,054	
50	TOTAL Operation (Enter Total of Lines 44 thru 49)	1,880,675	1,671,056	

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**ELECTRIC OPERATION AND MAINTENANCE EXPENSES (cont'd)**

If the amount for previous year is not deprived from previously reported figures, explain in footnotes.

Line No.	Account (a)	Amt. For Current Year (b)	Amt. For Previous Year (c)
51	<b>C. Hydraulic Power Generation (Continued)</b>		
52	Maintenance		
53	(541) Maintenance Supervision and Engineering	66,180	107,196
54	(542) Maintenance of Structures	8,096	2,998
55	(543) Maintenance of Reservoirs, Dams, and Waterways	237,548	535,597
56	(544) Maintenance of Electric Plant	310,309	200,319
57	(545) Maintenance of Miscellaneous Hydraulic Plant	43,312	6,501
58	TOTAL Maintenance (Total of Lines 53 thru 57)	665,445	852,611
59	TOTAL Pwr. Production Expenses-Hydraulic Pwr. (Total of lines 50 & 58)	2,546,120	2,523,667
60	<b>D. Other Power Generation</b>		
61	Operation		
62	(546) Operation Supervision and Engineering	52,539	73,047
63	(547) Fuel	995,797	2,402,733
64	(548) Generation Expenses	72,698	80,213
65	(549) Miscellaneous Other Power Generation Expenses	27,818	26,696
66	(550) Rents		
67	TOTAL Operation (Total of Lines 62 thru 66)	1,148,852	2,582,689
68	Maintenance		
69	(551) Maintenance Supervision and Engineering	25,114	46,679
70	(552) Maintenance of Structures	1,121	1,729
71	(553) Maintenance of Generating and Electric Plant	21,728	15,151
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	3,724	2,798
73	TOTAL Maintenance (Total of Lines 69 thru 72)	51,687	66,357
74	TOTAL Pwr. Production Expenses-Other Power (Total of Lines 67 & 73)	1,200,539	2,649,046
75	<b>E. Other Power Supply Expenses</b>		
76	(555) Purchased Power	65,208,608	58,156,424
77	(556) System Control and Load Dispatching	595,054	554,072
78	(557) Other Expenses		
79	Total Other Power Supply Expenses (Total of Lines 76 thru 78)	65,803,662	58,710,496
80	Total Pwr. Production Expenses (Total of lines 21, 41, 59, 74 & 79)	69,735,257	64,278,028
81	<b>2. TRANSMISSION EXPENSES</b>		
82	Operation		
83	(560) Operation Supervision and Engineering		
84	(561) Load Dispatching	385,960	426,147
85	(562) Station Expenses		
86	(563) Overhead Lines Expenses		
87	(564) Underground Lines Expenses		
88	(565) Transmission of Electricity by Others	5,129,200	4,126,137
89	(566) Miscellaneous Transmission Expenses		
90	(567) Rents		
91	TOTAL Operation (Total of Lines 83 thru 90)	5,515,160	4,552,284
92	Maintenance		
93	(568) Maintenance Supervision and Engineering		
94	(569) Maintenance of Structures		
95	(570) Maintenance of Station Equipment		
96	(571) Maintenance of Overhead Lines		
97	(572) Maintenance of Underground Lines		
98	(573) Maintenance of Miscellaneous Transmission Plant		
99	TOTAL Maintenance (Total of Lines 93 thru 98)	0	0
100	TOTAL Transmission Expenses (Total of Lines 91 & 99)	5,515,160	4,552,284
101	<b>3. DISTRIBUTION EXPENSES</b>		
102	Operation		
103	(580) Operation Supervision and Engineering	428,327	373,412

Name of Respondent		This Report Is:	Date of Report	Year of Report
Upper Peninsula Power Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007
<b>ELECTRIC OPERATION AND MAINTENANCE EXPENSES (cont'd)</b>				
If the amount for previous year is not deprived from previously reported figures, explain in footnotes.				
Line No.	Account (a)	Amt. For Current Year (b)	Amt. For Previous Year (c)	
104	<b>3. DISTRIBUTION EXPENSES (Continued)</b>			
105	(581) Load Dispatching	312,406	254,967	
106	(582) Station Expenses	423,599	360,289	
107	(583) Overhead Line Expenses	60,255	203,082	
108	(584) Underground Line Expenses	246,524	49,366	
109	(585) Street Lighting and Signal System Expenses	4,809	7,901	
110	(586) Meter Expenses	423,647	389,260	
111	(587) Customer Installations Expenses	16,000	11,851	
112	(588) Miscellaneous Expenses	2,426,206	2,442,211	
113	(589) Rents	57,790	46,415	
114	TOTAL Operation (Total of Lines 103 thru 113)	4,399,563	4,138,754	
115	Maintenance			
116	(590) Maintenance Supervision and Engineering	140,339	155,883	
117	(591) Maintenance of Structures	38,954	40,360	
118	(592) Maintenance of Station Equipment	388,238	375,190	
119	(593) Maintenance of Overhead Lines	5,352,868	4,061,819	
120	(594) Maintenance of Underground Lines	346,532	322,420	
121	(595) Maintenance of Line Transformers	41,792	42,844	
122	(596) Maintenance of Street Lighting and Signal Systems	141,620	157,835	
123	(597) Maintenance of Meters	32,462	18,583	
124	(598) Maintenance of Miscellaneous Distribution Plant	18,095	17,343	
125	TOTAL Maintenance (Total of Lines 116 thru 124)	6,500,900	5,192,277	
126	TOTAL Distribution Expenses (Total of Lines 114 & 125)	10,900,463	9,331,031	
127	<b>4. CUSTOMER ACCOUNTS EXPENSES</b>			
128	Operation			
129	(901) Supervision	31,657	220	
130	(902) Meter Reading Expenses	894,950	887,350	
131	(903) Customer Records and Collection Expenses	2,645,486	2,705,101	
132	(904) Uncollectible Accounts	314,127	475,890	
133	(905) Miscellaneous Customer Accounts Expenses	228,307	125,592	
134	TOTAL Customer Accounts Expenses (Total of Lines 129 thru 133)	4,114,527	4,194,153	
135	<b>5. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES</b>			
136	Operation			
137	(907) Supervision			
138	(908) Customer Assistance Expenses	388,788	398,414	
139	(909) Informational and Instructional Expenses	126,965	162,346	
140	(910) Miscellaneous Customer Service and Informational Expenses	69,391	57,028	
141	TOTAL Cust. Service and Informational Exp. (Total of Lines 137 thru 140)	585,144	617,788	
142	<b>6. SALES EXPENSE</b>			
143	Operation			
144	(911) Supervision			
145	(912) Demonstrating and Selling Expenses			
146	(913) Advertising Expenses			
147	(916) Miscellaneous Sales Expenses			
148	Total Sales Expenses (Total of Lines 144 thru 147)	0	0	
149	<b>7. ADMINISTRATIVE AND GENERAL EXPENSES</b>			
150	Operation			
151	(920) Administrative and General Salaries	1,373,257	749,383	
152	(921) Office Supplies and Expenses	1,907,122	1,106,908	
153	(Less) (922) Administrative Expenses Transferred - CR			

Name of Respondent Upper Peninsula Power Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
<b>ELECTRIC OPERATION AND MAINTENANCE EXPENSES (cont'd)</b>				
If the amount for previous year is not deprived from previously reported figures, explain in footnotes.				
Line No.	Account (a)	Amt. For Current Year (b)	Amt. For Previous Year (c)	
154	<b>7. ADMINISTRATIVE AND GENERAL EXPENSES (Continued)</b>			
155	(923) Outside Services Employed	105,666	257,159	
156	(924) Property Insurance	395,572	467,519	
157	(925) Injuries and Damages	560,276	192,875	
158	(926) Employee Pensions and Benefits	7,183,601	8,748,842	
159	(927) Franchise Requirements			
160	(928) Regulatory Commission Expenses	459,618	311,540	
161	(929) Duplicate Charges - CR.	(209,824)	(203,992)	
162	(930.1) General Advertising Expenses	65		
163	(930.2) Miscellaneous General Expenses	228,272	204,821	
164	(931) Rents	1,145,862	1,145,095	
165	TOTAL Operation (Total of Lines 151 thru 164)	13,149,487	12,980,150	
166	Maintenance			
167	(935) Maintenance of General Plant	1,682	365	
168	TOTAL Administrative and General Expenses (Total of Lines 165 & 167)	13,151,169	12,980,515	
169	TOTAL Electric Operation and Maintenance Expenses (Enter total of lines 80, 100, 126, 134, 141, 148, and 168)	104,001,720	95,953,799	

<b>NUMBER OF ELECTRIC DEPARTMENT EMPLOYEES</b>	
<p>1. The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.</p> <p>2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.</p>	<p>3. The number of employees assignable to the electric department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the electric department from joint functions.</p>
1. Payroll Period Ended (Date)	12/22/2007
2. Total Regular Full-Time Employees	165
3. Total Part-Time and Temporary Employees	0
4. Total Employees	165

Name of Respondent Upper Peninsula Power Co	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**FOOTNOTE DATA**

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)								
321	76	(b)	Includes \$4,336,473 for FERC 668-A.								
321	76	(c)	Includes \$6,545,496 for FERC 668-A.								
321	87	(c)	Account 561.4 (561.BA) includes \$152,330 of expenses incurred related to Balancing Authority functions performed in connection with membership in the Midwest ISO (MISO). This amount is eligible for recovery through MISO's filing ER06-27-000 dated October 4, 2005.								
			<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Reconciliation of Account 561.4 (561.BA)</td> <td style="text-align: right;">\$152,330</td> </tr> <tr> <td>Balancing Authority Expenses</td> <td style="text-align: right;">(99,993)</td> </tr> <tr> <td>Other Expenses</td> <td style="text-align: right;"><u>221,574</u></td> </tr> <tr> <td><b>TOTAL</b></td> <td style="text-align: right;"><b>\$273,911</b></td> </tr> </table>	Reconciliation of Account 561.4 (561.BA)	\$152,330	Balancing Authority Expenses	(99,993)	Other Expenses	<u>221,574</u>	<b>TOTAL</b>	<b>\$273,911</b>
Reconciliation of Account 561.4 (561.BA)	\$152,330										
Balancing Authority Expenses	(99,993)										
Other Expenses	<u>221,574</u>										
<b>TOTAL</b>	<b>\$273,911</b>										
322	121	(b)	Includes balancing authority costs of \$189,723.								

