

MICHIGAN PUBLIC SERVICE COMMISSION

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

This form is authorized by [1919 PA 419](#), as amended, being [MCL 460.55](#) 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 state law](#).

Report submitted for year ending: December 31, 2015																				
Present name of respondent: UPPER PENINSULA POWER COMPANY																				
Address of principal place of business: 1002 HARBOR HILLS DRIVE, MARQUETTE, MI 49855																				
Utility representative to whom inquires regarding this report may be directed: <table><tr><td>Name:</td><td>DENISE LEPISTO</td><td>Title:</td><td>DIRECTOR OF ACCOUNTING</td></tr><tr><td>Address:</td><td colspan="3">101 WEST LAKESHORE DRIVE</td></tr><tr><td>City:</td><td>HOUGHTON</td><td>State:</td><td>MI</td></tr><tr><td>Zip:</td><td></td><td>Zip:</td><td>49931</td></tr><tr><td>Telephone, Including Area Code:</td><td colspan="3">906-483-4505</td></tr></table>	Name:	DENISE LEPISTO	Title:	DIRECTOR OF ACCOUNTING	Address:	101 WEST LAKESHORE DRIVE			City:	HOUGHTON	State:	MI	Zip:		Zip:	49931	Telephone, Including Area Code:	906-483-4505		
Name:	DENISE LEPISTO	Title:	DIRECTOR OF ACCOUNTING																	
Address:	101 WEST LAKESHORE DRIVE																			
City:	HOUGHTON	State:	MI																	
Zip:		Zip:	49931																	
Telephone, Including Area Code:	906-483-4505																			
If the utility name has been changed during the past year: <table><tr><td>Prior Name:</td><td></td></tr><tr><td>Date of Change:</td><td></td></tr></table>	Prior Name:		Date of Change:																	
Prior Name:																				
Date of Change:																				
Two copies of the published annual report to stockholders: <table><tr><td>[]</td><td>were forwarded to the Commission</td></tr><tr><td>[]</td><td>will be forwarded to the Commission</td></tr><tr><td></td><td><u>on or about</u></td></tr></table>	[]	were forwarded to the Commission	[]	will be forwarded to the Commission		<u>on or about</u>														
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	<u>on or about</u>																			
Annual reports to stockholders: <table><tr><td>[]</td><td>are published</td></tr><tr><td>[X]</td><td>are not published</td></tr></table>	[]	are published	[X]	are not published																
[]	are published																			
[X]	are not published																			

FOR ASSISTANCE IN COMPLETION OF THIS FORM:

Contact the Michigan Public Service Commission (Heather Cantin) at (517) 284-8266 or cantinh@michigan.gov OR forward correspondence to:

Michigan Public Service Commission
Financial Analysis & Audit Division (Heather Cantin)
7109 W Saginaw Hwy
PO Box 30221
Lansing, MI 48909

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Upper Peninsula Power Company:

We have audited the accompanying financial statements of Upper Peninsula Power Company (the "Company"), which comprise the balance sheet—regulatory basis as of December 31, 2015, and the related statements of income—regulatory basis, retained earnings—regulatory basis, and cash flows—regulatory basis for the year then ended, included on pages 110(M) through 123 of the accompanying Michigan Public Service Commission Form P-521, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the regulatory-basis financial statements referred to above present fairly, in all material respects, the assets, liabilities, and proprietary capital of Upper Peninsula Power Company as of December 31, 2015, and the results of its operations and its cash flows for the year then ended 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.

Basis of Accounting

As discussed in Note A to the financial statements, 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 basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Restricted Use

This report is intended solely for the information and use of the board of directors and management of the 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.

Deloitte & Touche LLP

April 18, 2016

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 1919 PA 419, as amended, being MCL 460.55 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 gas company, as classified by the Commission's Uniform System of Accounts must submit this form.

NOTE: Major - A gas company having annual natural gas sales over 50 million Dth in each of the 3 previous calendar years

Nonmajor - A gas company having annual natural gas sales at or below 50 million Dth in each of the 3 previous calendar years.

The class to which any utility belongs shall originally be determined by the average of its annual gas sales for the last three consecutive years. Subsequent changes in classification shall be made when the annual gas sales for each of the three years immediately preceding the years exceeds the upper limit, or is less than the lower limit of the classification previously applicable to the utility.