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da, Yr) 12/31/2007	Year/Period of Report End of 2007/Q4
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**PURCHASED POWER (Account 555)  
(including power exchanges)**

- Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.
- Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.
- In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.

SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU - for long-term service from a designated generating unit. "Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU - for intermediate-term service from a designated generating unit. The same as LU service expect that "intermediate-term" means longer than one year but less than five years.

EX - For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote for each adjustment.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	Cargill	OS		NA	NA	NA
2	Wisconsin Electric	OS		NA	NA	NA
3	New Page	OS		NA	NA	NA
4	City of Escanaba	EX	29	NA	NA	NA
5	Wisconsin Public Service Emergency	OS		NA	NA	NA
6	Wisconsin Public Service PPA2	RQ		NA	NA	NA
7	Wisconsin Public Service W2 Int	RQ		NA	NA	NA
8	Wisconsin Public Service Spot Mkt Cap	OS		NA	NA	NA
9	White Pine Negotiated Capacity	RQ		NA	NA	NA
10	White Pine GP	OS		NA	NA	NA
11	ATC/MISO	EX		NA	NA	NA
12	Wums Refund			NA	NA	NA
13	Northern States Power	OS		NA	NA	NA
14	Bank of America	OS		NA	NA	NA
	Total					



**PURCHASED POWER (Account 555) (Continued)**  
(Including power exchanges)

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges (\$) (j)	Energy Charges (\$) (k)	Other Charges (\$) (l)	Total (j+k+l) of Settlement (\$) (m)	
			63,000			63,000	1
			3,000			3,000	2
36				1,319		1,319	3
5,438				1,323,680		1,323,680	4
1,582				223,856		223,856	5
569,400			14,370,179	14,665,378	10,276	29,045,833	6
339,269			5,469,884	8,719,686	-210,889	13,978,681	7
			3,483			3,483	8
			4,356,000			4,356,000	9
177,735				10,170,651		10,170,651	10
19,402				3,283,625	4,336,473	7,620,098	11
					-1,640,293	-1,640,293	12
			52,000			52,000	13
					7,300	7,300	14
1,112,862			24,317,546	38,388,195	2,502,867	65,208,608	

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Upper Peninsula Power Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 12/31/2007	2007/Q4
FOOTNOTE DATA			

**Schedule Page: 326 Line No.: 11 Column: 1**  
FERC Order 668-A.

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**SALES TO RAILROADS AND RAILWAYS AND INTERDEPARTMENTAL SALES (Accounts 446, 448)**

- |   |   |
|---|---|
| <p>1. Report particulars concerning sales included in Accounts 446 and 448.</p> <p>2. For Sales to Railroads and Railways, Account 446, give name of railroad or railway in addition to other required information. If contract covers several points of delivery and small amounts of electricity are delivered at</p> | <p>each point, such sales may be grouped.</p> <p>3. For Interdepartmental Sales, Account 448, give name of other department and basis of charge to other department in addition to other required information.</p> <p>4. Designate associated companies.</p> <p>5. Provide subheading and total for each account.</p> |
|---|---|

Line No.	Item (a)	Point of Delivery (b)	Kilowatt-hours (c)	Revenue (d)	Revenue per kwh (in cents) (e)
1					
2	None				
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					

**RENT FROM ELECTRICITY PROPERTY AND INTERDEPARTMENTAL RENTS (Accounts 454, 455)**

- |   |   |
|---|---|
| <p>1. Report particulars concerning rents received included in Accounts 454 and 455.</p> <p>2. Minor rents may be grouped by classes.</p> <p>3. If rents are included which were arrived at under an arrangement for apportioning expenses of a joint facility, whereby the amount included in this account</p> | <p>represents profit or return on property, depreciation and taxes, give particulars and the basis of apportionment of such charges to Accounts 454 and 455.</p> <p>4. Designate is lessee is an associated company.</p> <p>5. Provide a subheading and total for each account.</p> |
|---|---|

Line No.	Name of Lessee or Department (a)	Description of Property (b)	Amount of Revenue for Year (c)
16	Account 454 - Rent from Electric Property		
17			
18	Pole Contact Rent	Distribution System	179,284
19	Building Rent	Office Building	150,814
20	Land Rent	Hydro Land	3,424
21			333,522
22			
23			
24			
25			
26			
27			
28			
29			

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**SALES OF WATER AND WATER POWER (Account 453)**

1. Report below the information called for concerning revenues derived during the year from sales to others of water or water power. 2. In column (c) show the name of the power		development of the respondent supplying the water or water power sold. 3. Designate associated companies.		
Line No.	Name of Purchaser (a)	Purpose for Which Water Was Used (b)	Power Plant Development Supplying Water or Water Power (c)	Amount of Revenue for Year (e)
1	None			
2				
3				
4				
5				
6				
7				
8				
9				
10	TOTAL			0

**MISCELLANEOUS SERVICE REVENUES AND OTHER ELECTRIC REVENUES (Accounts 451, 456)**

1. Report particulars concerning miscellaneous service revenues and other electric revenues derived from electric utility operations during year. Report separately in this schedule the total revenues from operation of fish and wildlife and recreation facilities, regardless of whether such facilities are operated by		company or by contract concessionaires. Provide a subheading and total for each account. For Account 456, list first revenues realized through Research and Development ventures, see Account 456. 2. Designate associated companies. 3. Minor items may be grouped by classes.	
Line No.	Name of Company and Description of Service (a)	Amount of Revenue for Year (b)	
11	<u>Miscellaneous Service Revenue (451)</u>		
12	Service Charges	25,845	
13			
14	<u>Other Electric Revenue (456)</u>		
15	Wholesale Distribution Service	1,607,511	
16	Maintenance on Customer Facilities	197,660	
17	Non-Service Revenue	1,291,702	
18		<b>3,096,873</b>	
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30	TOTAL	<b>3,102,718</b>	

Name of Respondent  
Upper Peninsula Power Company

This Report is:  
(1)  An Original  
(2)  A Resubmission

Date of Report  
(Mo, Da, Yr)  
12/31/2007

Year/Period of Report  
End of 2007/Q4

TRANSMISSION OF ELECTRICITY BY OTHERS (Account 565)  
(Including transactions referred to as "wheeling")

1. Report all transmission, i.e. wheeling or electricity provided by other electric utilities, cooperatives, municipalities, other public authorities, qualifying facilities, and others for the quarter.
2. In column (a) report each company or public authority that provided transmission service. Provide the full name of the company, abbreviate if necessary, but do not truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation with the transmission service provider. Use additional columns as necessary to report all companies or public authorities that provided transmission service for the quarter reported.
3. In column (b) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNS - Firm Network Transmission Service for Self, LFP - Long-Term Firm Point-to-Point Transmission Reservations. OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point-to-Point Transmission Reservations, NF - Non-Firm Transmission Service, and OS - Other Transmission Service. See General Instructions for definitions of statistical classifications.
4. Report in column (c) and (d) the total megawatt hours received and delivered by the provider of the transmission service.
5. Report in column (e), (f) and (g) expenses as shown on bills or vouchers rendered to the respondent. In column (e) report the demand charges and in column (f) energy charges related to the amount of energy transferred. On column (g) report the total of all other charges on bills or vouchers rendered to the respondent, including any out of period adjustments. Explain in a footnote all components of the amount shown in column (g). Report in column (h) the total charge shown on bills rendered to the respondent. If no monetary settlement was made, enter zero in column (h). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
6. Enter "TOTAL" in column (a) as the last line.
7. Footnote entries and provide explanations following all required data.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	TRANSFER OF ENERGY		EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS			
			Megawatt-hours Received (c)	Megawatt-hours Delivered (d)	Demand Charges (\$) (e)	Energy Charges (\$) (f)	Other Charges (\$) (g)	Total Cost of Transmission (\$) (h)
1	Received Power from:							
2	Wheeler							
3								
4	Midwest ISO Network	FNS	662,781	662,781	5,315,258			5,315,258
5	Prior Period Adj							
6	PJM	LFP					667	667
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
	TOTAL		662,781	662,781	5,315,258		667	5,315,925

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Upper Peninsula Power Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	12/31/2007	2007/Q4
FOOTNOTE DATA			

**Schedule Page: 332 Line No.: 4 Column: h**

Includes \$34,134 charged to Account 456.  
Includes \$146,957 charged to Account 561.  
Includes \$5,634 charged to Account 575.

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Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**LEASE RENTALS CHARGED**

1. For purposes of this schedule a "lease" is defined as a contract or other agreement by which one party (lessor) conveys an intangible right or land or other tangible property and equipment to another (lessee) for a specified period of one year or more for rent.

2. Report below, for leases with annual charges of \$25,000 or more, but less than \$250,000 the data called for in columns a, b (description only), f, g and j.

3. For leases having annual charges of \$250,000 or more, report the data called for in all the columns below.

4. The annual charges referred to in Instruction 2 and 3 include the basic lease payment and other payments to or on behalf of the lessor such as taxes, depreciation, assumed interest or dividends on the lessor's securities, cost of replacements\*\* and other expenditures with respect to leased property. The expenses paid by lessee are to be itemized in column (e) below.

5. Leases of construction equipment in connection with construction work in progress are not required to be reported herein. Continuous, master or open-end leases for EDP or office equipment, automobile fleets and other equipment that is short-lived and replace under terms of the lease or for the pole rentals shall report only the data called for in columns a, b (description only), f, g and j, unless the lessee has the option to purchase the property.

6. In column (a) report the name of the lessor. List lessors which are associated companies\* (describing association) first, followed by non-associated lessors.

7. In column (b) for each leasing arrangement, report in order, classified by generating station, transmission line, distribution system, large substation, or other operating unit or system, followed by any other leasing arrangements not covered under the preceding classifications:

Name of Lessor  (a)	Basic Details of Lease  (b)	Terminal Dates of Lease, Primary (P) or Renewal ( R)  (c)
Upper Peninsula Building Development Company	Rental of Corporate Office Building Located in Houghton, MI  Components of Lease: Base Rent Variable Rent Property Taxes	Effective 11/31/1991 Lease continues for 240 consecutive calendar months

\*\* See Electric Plant Instruction 6 & Operating Expense Instruction 3 of the Uniform System of Accounts.



Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**LEASE RENTALS CHARGED (Continued)**

Description of property, whether lease is a sale and leaseback, whether lessee has option to purchase and conditions of purchase, whether lease is cancellable by either party and the cancellation conditions, the tax treatment used the accounting treatment of the lease: payments (levelized charges to expense or other treatment), the basis of any charges apportioned between the lessor and lessee, and the responsibility of the respondent for operation and maintenance expenses and replacement of property. The above information is to be reported with initiation of the lease and thereafter when changed or every five years, which ever occurs first.

8. Report in column (d), as of the date of the current lease term, the original cost of the property leased, estimated if not known, or the fair market of the property if greater than original cost and indicate as shown. If leased property is part of a large unit, such as part of a building, indicate without associating any cost or value with it.

9. Report in column (k) below the estimated remaining annual charges under the current term of the lease. Do not apply a present value to the estimate. Assume that cancellable leases will not be cancelled when estimating the remaining charges.

\* See definition on page 226 (B)

**A. LEASE RENTALS CHARGED TO ELECTRIC OPERATING EXPENSES**

Original Cost (O) or Fair Market Value (F) of Property  (d)	Expenses to be Paid by Lessee Itemize  (e)	AMOUNT OF RENT - CURRENT TERM				Account Charged  (j)	Remaining Annual Charges Under Lease Est. if Not Known (k)
		Current Year		Accumulated to Date			
		Lessor	Other	Lessor	Other		
		(f)	(g)	(h)	(i)		
6,067,639							
	Base Rent	591,600		9,771,870		931	2,366,400
	Variable Rent	408,000		6,349,104		931	1,632,000
	Property Taxes	141,960		1,722,630		931	445,992

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (ELECTRIC)**

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	64,685
2	Nuclear Power Research Expenses	
3	Other Experimental and General Research Expenses	
4	Publishing and Distributing Information and Reports to Stockholders; Trustee, Registrar, and Transfer Agent Fees and Expenses, and Other Expenses of Servicing Outstanding Securities of the Respondent	139,762
5	Other Expenses (List items of \$5,000 or more in this column showing the (1) purpose, (2) recipient and (3) amount of such items. Group amounts of less than \$5,00 by classes if the number of items so grouped is shown)	
6		
7	Michigan Chamber of Commerce	8,613
8	Various Chamber of Commerce memberships (7 in all)	3,460
9	Miscellaneous Items under \$50,000 - 20 various	11,752
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
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29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45		
46	TOTAL	228,272

Name of Respondent Upper Peninsula Power Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Accounts 403, 404, 405)**  
(Except amortization of acquisition adjustments)

1. Report in section A for the year the amounts for: (a) Depreciation Expense (Account 403); (b) Amortization of Limited-Term Electric Plant (Account 404); and (c) Amortization of Other Electric Plant (Account 405).  
 2. Report in section B the rates used to compute amortization charges for electric plant (Accounts 404, 405). State the basis used to compute the charges and whether any changes have been made in the basis or rates used from the preceding report year.  
 3. Report all available information called for in Section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.  
 Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each plant subaccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of Section C the type of plant account included in any subaccounts used.

In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional classifications and showing a composite total. Indicate at the bottom of Section C the manner in which column (b) balances are obtained. If average balances, state the method of averaging used.  
 For columns (c), d, and (e) report available information for each plant subaccount, account or functional classification listed in column (a). If plant mortality studies are prepared to assist in estimating average service lives, show in column (f) the type mortality curve selected as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant.  
 If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.  
 4. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of Section C the amounts and nature of the provisions and the plant items to which related.

**A. SUMMARY OF DEPRECIATION AND AMORTIZATION CHARGES**

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization of Limited-Term Electric Plant (Account 404) (c)	Amortization of Other Electric Plant (Acct. 405) (d)	Total (e)
1	Intangible Plant		205,535		205,535
2	Steam Production Plant	33,034			33,034
3	Nuclear Prod Plant-Depreciation Nuclear Prod Plant- Decommissioning				
4	Hydraulic Prod Plant-Conventional	972,721			972,721
5	Hydraulic Prod Plant-Pumped Storage				
6	Other Production Plant	89,792			89,792
7	Transmission Plant				
8	Distribution Plant	3,518,358			3,518,358
9	General Plant	719,658			719,658
10	Common Plant-Electric				
11	<b>TOTAL</b>	<b>5,333,563</b>	<b>205,535</b>	<b>0</b>	<b>5,539,098</b>

**B. BASIS FOR AMORTIZATION CHARGES**

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Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS  
AND INTEREST CHARGES ACCOUNTS**

Report the information specified below, in the order given, for the respective income deduction and interest charges accounts. Provide a subheading for each account and a total for the account. Additional columns may be added if deemed appropriate with respect to any account.

(a) *Miscellaneous Amortization* (Account 425)-Describe the nature of items included in this account, the contra account charged, the total of amortization charges for the year, and the period of amortization.

(b) *Miscellaneous Income Deductions* -- Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2, Life Insurance; 426.3, Penalties; 426.4, Expenditures for Certain Civic, Political and Related

Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than 5% of each account total for the year (or \$1,000, whichever is greater) may be grouped by classes within the above accounts.

(c) *Interest on Debt to Associated Companies* (Account 430) -- For each associated company to which interest on debt was incurred during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.

(d) *Other Interest Expense* (Account 431) -- Report particulars (details) including the amount and interest rate for other interest charges incurred during the year.

Line No.	Item (a)	Amount (b)
1	<b>Miscellaneous Amortization (425)</b>	0
2		
3	<b>Donations (426.1)</b>	
4	Bay Cliff Health Camp	1,014
5	Copper Country Suzuki Assoc.	1,000
6	Copper Country United Way	4,252
7	Hancock Public Schools	1,500
8	Michigan Tech Fund	2,000
9	Minnesota Public Radio	1,541
10	Republic Community Services	1,170
11	Salvation Army	3,720
12	Sawyer Stampede Rodeo	1,000
13	St. Vincent DePaul Society	5,092
14	Trees for Tomorrow	1,000
15	United Way of Marquette County	3,718
16	UP Rodeo	2,000
17	Upper Peninsula Education	1,000
18	Upper Peninsula State Fair	1,000
19	US National Ski & Snowboard Hall of Fame	1,000
20	WNMU TV	1,638
21	Items Under \$1000	37,878
22	<b>Total 426.1</b>	<b>71,523</b>
23		
24	<b>Life Insurance (426.2)</b>	0
25		
26	<b>Penalties (426.3)</b>	
27	Tax Payment Penalty	3,106
28	Other	75
29	<b>Total 426.3</b>	<b>3,181</b>
30		
31	<b>Expenses for Certain Civil, Political and Related Activities (426.4)</b>	
32	Memberships	3,577
33	Labor Expenses	9,859
34	<b>Total 426.4</b>	<b>13,436</b>
35		
36	<b>Other Deductions (426.5)</b>	0

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS  
AND INTEREST CHARGES ACCOUNTS**

Report the information specified below, in the order given, for the respective income deduction and interest charges accounts. Provide a subheading for each account and a total for the account. Additional columns may be added if deemed appropriate with respect to any account.

(a) *Miscellaneous Amortization* (Account 425)-Describe the nature of items included in this account, the contra account charged, the total of amortization charges for the year, and the period of amortization.

(b) *Miscellaneous Income Deductions* -- Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2, Life Insurance; 426.3, Penalties; 426.4, Expenditures for Certain Civic, Political and Related

Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than 5% of each account total for the year (or \$1,000, whichever is greater) may be grouped by classes within the above accounts.