III. What and Where to Submit:

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

Michigan Public Service Commission (Financial Analysis & Audit Division)
Revenue Requirements Section
7109 W Saginaw Hwy, PO Box 30221
Lansing, MI 48909

Retain one copy of this report for your files. Also submit the electronic version of this record to Heather Cantin at the address below or to cantinh@michigan.gov

(b) Submit immediately upon publication, one (1) copy of the latest annual report to
Michigan Public Service Commission (Financial Analysis & Audit Division)
Revenue Requirements Section
7109 W Saginaw Hwy, PO Box 30221
Lansing, MI 48909

(c) For the CPA certification, submit with the original submission of the form, a letter or report

(i) Contain a paragraph attesting to the conformity, in all material aspects, of the schedules and pages listed below with the Commission's applicable Uniform Systems of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and

<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 users may obtain additional blank copies to meet their requirements for a charge from:

Michigan Public Service Commission (Financial Analysis & Audit Division)
Revenue Requirements Section
7109 W Saginaw Hwy, PO 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 (Financial Analysis & Audit Division)
Revenue Requirements Section
7109 W Saginaw Hwy, PO 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 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 Authorized (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, 2015	
03 Previous Name and Date of Change (if name changed during year)				
04 Address of Principal Business Office at End of Year (Street, City, State, Zip) 1002 HARBOR HILLS DRIVE, MARQUETTE, MI 49855				
05 Name of Contact Person DENISE LEPISTO		06 Title of Contact Person DIRECTOR OF ACCOUNTING		
07 Address of Contact Person (Street, City, State, Zip) 101 WEST 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) 4/30/2016

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 correct statement of the business and affairs of the above named respondent in respect to each and every matter set forth therein during the period from and including January 1 and including December 31 of the year of the report.

01 Name NICHOLAS E. KATES	03 Signature 	04 Date Signed (Mo, Da, Yr) 29-Apr-16
02 Title CHIEF FINANCIAL OFFICER		

Name of Respondent UPPER PENINSULA POWER	This Report Is: (1) [X] An Original (2) [] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2016	Year of Report 12/31/2015
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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)
GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS		
General Information	101	
Control Over Respondent & Other Associated Companies	M 102	
Corporations Controlled by Respondent	103	None
Officers and Employees	M 104	
Directors	105	
Security Holders and Voting Powers	M 106-107	Page 107 - None
Important Changes During the Year	108-109	
Comparative Balance Sheet	M 110-113	
Statement of Income for the Year	M 114-117	
Statement of Retained Earnings for the Year	M 118-119	
Statement of Cash Flows	120-121	
Notes to Financial Statements	122-123	
BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits)		
Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization, and Depletion	200-201	Page 201 None
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	
Nonutility Property	M 221	
Investment in Subsidiary Companies	224-225	None
Material and Supply	227	
Allowances	228-229	None
Extraordinary Property Losses	230B	None
Unrecovered Plant and Regulatory Study Costs	230B	None
Other Regulatory Assets	M 232	
Miscellaneous Deferred Debits	233	
Accumulated Deferred Income Taxes (Account 190)	M 234A-B	
BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Credits)		
Capital Stock	250-251	
Capital Stock Subscribed, Capital Stock Liability for Conversion Premium on Capital Stock, and Installments Received on Capital Stock	252	None

Name of Respondent UPPER PENINSULA POWER	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2016	Year of Report 12/31/2015
LIST OF SCHEDULES (Electric Utility) (Continued)			
Title of Schedule (a)	Reference Page No. (b)	Remarks (c)	
BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits) (Continued)			
Other Paid-in Capital	253		
Discount on Capital Stock	254	None	
Capital Stock Expense	254	None	
Long Term Debt	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		
Distribution of Taxes Charged	M 262-263		
Accumulated Deferred Income Taxes - Accelerated Amortization Property	M 272-273	None	
Accumulated Deferred Income Taxes - Other Property	M 274-275		
Accumulated Deferred Income Taxes - Other	M 276A-B		
Other Regulatory Liabilities	M 278		
INCOME ACCOUNT SUPPORTING SCHEDULES			
Electric Operating Revenues	M 300-301		
Sales of Electricity by Rate Schedules	304		
Sales for Resale	310-311		
Electric Operation and Maintenance Expenses	320-323		
Number of Electric Department Employees	323		
Purchased Power	326-327		
Transmission of Electricity for Others	328-330	None	
Transmission of Electricity by Others	332		
Miscellaneous General Expenses - Electric	M 335		
Depreciation and Amortization of Electric Plant	M 336-337		
Particulars Concerning Certain Income Deduction and Interest Charges Accounts	340		
COMMON SECTION			
Regulatory Commission Expenses	350-351		
Research, Development and Demonstration Activities	352-353	None	
Distribution of Salaries and Wages	354-355		
Common Utility Plant and Expenses	356	None	
ELECTRICAL PLANT STATISTICAL DATA			
Monthly Transmission System Peak Load	M 400	None	
Electric Energy Account	401		
Monthly Peaks and Output	401		
Steam-Electric Generating Plant Statistics (Large Plants)	402-403		
Hydroelectric Generating Plant Statistics (Large Plants)	406-407		
Pumped Storage Generating Plant Statistics (Large Plants)	408-409	None	
Generating Plant Statistics (Other Plants)	410-411		