(c) *Interest on Debt to Associated Companies* (Account 430) -- For each associated company to which interest on debt was incurred during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.

(d) *Other Interest Expense* (Account 431) -- Report particulars (details) including the amount and interest rate for other interest charges incurred during the year.

Line No.	Item (a)	Amount (b)
1	<b>Interest on Debt to Associated Companies (430)</b>	<b>1,587,301</b>
2		
3	<b>Other Interest Expense (431)</b>	
4	Other Interest Expense	40,286
5	Interest on Electric Refunds	82,488
6	Budget Balance Interest	632
7	Customer Deposits	306
8	<b>Total 431</b>	<b>123,712</b>
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Name of Respondent	This Report Is:	Date of Report	Year of Report
Upper Peninsula Power Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007

**EXPENDITURES FOR CERTAIN CIVIC, POLITICAL AND RELATED ACTIVITIES**

**(Account 426.4)**

1. Report below all expenditures incurred by the respondent during the year for the purpose of influencing public opinion with respect to the election or appointment of public officials, referenda, legislation or ordinances (either with respect to the possible adoption of new referenda, legislation or ordinances or repeal or modification of existing referenda, legislation or ordinances); approval, modification, or revocation of franchises; or for the purpose of influencing the decisions of public officials which are accounted for as Other Income Deductions, Expenditures for Certain Civic, Political and Related Activities, Account 426.4.

2. Advertising expenditures in this Account shall be classified according to subheadings, as follows: (a) radio, television, and motion picture advertising; (b) newspaper, magazine, and pamphlet advertising; (c) letters or inserts in customer's bills; (d) inserts in reports to stockholders; (e) newspaper and magazine editorial services; and (f) other advertising.

3. Expenditures within the definition of paragraph (1), other than advertising shall be reported according to captions or descriptions clearly indicating the nature and purpose of the activity.

4. If respondent has not incurred any expenditures contemplated by the instruction of Account 426.4, so state.

5. Minor amount may be grouped by classes if the number of items so grouped is shown.

NOTE: The classification of expenses as nonoperating and their inclusion in this amount is for accounting purposes. It does not preclude Commission consideration of proof to the contrary for ratemaking or other purposes.

Line No.	Item (a)	Amount (b)
1	State Lobbying Activities	
2	Labor Costs	9,859
3		
4	Federal Lobbying Activities	
5	Memberships	3,577
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32		13,436

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Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report End of 2007/Q4
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**REGULATORY COMMISSION EXPENSES**

- Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to format cases before a regulatory body, or cases in which such a body was a party.
- Report in columns (b) and (c), only the current year's expenses that are not deferred and the current year's amortization of amounts deferred in previous years.

Line No.	Description (Furnish name of regulatory commission or body the docket or case number and a description of the case) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expense for Current Year (b) + (c) (d)	Deferred in Account 182.3 at Beginning of Year (e)
1	Federal Energy Regulatory Commission	39,316	175,920	215,236	
2	Michigan Public Service Commission	169,872	69,645	239,517	
3	Public Service Commission of Wisconsin	17	4,820	4,837	
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46	TOTAL	209,205	250,385	459,590	



Name of Respondent  
Upper Peninsula Power Company

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12/31/2007

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End of 2007/Q4

REGULATORY COMMISSION EXPENSES (Continued)

3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.
4. List in column (f), (g), and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.
5. Minor items (less than \$25,000) may be grouped.

EXPENSES INCURRED DURING YEAR				AMORTIZED DURING YEAR				Line No.
CURRENTLY CHARGED TO			Deferred to Account 182.3 (i)	Contra Account (j)	Amount (k)	Deferred in Account 182.3 End of Year (l)		
Department (f)	Account No (g)	Amount (h)						
	928	175,920					1	
	928	69,645					2	
	928	4,820					3	
							4	
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		250,385					46	

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**DISTRIBUTION OF SALARIES AND WAGES**

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	994,687		
4	Transmission	7,210		
5	Regional Market			
6	Distribution	2,655,145		
7	Customer Accounts	774,610		
8	Customer Service and Informational	182,530		
9	Sales			
10	Administrative and General	628,514		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	5,242,696		
12	Maintenance			
13	Production	235,160		
14	Transmission			
15	Regional Market			
16	Distribution	2,324,493		
17	Administrative and General			
18	TOTAL Maintenance (Total of lines 13 thru 17)	2,559,653		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	1,229,847		
21	Transmission (Enter Total of lines 4 and 14)	7,210		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	4,979,638		
24	Customer Accounts (Transcribe from line 7)	774,610		
25	Customer Service and Informational (Transcribe from line 8)	182,530		
26	Sales (Transcribe from line 9)			
27	Administrative and General (Enter Total of lines 10 and 17)	628,514		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	7,802,349	54,067	7,856,416
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution			
37	Customer Accounts			
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)			
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

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(Mo, Da, Yr)  
12/31/2007

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End of 2007/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminating and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	7,302,349	54,067	7,856,416
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	1,390,259	58,295	1,448,554
69	Gas Plant			
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	1,390,259	58,295	1,448,554
72	Plant Removal (By Utility Departments)			
73	Electric Plant			
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)			
77	Other Accounts (Specify, provide details in footnote):	3,166,007	171,510	3,337,517
78	Clearing	283,872	-283,872	
79				
80				
81				
82				
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87				
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89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	3,449,879	-112,362	3,337,517
96	TOTAL SALARIES AND WAGES	12,642,487		12,642,487

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES**

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounting to more than \$25,000, including payments for legislative services, except those which should be reported in Account

426.4, Expenditures for Certain civic, Political and Related Activities.)  
(a) Name and address of person or organization rendering services,  
(b) description of services received during year and project or case to which services relate,  
(c) basis of charges,  
(d) total charges for the year, detailing utility department and account charged.

2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.

3. Designate with an asterisk associated companies.

Line No.	Name / Address	Service	Account(s)	Amount
1	Accurate Underground Locating Co.	Cable Locating	584, 588	40,548
2	6163 G.5 Road			
3	Escanaba, MI			
4				
5	Angelo Luppino, Inc.	Construction	107, 184, 390, 591	43,642
6	P. O. Box 100			
7	Iron Belt, WI			
8				
9	Asplundh Tree Expert Co.	Line Clearing	107, 143, 365, 539, 543, 593	2,020,480
10	5907 Municipal Street			
11	Schofield, WI			
12				
13	Ayres Associates, Inc.	Consulting	183, 107, 332, 417, 539, 543	150,507
14	P. O. Box 1590			
15	Eau Claire, WI			
16				
17				
18	B&B Electrical Contractors, Inc.	Construction	232, 107, 342	41,481
19	627 Circle Drive			
20	Iron Mountain, MI			
21				
22	Baird Construction Co, LLC	Construction	107, 184, 390, 543, 588, 591, 670	57,598
23	100 Prospect Street			
24	Ishpeming, MI			
25				
26	Black & Veatch Corp.	Consulting	107, 362	32,520
27	1500 Meadow Lake Parkway			
28	Kansas City, MO			
29				
30	Bruder, Gentile & Marcoux LLP	Legal	921, 923, 928	133,107
31	1701 Pennsylvania Ave., NW, Ste. 900			
32	Washington, DC			
33				
34				
35				

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**CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES**

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426.4, Expenditures for Certain civic, Political and Related Activities.)  
(a) Name and address of person or organization rendering services,  
(b) description of services received during year and project or case to which services relate,  
(c) basis of charges,  
(d) total charges for the year, detailing utility department and account charged.

2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.  
3. Designate with an asterisk associated companies.

Line No.	Name / Address	Service	Account(s)	Amount
1	Christensen & Wisnet	Construction	232, 107, 342	45,936
2	P. O. Box 372			
3	Appleton, WI			
4				
5	Collins & Baker Engineering	Consulting	107, 332, 543	116,281
6	1409 East Boulevard, Suite 101A			
7	Charlotte, NC			
8				
9	CR Meyer & Sons Co.	Construction	121, 143, 232, 107, 332, 417, 544	260,244
10	895 West 20th Avenue			
11	Oshkosh, WI			
12				
13	Deloitte & Touche LLP	Audit, Consulting, Accounting	923	58,500
14	4205 Collection Center Drive			
15	Chicago, IL			
16				
17	E Pro Engineering & Environmental	Consulting	956	110,526
18	249 Western Avenue			
19	Augusta, ME			
20				
21	Foley & Lardner	Legal	121, 500, 539, 588, 923, 928, 956	1,988,397
22	777 East Wisconsin Avenue			
23	Milwaukee, WI			
24				
25	GAB Robins North America, Inc.	Security Consulting	134, 925	111,710
26	P. O. Box 7247-7162			
27	Philadelphia, PA			
28				
29	Garan Lucow Miller	Legal	921, 925	25,308
30	1000 Woodbridge Street			
31	Detroit, MI			
32				
33	Great Heights Tree Service	Line Clearance	184, 417, 543, 545, 582, 592, 593	84,237
34	7542 J Road			
35	Gladstone, MI			

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**CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES**

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426.4. Expenditures for Certain civic, Political and Related Activities.)  
 (a) Name and address of person or organization rendering services,  
 (b) description of services received during year and project or case to which services relate,  
 (c) basis of charges,  
 (d) total charges for the year, detailing utility department and account charged.  
 2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.  
 3. Designate with an asterisk associated companies.