Name of Respondent UPPER PENINSULA POWER	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2016	Year of Report 12/31/2015
LIST OF SCHEDULES (Electric Utility) (Continued)			
Title of Schedule (a)	Reference Page No. (b)	Remarks (c)	
ELECTRIC PLANT STATISTICAL DATA (Continued)			
Transmission Lines Statistics	422-423	None	
Transmission Lines Added During Year	424-425	None	
Substations	426-427		
Electric Distribution Meters and Line Transformers	429		
Environmental Protection Facilities	430		
Environmental Protection Expenses	431		
Renewable Energy Resources	432		
Renewable Energy Resource Expenses	433		
Footnote Data	450		
Stockholders' Report	--		
MPSC SCHEDULES			
Reconciliation of Deferred Income Tax Expenses	117A-B		
Operating Loss Carry Forward	117C	None	
Plant Acquisition Adjustments and Accumulated Provision for Amortization of Plant Acquisition Adjustments	215	None	
Construction Work in Progress and Completed Construction Not Classified - Electric	216	None	
Accumulated Provision for Depreciation and Amortization of Nonutility Property	221	None	
Investments	222-223		
Notes & Accounts Receivable Summary for Balance Sheet	226A		
Accumulated Provision for Uncollectible Accounts - Credit	226A		
Receivables From Associated Companies	226B		
Production Fuel and Oil Stocks	227A-B		
Miscellaneous Current and Accrued Assets	230A		
Preliminary Survey and Investigation Charges	231A-B	None	
Deferred Losses from 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	None	
Notes Payable	260A	None	
Payables to Associated Companies	260B		
Investment Tax Credit Generated and Utilized	264-265	None	
Miscellaneous Current and Accrued Assets	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	Page 280B - None	
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	234N	Not applicable	
Sales to Railroad & Railways and Interdepartmental Sales	331A	None	
Rent From Electric Property & Interdepartmental Rents	331A		
Sales of Water and Water Power	331B	Not applicable	
Misc. Service Revenues & Other Electric Revenues	331B		
Lease Rentals Charged	333A-D	None	
Expenditures for Certain Civic, Political and Related Activities	341		

Name of Respondent UPPER PENINSULA POWER	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2016	Year of Report 12/31/2015
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LIST OF SCHEDULES (Electric Utility) (Continued)

Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
MPSC SCHEDULES (Continued)		
Extraordinary Items	342	None
Charges for Outside Professional and Other Consultative Services	357	
Summary of Costs Billed to Associated Companies	358-359	None
Summary of Costs Billed from Associated Companies	360-361	None
Monthly Transmission System Peak Load	400	Not applicable
Changes Made or Scheduled to be Made in Generating Plant Capacities	412	None
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 CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2016	Year of Report 12/31/15
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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 accounts are kept, if different from that where the general corporate books are kept.

Nicholas E Kates, 1002 Harbor Hills Drive, Marquette, MI 49855

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 the fact and give the type of organization and date organized.

Incorporated February 26, 1947, under the laws of the State of Michigan Act 237 of Public Acts of 1931.

3. If at any time during the year the property of respondent was held by 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 which possession by receivership or trustee ceased.

Not Applicable

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

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 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	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 4/30/2016	12/31/15

CONTROL OVER RESPONDENT & OTHER ASSOCIATED COMPANIES

1. If any corporation, business trust, or similar organization or combination of such organization jointly held control over respondent at the 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.

1. Upper Peninsula Power Company is a wholly-owned subsidiary of Upper Peninsula Power Holding Company.

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) 4/30/2016	Year of Report 12/31/15
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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	Barbara A. Siehr President and Chief Executive Officer	408,462	193,580	B, D	602,042
2	Nick Kates Chief Financial Officer	96,923	16,846	B, D	113,769
3	Keith E. Moyle Vice President and General Manager	173,981	94,415	B, D	268,396
4	Stephen Serraino Secretary	150,000	7,556	B, D	157,556
5					
1	Footnote Data				
2					
3					
4					
5					

Compensation Type Codes: A=Executive Incentive Compensation
B=Incentive Plan (Matching Employer Contribution)
C=Stock Plans
D=Other Reimbursements

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) 4/30/2016	Year of Report 12/31/15
DIRECTORS			
<p>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.</p> <p>2. Designate members of the Executive Committee by a triple asterisk and the Chairman of the Executive Committee by a double asterisk.</p>			
Name and Title of Director (a)	Principal Business Address (b)	# of Directors Meetings During Yr (c)	Fees During Yr (d)
1 Barbara A. Siehr President and Chief Executive Officer	Upper Peninsula Power Company 1002 Harbor Hills Drive Marquette, MI 49855	3	N/A
2 Jeffrey R. Neil	One Grand Central Place 60 East 42nd Street, Suite 3020 New York, NY 10165	3	N/A
3 Robert J. Gregor	One Grand Central Place 60 East 42nd Street, Suite 3020 New York, NY 10165	3	N/A
4 Robert J. Keough	One Grand Central Place 60 East 42nd Street, Suite 3020 New York, NY 10165	3	N/A
5 Roxanne Daust	Upper Peninsula Power Company 1002 Harbor Hills Drive Marquette MI 49855	0	N/A
<u>Footnote Data</u>			
1			
2			
3			
4			
5			

Name of Respondent UPPER PENINSULA POWER COMPAN	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2016	Year of Report 12/31/15
SECURITY HOLDERS AND VOTING POWERS			
<p>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 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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>			
<p>1. Give date of the latest closing of the stock book prior to end of year, and state the purpose of such closing:</p> <p>Stock books are not closed.</p>			
<p>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 notes cast by proxy:</p> <p style="text-align: center;">Total: 4</p> <p style="text-align: center;">By Proxy: 0</p>			
<p>3. Give the date and place of such meeting:</p> <p style="text-align: center;">September 22, 2015 Marquette, Michigan</p>			

Name of Respondent	This Report Is:	Date of Report	Year of Report
UPPER PENINSULA POWER COMPA	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 4/30/2016	12/31/15

IMPORTANT CHANGES DURING THE 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 acceptable" or "NA" where applicable. If the 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 therefor 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 conditions. 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 and 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 instruction 1 to 11 above, such notes may be attached to this page.

Page 108 intentionally left blank
See page 109 for required information

Name of Respondent UPPER PENINSULA POWER COMPA	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2016	Year of Report 12/31/15
IMPORTANT CHANGES DURING THE YEAR (Continued)			
<ol style="list-style-type: none"> 1. None. 2. None. 3. None. 4. None. 5. None. 6. Short Term Notes Payable to Affiliates up to \$15,000,000 FERC authorization, Federal Power Act - Section 204 - Docket EC14-68-000. 7. There were no changes in the articles of incorporation or by-laws during this time. 8. Union Employees received a 3% general wage increase effective April 12, 2015. Non-union employees received a 4% adjustment on February 15, 2015. 9. None. 10. There were no materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or known associate had a material interest. 11. Reserved. 12. There were no important changes during the year related to the respondent company. 13. Nicholas E. Kates was appointed Chief Financial Officer on September 22, 2015. Steve Manz was removed as Chief Financial Officer on September 22, 2015. 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 > 30%. 			

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) [X] An Original (2) [] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2016	Year of Report 12/31/15
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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)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	273,973,423	284,842,739
3	Construction Work in Progress (107)	200-201	4,243,354	12,712,671
4	TOTAL Utility Plant (Enter total of lines 2 and 3)		278,216,777	297,555,410
5	(Less) Accum. Prov for Depr. Amort. Depl (108, 110, 111, 115)	200-201	110,282,398	116,477,876
6	Net Utility Plant (Enter total of line 4 less 5)		167,934,379	181,077,534
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	(Less) Accumulated Provision of Amortization of Nuclear Fuel Assemblies (120.5)	202-203		
13	Net Nuclear Fuel (Enter total of lines 7-11 less 12)			
14	Net Utility Plant (Enter total of lines 6 and 13)		167,934,379	181,077,534
15	Utility Plant Adjustments (116)	122		
16	Gas Stored Underground-Noncurrent (117)	---		
17	OTHER PROPERTY AND INVESTMENTS			
18	Nonutility Property (121)	221	11,535,599	11,616,131
19	(Less) Accum.Prov. for Depr. and Amort. (122)	---	1,392,983	1,603,278
20	Investments in Associated Companies (123)	222-223		
21	Investments in Subsidiary Companies (123.1)	224-225		
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	Amoritization Fund - Federal (127)			
28	Other Special Funds (128)		1,135,712	970,676
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)		11,278,328	10,983,529
33	CURRENT AND ACCRUED ASSETS			
34	Cash and Working Funds (Non-Major Only) (130)			
35	Cash (131)	---	264,989	1,178,750
36	Special Deposits (132-134)	---	1,647,677	1,340,000
37	Working Fund (135)	---		
38	Temporary Cash Investments (136)	222-223	2,500,000	0
39	Notes Receivable (141)	226A		
40	Customer Accounts Receivable (142)	226A	10,377,325	9,383,413
41	Other Accounts Receivable (143)	226A	905,354	725,176
42	(Less) Accum.Prov. for Uncoll. Acct.- Credit (144)	226A	400,000	400,000
43	Notes Receivable from Assoc. Companies (145)	226B		
44	Accounts Receivable from Assoc. Companies (146)	226B		
45	Fuel Stock (151)	227	453,023	452,299
46	Fuel Stock Expenses Undistributed (152)	227		
47	Residuals (Elec) and Extracted Products (153)	227		
48	Plant Materials and Operating Supplies (154)	227	1,139,570	1,126,803
49	Merchandise (155)	227		
50	Other Materials and Supplies (156)	227		
51	Nuclear Materials Held for Sale (157)	202-203, 227		
52	Allowances (158.1 and 158.2)	228-229		