Line No.	Name / Address	Service	Account(s)	Amount
1	Heyrman Construction Co., Inc.	Construction	107, 361, 362	34,123
2	1030 Waube Lane			
3	Green Bay, WI			
4				
5	Honigman, Miller Schwartz & Cohn LLP	Legal	923	25,327
6	660 Woodward Avenue			
7	Detroit, MI			
8				
9	Hydro Consulting & Maintenance Serv.	Consulting	544	35,598
10	235 Rotunda Boulevard N			
11	Rotunda West, FL			
12				
13	Imaginasium, Inc.	Advertising, Public Relations	903, 909	39,174
14	110 South Washington Street			
15	Green Bay, WI			
16				
17	Jamar Co.	Construction	143, 232, 539, 543, 545	59,814
18	200 East Hampton Street			
19	Marquette, MI			
20				
21	John Rian Contracting, Inc.	Construction	121, 232, 417	51,965
22	P. O. Box 79			
23	Wells, MI			
24				
25	Julio Contracting	Construction	107, 232, 143, 353, 364, 539, 584, 588	92,051
26	21021 Royce Road		592, 593, 594, 670	
27	Ripley, MI			
28				
29	Karcz Pole Inspection LLC	Pole Inspection	232, 593	75,314
30	N1655 Laney Road			
31	Seymour, WI			
32				
33	King & MacGregor Environmental, Inc.	Consulting	107, 184, 332, 543	51,545
34	106 West Upton Avenue			
35	Reed City, MI			

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**CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES**

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426.4, Expenditures for Certain civic, Political and Related Activities.)  
(a) Name and address of person or organization rendering services,  
(b) description of services received during year and project or case to which services relate,  
(c) basis of charges,  
(d) total charges for the year, detailing utility department and account charged.

2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.  
3. Designate with an asterisk associated companies.

Line No.	Name / Address	Service	Account(s)	Amount
1	L&H Utility Contractors, Inc.	Construction	107, 143, 367, 369, 373, 583, 584, 594	683,914
2	P. O. Box 2037			
3	Iron Mountain, MI			
4				
5	Leonard & Finco Public Relations, Inc.	Consulting	121, 956	31,631
6	1039 West Mason Street			
7	Green Bay, WI			
8				
9	Lunda Construction	Construction	107, 232, 332	126,457
10	2000 Taylor Street			
11	Little Chute, WI			
12				
13	Mead & Hunt, Inc.	Consulting	183, 539	31,615
14	6501 Watts Road, Suite 101			
15	Madison, WI			
16				
17	Michels Power	Construction	107, 362, 364, 592, 670	586,535
18	1775 Shady Lane			
19	Neenah, WI			
20				
21	Miller Canfield Paddock & Stone PLC	Legal	121, 923, 956, 928	155,550
22	P. O. Drawer 640348			
23	Detroit, MI			
24				
25	MJ Electric	Construction	107, 362, 593	243,903
26	P. O. Box 686			
27	Iron Mountain, MI			
28				
29	MJO Construction, Inc.	Construction	107, 232, 342, 549, 670	327,328
30	54560 Highway M203			
31	Hancock, MI			
32				
33	North American Hyora LLC	Consulting	107, 333	32,530
34	8310 Technology Drive			
35	Weston, WI			

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES**

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounting to more than \$25,000, including payments for legislative services, except those which should be reported in Account

426.4, Expenditures for Certain civic, Political and Related Activities.)  
 (a) Name and address of person or organization rendering services,  
 (b) description of services received during year and project or case to which services relate,  
 (c) basis of charges,  
 (d) total charges for the year, detailing utility department and account charged.

2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.

3. Designate with an asterisk associated companies.

Line No.	Name / Address	Service	Account(s)	Amount
1	North Electric, Inc.	Construction	143, 107, 364, 588, 593	999,386
2	1003 Wisconsin Avenue			
3	Gladstone, MI			
4				
5	North State Locating	Cable Locating	584	115,059
6	P. O. Box 1507			
7	Eagle River, WI			
8				
9	Oberstar, Inc.	Construction	121, 232, 543	1,600,463
10	1900 Industrial Parkway			
11	Marquette, MI			
12				
13	Paul C. Rizzo Associates, Inc.	Consulting	107, 183, 33, 543, 925	209,161
14	Expo Mart, Suite 270 E			
15	Pittsburg, PA			
16				
17	Regenco	Construction	143, 544	954,460
18	6609 R Washington Street			
19	West Allis, WI			
20				
21	STS Consultants	Consulting	107, 121, 183, 332, 362, 417, 535, 539	293,018
22	1035 Kepler Drive		541, 543, 956, 980	
23	Green Bay, WI			
24				
25	T&S Contracting	Construction	593	198,013
26	11380 US 41			
27	Rapid River, MI			
28				
29	TRC Companies	Consulting	121, 956	102,194
30	249 Western Avenue			
31	Augusta, ME			
32				
33	TRC Solutions	Consulting	121, 956	29,111
34	249 Western Avenue			
35	Augusta, ME			



Name of Respondent Upper Peninsula Power Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES**

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounting to more than \$25,000, including payments for legislative services, except those which should be reported in Account

426.4, Expenditures for Certain civic, Political and Related Activities.)

(a) Name and address of person or organization rendering services,  
(b) description of services received during year and project or case to which services relate,  
(c) basis of charges,  
(d) total charges for the year, detailing utility department and account charged.

2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.

3. Designate with an asterisk associated companies.

Line No.	Name / Address	Service	Account(s)	Amount
1	Trimedia Consultants	Consulting	417, 537, 543, 588, 935	63,328
2	1002 Harbor Hills Drive			
3	Marquette, MI			
4				
5	UAP Distribution, Inc.	Line Clearance	232, 593	50,233
6	Highway 22			
7	Kasota, MN			
8				
9	UP Engineers & Architects, Inc.	Consulting Engineering	121, 232, 107, 367, 956	26,469
10	100 Portage Street			
11	Houghton, MI			
12				
13	Yalmer Mattila Contracting, Inc.	Construction	107, 362, 539, 543, 670	71,189
14	P. O. Box 456			
15	Houghton, MI			
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
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28				
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31				
32				
33				
34				
35				

Name of Respondent Upper Peninsula Power Co	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES**

1. In column (a) report the name of the associated company.  
2. In column (b) describe the affiliation (percentage ownership, etc.).  
3. In column (c) describe the nature of the goods and services provided (administrative and general expenses, dividends declared, etc.).  
4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	Integrus Energy Group, Inc.	Parent Company Owns 100% of Upper Peninsula Power Co.	Labor & Loadings	Various	5,568
2			Invoices & Expenses	Various	19,164
3			Other Direct Costs	Various	2,325
4	Upper Peninsula Bldg. Development Co.	Under Common Control	Invoices	921	237
5					
6	Penvest	Under Common Control	Invoices	921	237
7					
8	Wisconsin River Power Company	Under Common Control	Labor & Loadings	Various	322
9			Invoices & Expenses	Various	30,512
10			Other Direct Costs	Various	131
11	Minnesota Energy Resources Corp.	Under Common Control	Invoices & Expenses	Various	1,169
12					
13	Michigan Gas Utilities Corporation	Under Common Control	Labor & Loadings	500, 920	171,565
14			Invoices & Expenses	Various	6,982
15			Other Direct Costs	Various	55,985
16			Restricted Stock	920, 500	7,002
17			Long Term Incentive	920, 500	23,715
18	WPS Energy Services	Under Common Control	Invoices	Various	3,013
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
<b>TOTAL</b>					<b>327,927</b>

Name of Respondent Upper Peninsula Power Co	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)**

5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.  
6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.

7. In column (j) report the total.  
8. In column (k) indicate the pricing method (cost, per contract terms, etc.)

Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
				5,568	(1)	1
				19,164	(1)	2
				2,325	(1)	3
				<b>27,057</b>		4
						5
				237	(1)	6
				<b>237</b>		7
						8
				237	(1)	9
				<b>237</b>		10
						11
				322	(1)	12
				30,512	(1)	13
				131	(1)	14
				<b>30,965</b>		15
						16
				1,169	(1)	17
				<b>1,169</b>		18
						19
				171,565	(1)	20
				6,982	(1)	21
				55,985	(2)	22
				7,002	(4)	23
				23,715	(4)	24
				<b>265,249</b>		25
						26
				3,013	(1)	27
				<b>3,013</b>		28
						29
						30
	0		0	327,927		

Name of Respondent Upper Peninsula Power Co	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES**

1. In column (a) report the name of the associated company.  
 2. In column (b) describe the affiliation (percentage ownership, etc.).  
 3. In column (c) describe the nature of the goods and services provided (administrative and general expenses, dividends declared, etc.).  
 4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	WPS New England	Under Common Control	Invoices & Expenses	Various	6,656
2	Generation				
3					
4	WPS Niagara Generation	Under Common Control	Invoices & Expenses	Various	263
5					
6					
7	WPS Beaver Falls	Under Common Control	Invoices & Expenses	Various	150
8					
9					
10	WPS Syracuse Generation	Under Common Control	Invoices & Expenses	Various	56
11					
12					
13	Wisconsin Public Service	Under Common Control	Labor & Loadings	Various	28,727
14	Corporation		Invoices & Expenses	Various	79,124
15			Materials & Supplies	921, 588, 583,	786
16			Other Direct Costs	Various	6,830
17			Purchase Power	456	2,419
18			Income Taxes		7,061,281
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					

<b>TOTAL</b>					7,186,292
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Name of Respondent Upper Peninsula Power Co	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)**

5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.  
6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.  
7. In column (j) report the total.  
8. In column (k) indicate the pricing method (cost, per contract terms, etc.)

Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
				6,656	(1)	1
				<b>6,656</b>		2
						3
				263	(1)	4
				<b>263</b>		5
						6
				150	(1)	7
				<b>150</b>		8
						9
				56	(1)	10
				<b>56</b>		11
						12
		Various	35,059	63,786	(1)	13
		Various	23,065	103,135	(1)	14
		107, 154	42,157	42,943	(1)	15
		107, 143, 232, 253	17,174	24,004	(2)	16
				2,419	(3)	17
				7,061,281	(4)	18
				<b>7,297,568</b>		19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
	0		117,455	7,304,693		

Name of Respondent Upper Peninsula Power Co	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES**

1. In column (a) report the name of the associated company. services provided (administrative and general expenses, dividends declared, etc.).
2. In column (b) describe the affiliation (percentage ownership, etc. ). 4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.
3. In column (c) describe the nature of the goods and

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)			
1	Upper Peninsula Building	Under Common Control	Building Rent	931	1,141,560			
2	Development Co.							
3								
4	Penvest	Under Common Control	Communication Cable Use	454	17,400			
5								
6								
7	Minnesota Energy Resources	Under Common Control	Invoices & Expenses	901	8,253			
8	Corporation					Materials & Supplies	Various	73
9								
10		Under Common Control	Labor & Loadings	Various	3,429,333			
11	Wisconsin Public Service							
12	Corporation					Benefits	Various	7,841,532
13								
14						Materials & Supplies	Various	1,926,417
15								
16						Invoices & Expenses	Various	4,590,991
17								
18						Other Direct Cost	Various	4,786,974
19								
20						Electric Power	555	43,251,852
21								
22		Payroll Reimburse	Various	13,945,133				
23								
24	WPS Westwood Generation	Under Common Control	Invoices & Expenses	Various	1,589			
25								
26								
27	Wisconsin River Power Co.	Under Common Control	Invoices & Expenses	Various	707			
28								
29								
30								

<b>TOTAL</b>	<b>80,953,264</b>
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Name of Respondent Upper Peninsula Power Co	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)**

5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.  
6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.

7. In column (j) report the total.  
8. In column (k) indicate the pricing method (cost, per contract terms, etc.)

Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
				1,141,560	(1)	1
				<b>1,141,560</b>		2
						3
				17,400		4
				<b>17,400</b>	(1)	5
						6
				8,253	(1)	7
				73	(1)	8
				<b>8,326</b>		9
						10
				3,429,333	(1)	11
				7,841,532	(1)	12
				1,926,417	(1)	13
				4,590,991	(4)	14
				4,786,974	(2)	15
				43,251,852	(3)	16
				13,945,133	(4)	17
				3,844	(4)	18
				1,484	(4)	19
				2,240	(4)	20
				3,882	(4)	21
				<b>79,783,682</b>		22
						23
				1,589	(1)	24
				<b>1,589</b>		25
						26
				707	(1)	27
				<b>707</b>		28
						29
						30
	0			0		30,953,264

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES**

1. In column (a) report the name of the associated company. services provided (administrative and general expenses, dividends declared, etc.).
2. In column (b) describe the affiliation (percentage ownership, etc. ).
3. In column (c) describe the nature of the goods and
4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	Michigan Gas Utilities	Under Common Control	Invoices & Expenses	Various	2,795
2	Company				
3					
4	Integrus Energy Group, Inc.	Parent Company	Labor & Loadings		94,538
5			Invoices & Expenses		625,481
6			Other Direct Costs		2,047,935
7			Usage Bases Costs		2,093
8			Restricted Stock	920	1,516
9			Long-Term Incentive	920	4,260
10			Stock Options	500, 920	2,673
11			Interest	430	1,587,301
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					

TOTAL

4,368,592



Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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**SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)**

5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.  
6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.

7. In column (j) report the total.  
8. In column (k) indicate the pricing method (cost, per contract terms, etc.)

Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
				2,795	(1)	1
				<b>2,795</b>		2
						3
				94,538	(1)	4
				625,481	(1)	5
				2,047,935	(1)	6
				2,093	(2)	7
				1,516	(4)	8
				4,260	(4)	9
				2,673	(4)	10
				1,587,301	(4)	11
				<b>4,365,797</b>		12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
	0		0	4,368,592		

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report End of 2007/Q4
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**ELECTRIC ENERGY ACCOUNT**

Report below the information called for concerning the disposition of electric energy generated, purchased, exchanged and wheeled during the year.

Line No.	Item (a)	MegaWatt Hours (b)	Line No.	Item (a)	MegaWatt Hours (b)
1	SOURCES OF ENERGY		21	DISPOSITION OF ENERGY	
2	Generation (Excluding Station Use):		22	Sales to Ultimate Consumers (Including Interdepartmental Sales)	861,406
3	Steam	-249	23	Requirements Sales for Resale (See instruction 4, page 311.)	150,535
4	Nuclear		24	Non-Requirements Sales for Resale (See instruction 4, page 311.)	249,279
5	Hydro-Conventional	95,014	25	Energy Furnished Without Charge	
6	Hydro-Pumped Storage		26	Energy Used by the Company (Electric Dept Only, Excluding Station Use)	3,966
7	Other	3,276	27	Total Energy Losses	47,153
8	Less Energy for Pumping		28	TOTAL (Enter Total of Lines 22 Through 27) (MUST EQUAL LINE 20)	1,312,339
9	Net Generation (Enter Total of lines 3 through 8)	98,041			
10	Purchases	1,214,298			
11	Power Exchanges:				
12	Received				
13	Delivered				
14	Net Exchanges (Line 12 minus line 13)				
15	Transmission For Other (Wheeling)				
16	Received				
17	Delivered				
18	Net Transmission for Other (Line 16 minus line 17)				
19	Transmission By Others Losses				
20	TOTAL (Enter Total of lines 9, 10, 14, 18 and 19)	1,312,339			

Name of Respondent Upper Peninsula Power Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report End of <u>2007/Q4</u>
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**MONTHLY PEAKS AND OUTPUT**

- (1) Report the monthly peak load and energy output. If the respondent has two or more power which are not physically integrated, furnish the required information for each non-integrated system.
- (2) Report on line 2 by month the system's output in Megawatt hours for each month.
- (3) Report on line 3 by month the non-requirements sales for resale. Include in the monthly amounts any energy losses associated with the sales.
- (4) Report on line 4 by month the system's monthly maximum megawatt load (60 minute integration) associated with the system.
- (5) Report on lines 5 and 6 the specified information for each monthly peak load reported on line 4.

NAME OF SYSTEM: Integrated

Line No.	Month (a)	Total Monthly Energy (b)	Monthly Non-Requirements Sales for Resale & Associated Losses (c)	MONTHLY PEAK		
				Megawatts (See Instr. 4) (d)	Day of Month (e)	Hour (f)
29	January	89,068	20,108	153	18	1400
30	February	80,377	21,464	149	6	1200
31	March	84,962	27,465	154	20	900
32	April	66,978	22,863	131	11	800
33	May	75,350	27,634	143	29	1100
34	June	85,330	23,416	167	25	1300
35	July	91,975	21,268	186	31	1200
36	August	95,620	17,658	189	1	1500
37	September	81,759	17,540	143	6	1400
38	October	81,926	21,910	142	15	1200
39	November	86,980	19,858	149	5	1900
40	December	94,736	13,105	162	3	1900
41	TOTAL	1,015,061	254,289			

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Upper Peninsula Power Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 12/31/2007	2007/Q4
FOOTNOTE DATA			

**Schedule Page: 401 Line No.: 24 Column: b**

The MWH as reported is calculated using the total gross purchases of MWH from MISO. The total purchases when the MISO purchases and sales are netted on an hourly basis is 180,323 MW. The total reported also includes 68,956 MW for FERC Order 668-A.

**Schedule Page: 401 Line No.: 29 Column: Sys**

Non Coincident Peak Load at Substation level for 12 months 4,511,342 KW. Non Coincident Peak Load at Primary Feeder Level for 12 months 3,444,709 KW.

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report End of <u>2007/Q4</u>
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**STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants)**

1. Report data for plant in Service only. 2. Large plants are steam plants with installed capacity (name plate rating) of 25,000 Kw or more. Report in this page gas-turbine and internal combustion plants of 10,000 Kw or more, and nuclear plants. 3. Indicate by a footnote any plant leased or operated as a joint facility. 4. If net peak demand for 60 minutes is not available, give data which is available, specifying period. 5. If any employees attend more than one plant, report on line 11 the approximate average number of employees assignable to each plant. 6. If gas is used and purchased on a term basis report the Btu content of the gas and the quantity of fuel burned converted to Mct. 7. Quantities of fuel burned (Line 38) and average cost per unit of fuel burned (Line 41) must be consistent with charges to expense accounts 501 and 547 (Line 42) as show on Line 20. 8. If more than one fuel is burned in a plant furnish only the composite heat rate for all fuels burned.