Name of Respondent UPPER PENINSULA POWER COMPANY		This Report Is: (1) [X] An Original (2) [] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2016	Year of Report 12/31/15
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	10,208	116,104
55	Gas Stored Underground-Current (164.1)	---		
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)	---		
57	Prepayments (165)	---	707,736	1,076,635
58	Advances for Gas (166-167)	---		
59	Interest and Dividends Receivable (171)	---		
60	Rents Receivable (172)	---		
61	Accrued Utility Revenues (173)	---	5,591,342	5,937,705
62	Misc Current and Accrued Assets (174)		5,869,648	7,391,513
63	Derivative Instrument Assets (175)		513,559	291,618
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)		29,580,431	28,620,016
68	DEFERRED DEBITS			
69	Unamortized Debt Expenses (181)	---	1,198,275	1,121,540
70	Extraordinary Property Losses (182.1)	230		
71	Unrecovered Plant & Regulatory Study Costs (182.2)	230		
72	Other Regulatory Assets (182.3)	232	71,773,406	65,148,667
73	Prelim. Survey & Invest. Charges (Elec) (183)	231		
74	Prelim. Survey & Invest. Charges (Gas) (183.1)	---		
75	Other Prelim. Survey & Investigation Charges (183.2)			
76	Clearing Accounts (184)	---	65,425	8,410
77	Temporary Facilities (185)	---		
78	Miscellaneous Deferred Debits (186)	233	259,104	201,570
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	1,817,544	1,343,402
82	Accumulated Deferred Income Taxes (190)	234	67,090,826	69,681,657
83	Unrecovered Purchased Gas Costs (191)	---		
84	TOTAL Deferred Debits (Enter total of lines 69 thru 83)		142,204,580	137,505,246
85	TOTAL Assets and Other Debits (Enter total of lines 14 thru 16, 32, 67, and 84)		350,997,718	358,186,325

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) 4/30/2016	Year of Report 12/31/15
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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)
1	PROPRIETARY CAPITAL			
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		
7	Other Paid-In Capital (208-211)	253	78,314,089	65,516,470
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	90,988,216	95,502,762
12	Unappropriated Undistributed Subsidiary Earnings	118-119		
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	TOTAL Proprietary Capital (Enter total of lines 2 thru 15)		182,565,929	174,282,856
17	LONG-TERM DEBT			
18	Bonds (221)	256-257		
19	(Less) Reacquired Bonds (222)	256-257		
20	Advances from Associated Companies (223)	256-257	108,200,000	108,200,000
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	TOTAL Long-Term Debt (Enter total lines 18 thru 23)		108,200,000	108,200,000
25	OTHER NONCURRENT LIABILITIES			
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)		6,130,018	5,587,654
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)		571,755	599,160
35	TOTAL Other Noncurrent Liabilities (Enter total of lines 26 thru 34)		6,701,773	6,186,814
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)			7,000,000
38	Accounts Payable (232)		10,679,616	16,789,035
39	Notes Payable to Associated Companies (233)			
40	Accounts Payable to Associated Companies (234)			
41	Customer Deposits (235)		127,206	88,731
42	Taxes Accrued (236)	262-263	5,869,024	2,332,996
43	Interest Accrued (237)			
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) 4/30/2016	Year of Report 12/31/15
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)		88,122	145,542
48	Misc. Current and Accrued Liabilities (242)		2,228,879	2,788,576
49	Obligations Under Capital Leases -Current (243)			
50	Derivative Instrument Liabilities (244)			
51	(Less) LT Portion of Derivative Instrument Liabilities			
52	Derivative Instrument Liabilities - Hedges (245)			
53	(Less) LT Portion of Derivative Instrument Liabilities - Hedges			
54	Federal Income Taxes Accrued for Prior Years (246)			
55	State and Local Taxes Accrued for Prior Years - (246.1)			
56	Federal Income Taxes Accrued for Prior Years - Adjustments (247)			
57	State and Local Taxes Accrued for Prior Years - Adjustments (247.1)			
58	TOTAL Current and Accrued Liabilities (Enter total of lines 37 thru 57)		18,992,847	29,144,880
59	DEFERRED CREDITS			
60	Customer Advances for Construction (252)		2,291,451	1,762,028
61	Accumulated Deferred Investment Tax Credits (255)	266-267		
62	Deferred Gains from Disposition of Utility Plt. (256)	270		
63	Other Deferred Credits (253)	269	1,929,076	1,803,341
64	Other Regulatory Liabilities (254)	278	26,672	62,216
65	Unamortized Gain on Reacquired Debt (257)	237		
66	Accum. Deferred Income Taxes-Accel. Amort. (281)			
67	Accum. Deferred Income Taxes-Other Property (282)		1,069,947	6,842,528
68	Accum. Deferred Income Taxes-Other (283)	272-277	29,220,023	29,901,662
69	TOTAL Deferred Credits (Enter total of lines 60 thru 68)		34,537,169	40,371,775
70	TOTAL Liabilities and Other Credits (Enter total of lines 16, 24, 35, 58 and 69)		350,997,718	358,186,325

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) 4/30/2016	Year of Report 12/31/15
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STATEMENT OF INCOME FOR THE YEAR

1. 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.
2. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
3. 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
4. Use pages 122-123 for important notes regarding the statement of income or any account thereof.
5. 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	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301	121,841,202	124,077,271
3	Operating Expenses			
4	Operation Expenses (401)	320-323	84,856,061	77,332,606
5	Maintenance Expenses (402)	320-323	8,346,565	9,190,765
6	Depreciation Expenses (403)	336-337	8,499,599	8,304,503
7	(403.1)			
8	Amortization and Depl. of Utility Plant (404-405)	336-337	220,608	168,174
9	Amortization of Utility Plant Acq. Adj (406)	336-337		
10	Amort. Of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)		825,340	1,193,473
11	Amort. Of Conversion Expenses (407)			
12	Regulatory Debits			
13	(Less) Regulatory Credits			
14	Taxes Other Than Income Taxes (408.1)	262-263	6,446,480	6,231,399
15	Income Taxes-Federal (409.1)	262-263		4,701,052
16	-Other (409.1)	262-263		896,652
17	Provision for Deferred Income Taxes (410.1)	234,272-276	16,052,742	12,067,006
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234,272-276	13,170,560	10,662,352
19	Investment Tax Credit Adj.- Net (411.4)	266-267		(51,298)
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)		112,076,835	109,371,980
26	Net Utility Operating Income (Enter Total of line 2 less 25) (Carry forward to page 117, line 27)		9,764,367	14,705,291

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) 4/30/2016	Year of Report 12/31/2015
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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
121,841,202	124,077,271					2
						3
84,856,061	77,332,606					4
8,346,565	9,190,765					5
8,499,599	8,304,503					6
						7
220,608	168,174					8
						9
825,340	1,193,473					10
						11
						12
						13
6,446,480	6,231,399					14
	4,701,052					15
	896,652					16
16,052,742	12,067,006					17
13,170,560	10,662,352					18
	(51,298)					19
						20
						21
						22
						23
						24
112,076,835	109,371,980					25
9,764,367	14,705,291					26

Name of Respondent		This Report Is:		Date of Report	Year of Report
UPPER PENINSULA POWER COMPANY		(1) [X] An Original (2) [] A Resubmission		(Mo, Da, Yr) 4/30/2016	12/31/2015
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)		9,764,367	14,705,291	
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	282			
33	Revenues From Nonutility Operations (417)	282	1,693,817	1,162,780	
34	(Less) Expenses of Nonutility Operations (417.1)	282	1,497,618	1,552,990	
35	Nonoperating Rental Income (418)	282	350	350	
36	Equity in Earnings of Subsidiary Companies (418.1)	119,282		1,447,495	
37	Interest and Dividend Income (419)	282	5,164	2,314	
38	Allowance for Other Funds Used During Construction (419.1)	282	112,343		
39	Miscellaneous Nonoperating Income (421)	282		26,430	
40	Gain on Disposition of Property (421.1)	280	132,388	1,094,873	
41	TOTAL Other Income (enter Total of lines 31 thru 40)		446,444	2,181,252	
42	Other Income Deductions				
43	Loss on Disposition of Property (421.2)	280			
44	Miscellaneous Amortization (425)	340			
45	Donations (426.1)		80,517	690,573	
46	Life Insurance (426.2)				
47	Penalties (426.3)		11,932	160	
48	Exp. For Certain Civic, Political & Related Activities (426.4)		184	17,102	
49	Other Deductions (426.5)		122,085	1,349,417	
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		214,718	2,057,552	
51	Taxes Applicable to Other Income and Deductions				
52	Taxes Other Than Income Taxes (408.2)	262-263	228,582	224,500	
53	Income Taxes - Federal (409.2)	262-263		(6,669)	
54	Income Taxes - Other (409.2)	262-263		(31,269)	
55	Provision for Deferred Income Taxes (410.2)	234,272-	3,871,270	1,280,353	
56	(Less) Provision for Deffered Income Taxes - Cr. (411.2)	234,272-	3,909,210	1,324,082	
57	Investment Tax Credit Adjustment - Net (411.5)	264-265		(311)	
58	(Less) Investment Tax Credits (420)	264-265			
59	TOTAL Taxes on Other Income and Deductions (total of 52 thru 58)		190,642	142,522	
60	Net Other Income and Deductions (total of lines 41,50 & 59)		41,084	(18,822)	
61	INTEREST CHARGES				
62	Interest on Long-Term Debt (427)	257			
63	Amort. Of Debt Disc. And Expense (428)		76,735	28,943	
64	Amortizaiton of Loss on Reacquired Debt (428.1)		474,142	474,142	
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	4,718,061	3,403,831	
68	Other Interest Expense (431)	340	58,613	59,787	
69	(Less) Allow. for Borrowed Funds Used During Const.-Cr. (432)		36,646		
70	Net Interest Charges (total of lines 62 thru 69)		5,290,905	3,966,703	
71	Income Before Extraordinary Items (total lines 27,60,70)		4,514,546	10,719,766	
72	EXTRAORDINARY ITEMS				
73	Extraordinary Income (434)	342			
74	(Less) Extraordinary Deductions (435)	342			
75	Net Extraordinary Items (total line 73 less line 74)				
76	Income Taxes-Federal and Other (409.3)	262-263			
77	Extraordinary Items After Taxes (Enter Total of lines 75 less line 76)				
78	Net Income (Enter Total of lines 71 and 77)		4,514,546	10,719,766	