Line No.	Item (a)	Plant Name: <i>Portage</i> (b)		Plant Name: <i>Gladstone</i> (c)	
1	Kind of Plant (Internal Comb, Gas Turb, Nuclear)		Gas Turbine		Gas Turbine
2	Type of Constr (Conventional, Outdoor, Boiler, etc)		Conventional		Conventional
3	Year Originally Constructed		1973		1975
4	Year Last Unit was Installed		1975		1987
5	Total Installed Cap (Max Gen Name Plate Ratings-MW)		22.60		22.60
6	Net Peak Demand on Plant - MW (60 minutes)		0		0
7	Plant Hours Connected to Load		0		0
8	Net Continuous Plant Capability (Megawatts)		0		0
9	When Not Limited by Condenser Water		0		0
10	When Limited by Condenser Water		0		0
11	Average Number of Employees		3		1
12	Net Generation, Exclusive of Plant Use - KWh		3201830		74360
13	Cost of Plant: Land and Land Rights		7353		55663
14	Structures and Improvements		92427		110212
15	Equipment Costs		3329729		2227188
16	Asset Retirement Costs		0		0
17	Total Cost		3429509		2393063
18	Cost per KW of Installed Capacity (line 17/5) Including		151.7482		105.8877
19	Production Expenses: Oper, Supv, & Engr		23333		5831
20	Fuel		917113		78684
21	Coolants and Water (Nuclear Plants Only)		0		0
22	Steam Expenses		0		0
23	Steam From Other Sources		0		0
24	Steam Transferred (Cr)		0		0
25	Electric Expenses		95285		5232
26	Misc Steam (or Nuclear) Power Expenses		0		0
27	Rents		0		0
28	Allowances		0		0
29	Maintenance Supervision and Engineering		5854		18261
30	Maintenance of Structures		678		442
31	Maintenance of Boiler (or reactor) Plant		0		0
32	Maintenance of Electric Plant		22356		3095
33	Maintenance of Misc Steam (or Nuclear) Plant		0		0
34	Total Production Expenses		1064619		111545
35	Expenses per Net KWh		0.3325		1.5001
36	Fuel: Kind (Coal, Gas, Oil, or Nuclear)	Oil		Oil	
37	Unit (Coal-tons/Oil-barrel/Gas-mcf/Nuclear-indicate)	Barrels		Barrels	
38	Quantity (Units) of Fuel Burned	414397	0	39166	0
39	Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	138200	0	138200	0
40	Avg Cost of Fuel/unit, as Delvd f.o.b. during year	0.000	0.000	0.000	0.000
41	Average Cost of Fuel per Unit Burned	0.000	0.000	0.000	0.000
42	Average Cost of Fuel Burned per Million BTU	0.000	0.000	0.000	0.000
43	Average Cost of Fuel Burned per KWh Net Gen	0.000	0.000	0.000	0.000
44	Average BTU per KWh Net Generation	0.000	0.000	0.000	0.000

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report End of <u>2007/Q4</u>
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**HYDROELECTRIC GENERATING PLANT STATISTICS (Large Plants)**

1. Large plants are hydro plants of 10,000 Kw or more of installed capacity (name plate ratings)
2. If any plant is leased, operated under a license from the Federal Energy Regulatory Commission, or operated as a joint facility, indicate such facts in a footnote. If licensed project, give project number.
3. If net peak demand for 60 minutes is not available, give that which is available specifying period.
4. If a group of employees attends more than one generating plant, report on line 11 the approximate average number of employees assignable to each plant.

Line No.	Item (a)	FERC Licensed Project No. 1864 Plant Name: Victoria (b)	FERC Licensed Project No. 0 Plant Name: (c)
1	Kind of Plant (Run-of-River or Storage)	Storage	
2	Plant Construction type (Conventional or Outdoor)	Conventional	
3	Year Originally Constructed	1930	
4	Year Last Unit was Installed	1930	
5	Total installed cap (Gen name plate Rating in MW)	12.00	0.00
6	Net Peak Demand on Plant-Megawatts (60 minutes)	11	0
7	Plant Hours Connect to Load	0	0
8	Net Plant Capability (in megawatts)		
9	(a) Under Most Favorable Oper Conditions	13	0
10	(b) Under the Most Adverse Oper Conditions	6	0
11	Average Number of Employees	8	0
12	Net Generation, Exclusive of Plant Use - Kwh	44,935,080	0
13	Cost of Plant		
14	Land and Land Rights	464,646	0
15	Structures and Improvements	392,835	0
16	Reservoirs, Dams, and Waterways	17,378,668	0
17	Equipment Costs	1,503,995	0
18	Roads, Railroads, and Bridges	307,025	0
19	Asset Retirement Costs	0	0
20	TOTAL cost (Total of 14 thru 19)	20,047,169	0
21	Cost per KW of Installed Capacity (line 20 / 5)	1,670.5974	0.0000
22	Production Expenses		
23	Operation Supervision and Engineering	125,996	0
24	Water for Power	0	0
25	Hydraulic Expenses	73,151	0
26	Electric Expenses	38,456	0
27	Misc Hydraulic Power Generation Expenses	145,468	0
28	Rents	0	0
29	Maintenance Supervision and Engineering	26,181	0
30	Maintenance of Structures	120	0
31	Maintenance of Reservoirs, Dams, and Waterways	94,652	0
32	Maintenance of Electric Plant	246,001	0
33	Maintenance of Misc Hydraulic Plant	15,989	0
34	Total Production Expenses (total 23 thru 33)	766,014	0
35	Expenses per net KWh	0.0170	0.0000

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**GENERATING PLANT STATISTICS (Small Plants)**

1. Small generating plants are steam plants of, less than 25,000 Kw; internal combustion and gas turbine-plants, conventional hydro plants and pumped storage plants of less than 10,000 Kw installed capacity (name plate rating). 2. Designate any plant leased from others, operated under a license from the Federal Energy Regulatory Commission, or operated as a joint facility, and give a concise statement of the facts in a footnote. If licensed project, give project number in footnote.

Line No.	Name of Plant (a)	Year Orig. Const. (b)	Installed Capacity Name Plate Rating (In MW) (c)	Net Peak Demand MW (60 min.) (d)	Net Generation Excluding Plant Use (e)	Cost of Plant (f)
1	HYDRO:					
2	Prickett	1931	2.20	2.2	6,321	2,364,886
3	Hoist*	1925	4.40	3.0	10,809	7,162,198
4	McClure	1919	8.00	8.6	26,437	3,280,048
5	AuTrain	1910	0.90	1.0	4,926	1,653,148
6	Cataract	1929	2.00	1.3	1,586	340,067
7						
8						
9	* Includes Silver Lake					
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11						
12						
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Name of Respondent  
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GENERATING PLANT STATISTICS (Small Plants) (Continued)

3. List plants appropriately under subheadings for steam, hydro, nuclear, internal combustion and gas turbine plants. For nuclear, see instruction 11, Page 403. 4. If net peak demand for 60 minutes is not available, give the which is available, specifying period. 5. If any plant is equipped with combinations of steam, hydro internal combustion or gas turbine equipment, report each as a separate plant. However, if the exhaust heat from the gas turbine is utilized in a steam turbine regenerative feed water cycle, or for preheated combustion air in a boiler, report as one plant.

Plant Cost (Incl Asset Retire. Costs) Per MW (g)	Operation Exc'l. Fuel (h)	Production Expenses		Kind of Fuel (k)	Fuel Costs (in cents per Million Btu) (l)	Line No.
		Fuel (i)	Maintenance (j)			
						1
1,007,297	163,086		43,837			2
1,625,936	203,703		76,180			3
411,574	188,630		51,926			4
1,801,152	142,688		28,139			5
170,034	127,920		49,878			6
						7
						8
						9
						10
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**CHANGES MADE OR SCHEDULED TO BE MADE IN GENERATING PLANT CAPACITIES**

Give below the information called for concerning changes in electric generating plant capacities during the year.

**A. Generating Plants or Units Dismanteled, Remove from Service, Sold, or Leased to Others During Year**

1. State in column (b) whether dismantled, removed from service, sold, or leased to another. Plants removed from service include those not maintained for regular or emergency service.      2. In column (f), give date dismantled, removed from service, sold, or leased to another. Designate complete plants as such.