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FOOTNOTE DATA

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
114	2	g	Includes \$1,712,862 for FERC Order 668-A.
114	2	h	Includes \$2,781,810 for FERC Order 668-A.
114	4	g	Includes \$1,712,862 for FERC Order 668-A.
114	4	h	Includes \$2,781,810 for FERC Order 668-A.
114	67	c	Interest in Long Term Debt to Associated Co \$4,718,061.
114	67	d	Interest on Long Term Debt to Associated Companies \$3,381,467 Interest on Short Term Debt to Associated Companies <u>22,364</u> Total \$3,403,831

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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	3,130,539	
3 Account 281		
4 Account 282	5,987,736	
5 Account 283	6,858,612	
6 Account 284		
7 Reconciling Adjustments		
8 TOTAL Account 410.1 (on pages 114-115 line 17)	15,976,887	
9 TOTAL Account 410.2 (on page 117 line 55)		
10 Credits to Account 411 from:		
11 Account 190	(6,214,995)	
12 Account 281		
13 Account 282	(421,345)	
14 Account 283	(6,534,220)	
15 Account 284		
16 Reconciling Adjustments		
17 TOTAL Account 411.1 (on page 114-115 line 18)	(13,170,560)	
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		
22 ITC Adjustments:		
23 Adjust last year's estimate to actual per filed return		
24 Other (specify)		
25 Net Reconciling Adjustments Account 411.4*		
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

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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.
	3,130,539	3,735,959	6,866,498	1
				2
	5,987,736	135,312	6,123,048	3
	6,858,612		6,858,612	4
				5
				6
				7
	15,976,887			8
		3,871,271		9
	(6,214,995)	(3,908,561)	(10,123,557)	10
				11
	(421,345)	(648)	(421,993)	12
	(6,534,220)		(6,534,220)	13
				14
				15
				16
	(13,170,560)			17
		(3,909,209)		18
				19
				20
				21
				22
				23
				24
				25
				26
				27

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STATEMENT OF RETAINED EARNINGS FOR THE YEAR

1. Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.
2. 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).
3. State the purpose and amount for each reservation or appropriation of retained earnings.
4. 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.
5. Show dividends for each class and series of capital stock.
6. Show separately the state and federal income tax effect of items shown in account 439 (Adjustments to Retained Earnings)
7. 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.
8. 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)	Amount (c)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)		
1	Balance-Beginning of Year		90,955,030
2	Changes (<i>Identify by prescribed retained earnings accounts</i>)		
3	Adjustments to Retained Earnings (Account 439)		
4	Credit: Unrealized gain on securities		
5	Credit: Taxes related to unrealized gain on securities		
6	Credit: Minimum pension liability		
7	Credit: Taxes related to Minimum pension liability		
8	TOTAL Credits to Retained Earnings (439)		
9	Debit: Redemption of Common Stock		
10	Debit:		
11	Debit:		
12	Debit:		
13	TOTAL Debits to Retained Earnings (439)		
14	Balance Transferred from Income (Account 433 Less Account 418.1)		4,514,546
15	Appropriations of Retained Earnings (Account 436)		
16			
17			
18			
19			
20			
21	TOTAL Appropriations of Retained Earnings (Account 436)		
22	Dividends Declared-Preferred Stock (Account 437)		
23	Dividends Declared-Preferred Stock		
24			
25			
26			
27			
28	TOTAL Dividends Declared-Preferred Stock (Account 437)		

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STATEMENT OF RETAINED EARNINGS FOR THE YEAR (Continued)				
Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)	
29	Dividends Declared-Common Stock (Account 438)			
30				
31				
32				
33				
34				
35	TOTAL Dividends Declared-Common Stock (Account 438)			
36	Transfers from Account 216.1 Unappropriated Undistributed Subsidiary Earnings			
37	Balance - End of the Year (<i>Enter Total of lines 1 thru 36</i>)		95,469,576	
	APPROPRIATED RETAINED EARNINGS (Account 215) State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.			
38				
39				
40				
41				
42				
43	TOTAL Appropriated Retained Earnings (Account 215)		33,186	
	APPROPRIATED RETAINED EARNINGS-AMORTIZATION RESERVE, FEDERAL (Account 215.1) State below the total amount set aside through appropriations of retained earnings, as of the end of the year, in compliance with the provisions of Federally granted hydroelectric project licenses held by the respondent. If any reductions or changes other than the normal annual credits hereto have been made during the year, explain such items in a footnote.			
44	TOTAL Appropriated Retained Earnings-Amortization Reserve, Federal (Account 215.1)			
45	TOTAL Appropriated Retained Earnings (Account 215 & 215.1)		33,186	
46	TOTAL Retained Earnings (Accounts 215, 215.1 & 216)		95,502,762	
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)			
47	Balance-Beginning of Year (Debit or Credit)			
48	Equity in Earnings for Year (Credit) (Account 418.1)			
49	(Less) Dividends Received (Debit)			
50	Other Changes (<i>Explain</i>)			
51	Balance-End of Year (<i>Enter Total of lines 47 thru 50</i>)			