Line No.	Name of Plant (a)	Disposition (b)	Installed Capacity (in megawatts)			Date (f)	If Sold or Leased, Give Name and Address of Purchaser or Lessee (g)
			Hydro (c)	Steam (d)	(Other) (e)		
1 2 3 4 5 6 7	John H Warden Station	Sold		22MW		7/5/2007	White Pine Power LLC dba L'Anse Warden Electric Co. P. O. Box 38 One Willow Road White Pine, MI 48971

**B. Generating Units Scheduled for or Undergoing Major Modifications**

Line No.	Name of Plant (a)	Character of Modification (b)	Installed Plant Capacity After Modification (in MW) (c)	Estimated Dates of Construction	
				Start (d)	Completion (e)
8 9 10 11 12 13 14	None				

**C. New Generating Plants Scheduled for or Under Construction**

Line No.	Plant Name & Location (a)	TYPE (Hydro, pumped storage, steam, internal comb., gas-turbine, nuclear, etc.) (b)	Installed Capacity (in megawatts)		Estimated Dates of Construction	
			Initial (c)	Ultimate (d)	Start (e)	Completion (f)
15 16 17 18 19 20 21	None					

**D. New Units in Existing Plants Scheduled for or Under Construction**

Line No.	Plant Name & Location (a)	TYPE (Hydro, pumped storage, steam, internal comb., gas-turbine, nuclear, etc.) (b)	Unit (c)	Size of Unit (in megawatts) (d)	Estimated Dates of Construction	
					Start (e)	Completion (f)
22 23 24 25 26 27 28	None					

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**HYDROELECTRIC GENERATING PLANTS**

- |   |   |
|---|---|
| <p>1. Report on this page Hydro plants of 10,000 Kw (name plate rating) or more of installed capacity.</p> <p>2. Report the information called for concerning generating plants and equipment at year end. Show associated prime movers and generators on the same line.</p> <p>3. Exclude from this schedule, plant, the book cost of which is included in Account 121, <i>Nonutility Property</i>.</p> <p>4. Designate any plant or portion thereof for which</p> | <p>the responsibility is not the sole owner. If such property is leased from another company, give name of lessor, date and term of lease, and annual rent. For any generating plant, other than a leased plant, or portion thereof, for which the respondent is not the sole owner but which respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars</p> |
|---|---|

Line No.	Name of Plant  (a)	Location  (b)	Name of Stream  (c)	Water Wheels <i>(In column (e), indicate whether horizontal or vertical. Also indicate type of runner—Francis (F), fixed propeller (FP), automatically adjustable propeller (AP), impulse (I). Designate reversible type of units by appropriate footnote)</i>			
				Attended or Unattended  (d)	Type of Unit  (e)	Year Installed  (f)	Gross Static Head with Pond Full  (g)
1	Victoria	Rockland, MI	Ontonagon	Unattended	Vertical	1930	215
2							
3							
4							
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**HYDROELECTRIC GENERATING PLANTS (Continued)**

(details) as to such matters as percent ownership by respondent, name of co-owner, basis of sharing output, expenses, or revenues, and how expenses and/or revenues are accounted for and accounts affected. Specify if lessor, co-owner, or other party is an associated company.  
5. Designate any plant or portion thereof leased to another company, and give name of lessee, date and

term of lease and annual rent, and how determined. Specify whether lessee is an associated company.  
6. Designate any plant or equipment owned, not operated, and not leased to another company. If such plant or equipment was not operated within the past year, explain whether it has been retired in the books of account or what disposition of the plant or equipment and its book cost are contemplated.

Water Wheels (Continued)			Generators						Total Installed Generating Capacity	Line No.
Design Head	RPM	Maximum Hp. Capacity of Unit at Design Head	Year Installed	Voltage	Phase	Frequency or d.c.	Name Plate Rating of Unit (in MW)	No. of Units in Plant	(Name Plate Ratings in megawatts)	
(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	
210	300	9000	1930	11500	3	60	6	2	12	1
										2
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**INTERNAL-COMBUSTION ENGINE AND GAS-TURBINE GENERATING PLANTS**

- |  |  |
|--|--|
| <p>1. Include on this page internal-combustion engine and gas-turbine plants of 10,000 kilowatts and more.</p> <p>2. Report the information called for concerning plants and equipment at end of year. Show associated prime movers and generators on the same line.</p> <p>3. Exclude from this page, plant, the book cost of which is included in Account 121, <i>Nonutility Property</i>.</p> | <p>4. Designate any plants or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and term of lease, and annual rent. For any generating plant other than a leased plant, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or shares in the</p> |
|--|--|

Line No.	Name of Plant  (a)	Location of Plant  (b)	Prime Movers <i>In Column (e), indicate basic cycle for gas-turbine as open or closed; indicate basic cycle for internal-combustion as 2 or 4.</i>			
			Internal-Combustion or Gas-Turbine  (c)	Year Installed  (d)	Cycle  (e)	Belted or Direct Connected  (f)
1	Portage Generating	South Range, MI	Gas Turbine	1973	Open	Direct
2						
3	Gladstone Generating	Gladstone, MI	Gas Turbine	1987	Open	Direct
4						
5						
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**INTERNAL-COMBUSTION ENGINE AND GAS-TURBINE GENERATING PLANTS (Continued)**

operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) as to such matters as percent of ownership by respondent, name of co-owner, basis of sharing output, expenses or revenues, and how expenses and/or revenues are accounted for and accounts affected. Specify if lessor, co-owner, or other party is an associated company.

5. Designate any plant or portion thereof leased to another company and give name of lessee, date and term of lease and annual rent and how determined. Specify whether lessee is an associated company.

6. Designate any plant or equipment owned, not operated, and not leased to another company. If such plant or equipment was not operated within the past year, explain whether it has been retired in the books of account or what disposition of the plant or equipment and its book cost are contemplated.

Prime Movers (Continued)	Generators						Total Installed Generating Capacity (Name Plate Ratings in Mw) (n)	Line No.
	Rated Hp of Unit (g)	Year Installed (h)	Voltage (i)	Phase (j)	Frequency of d.c. (k)	Name Plate Rating of Unit (In MW) (l)		
31900	1973	12500	3	60	22.6	1	22.6	1
31900	1987	12500	3	60	22.6	1	22.6	2
								3
								4
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**SUBSTATIONS**

1. Report below the information called for concerning substations of the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
3. Substations with capacities of Less than 10 MVA except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVA)		
			Primary (c)	Secondary (d)	Tertiary (e)
1	Escanaba Sub, ESC *	Distribution	69.00	12.50	
2	Freeman's Sub, Neg Twsp	Distribution	138.00	34.00	
3	Gladstone Sub, Gladstone	Distribution	12.50	69.00	
4					
5	Masonville, Mason Twsp*	Distribution	69.00	34.00	
6	McClure Pit, Ishp	Distribution	2.40	34.00	
7	Moblie Sub, Ishp	Distribution	138.00	69.00	
8	Portage Generating, Adams Twsp	Distribution	69.00	12.50	
9	Barnum Sub, Ishp	Distribution	34.00	12.50	
10	Barnum Sub, Ishp	Distribution	69.00	12.50	
11	Delta Sub, Wells Twsp	Distribution	69.00	12.50	
12	Elevation St, Hancock*	Distribution	69.00	12.50	
13	Sawyer AFB	Distribution	69.00	12.50	
14	Henry Street Sub, Hurontown*	Distribution	69.00	12.50	
15	Lake Mine, Greenland Twsp*	Distribution	69.00	7.20	
16	L'Anse Dist, L'Anse*	Distribution	69.00	12.50	
17	Lincoln Ave Sub, Iron River	Distribution	69.00	12.50	
18	M-38 Sub, Baraga Twsp*	Distribution	69.00	12.50	
19	Negaunee City, Neg *	Distribution	34.00	4.16	
20	Ontonagon Sub, Ont*	Distribution	69.00	12.50	
21					
22	Toiv Sub, Elm River Twsp*	Distribution	69.00	12.50	
23	Victoria, Rockland Twsp	Distribution	69.00	12.50	
24	Osceola Sub, Laurium *	Distribution	69.00	12.50	
25	Ishpeming Steam Plant	Distribution	4.16	33.00	
26					
27	28 Subs Under 10,000 KVA	Distribution			
28	Total		1467.06	471.86	
29					
30					
31	* Substations serving customers with				
32	energy for resale.				
33					
34					
35					
36					
37					
38					
39					
40					



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SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVA) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVA) (k)	
16	1					1
25	1					2
37	1					3
						4
15	1					5
10	2					6
		1				7
37	1					8
12	2					9
22	1	1				10
14	1					11
24	2					12
11	2					13
11	1	1				14
1	1	1				15
28	2					16
14	1					17
6	1					18
6	3	1				19
7	1					20
						21
1	1					22
15	6	1				23
45	2					24
		1				25
						26
91	32	20				27
448	66	27				28
						29
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**ELECTRIC DISTRIBUTION METERS AND LINE TRANSFORMERS**

1. Report below the information called for concerning distribution watt-hour metes and line transformers.  
 2. Include watt-hour demand distribution meters, but not external demand meters.  
 3. Show in a footnote the number of distribution watt-hour meters or line transformers held by the respondent under lease from others, jointly owned with others, or held otherwise than by reason of sole ownership by the respondent. If 500 or more meters or line transformers are held under a lease, give name of lessor, date and period of lease, and annual rent. If 500 or more moteres or line transformers are held other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of accounting for expenses between the parties, and state amounts and accounts affected in respondent's book of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Line No.	Item  (a)	Number of Watt-Hours Meters  (b)	LINE TRANSFORMERS	
			Number  (c)	Total Capacity (In Mva)  (d)
1	Number at Beginning of Year	67,228	23,182	638
2	Additions During Year	262		
3	Purchases	583	522	33
4	Associated with Utility Plant Acquired			
5	TOTAL Additions (Enter Total of lines 3 and 4)	845	522	33
6	Reduction During Year			
7	Retirements	2,060	404	12
8	Associated with Utility Plant Sold		10	3
9	TOTAL Additions (Enter Total of lines 7 and 8)	2,060	414	15
10	Number at End of Year (Lines 1+ 5 - 9)	66,013	23,290	656
11	In Stock	3,589	987	73
12	Locked Meters on Customers' Premises			
13	Inactive Transformers on System			
14	In Customers' Use	62,312	22,303	583
15	In Companys' Use	112		
16	Total End of Year (Enter Total of lines 11 to 15. This line should equal line 10)	66,013	23,290	656

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