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STATEMENT OF CASH FLOWS

1. If the notes to the cash flow statement in the respondent's annual stockholders report are applicable to this statement, such notes should be included on pages 122-123. Information about noncash investing and financing activities should be provided on pages 122-123. "Cash and Cash Equivalents at End of Year" with related amounts on the balance sheet.

2. Under "Other" specify significant amounts and group others.

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 on pages 122-123 the amounts of interest paid (net of amounts capitalized) and income taxes paid.

Line No.	Description (See instructions for Explanation of Codes) (a)	Amounts (b)
1	Net Cash Flow from Operating Activities: (enter outflows from company as negative	
2	Net Income (Line 72 (c) on page 117	4,514,546
3	Noncash Charges (Credits) to Income:	
4	Depreciation and Depletion	8,930,502
5	Amortization of (Specify)	
6	Intangible Plant	1,959,683
7		
8	Deferred Income Taxes (Net)	2,844,242
9	Investment Tax Credit Adjustment (Net)	
10	Net (Increase) Decrease in Receivables	612,180
11	Net (Increase) Decrease in Inventory	(92,404)
12	Net (Increase) Decrease in Allowances Inventory	
13	Net (Increase) Decrease in Payables and Accrued Expenses	7,836,642
14	Net (Increase) Decrease in Other Regulatory Assets	
15	Net (Increase) Decrease in Other Regulatory Liabilities	
16	(Less) Allowance for Other Funds Used During Construction	
17	(Less) Undistributed Earnings from Subsidiary Companies	
18	Other:	
19	Pension and Post Retirement Liability	5,019,274
20		
21	Other items	(6,481,872)
22	Net Cash Provided by (Used in) Operating Activities (Total of lines 2 thru 21)	25,142,793
23		
24	Cash Flows from Investment Activities:	
25	Construction and Acquisition of Plant (including land):	
26	Gross Additions to Utility Plant (less nuclear fuel)	(21,940,325)
27	Gross Additions to Nuclear Fuel	
28	Gross Additions to Common Utility Plant	
29	Gross Additions to Nonutility Plant	(80,531)
30	(Less) Allowance to Other Funds Used During Construction	
31	Other:	
32	Proceeds of the sale of property	141,824
33		
34	Cash Outflows for Plant (Total of lines 26 thru 33)	(21,879,032)
35		
36	Acquisition of Other Noncurrent Assets (d)	
37	Proceeds from Disposal of Noncurrent Assets (d)	
38		
39	Investments in and Advances to Associated and Subsidiary Companies	
40	Contributions and Advances from Associated 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)	

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STATEMENT OF CASH FLOWS (Continued)

- | | |
|--|--|
| <p>4. Investing Activities</p> <p>(a) Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of asset acquired with liabilities assumed on pages 122-123.</p> <p>(b) Don not include on this statement the dollar amount of leases capitalized per USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on pages 122-123.</p> | <p>5. Codes used:</p> <p>(a) Net proceeds or payments.</p> <p>(b) Bonds, debentures and other long-term debt.</p> <p>(c) Include commercial paper.</p> <p>(d) Identify separately such items as investments, fixed assets, intangibles, etc.</p> <p>6. Enter on pages 122-123 clarifications and explanations.</p> |
|--|--|

Line No.	Description (See instructions for Explanation of Codes) (a)	Amount (b)
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:	
54		
55		
56	Net Cash Provided by (Used in) Investing Activities	
57	(Total of lines 34 thru 55)	(21,879,032)
58		
59	Cash Flows from Financing Activities:	
60	Proceeds from Issuance of:	
61	Long Term Debt (b)	
62	Preferred Stock	
63	Common Stock	
64	Other:	
65		
66	Net Increase in Short-Term Debt (c)	7,000,000
67	Other:	
68		
69		
70	Cash Provided by Outside Sources (Total of lines 61 thru 69)	7,000,000
71		
72	Payments for Retirement of:	
73	Long Term Debt (b)	
74	Preferred Stock	
75	Common Stock	
76	Other:	
77		
78	Net Decrease in Short-Term Debt (c)	
79	Return of capital to Parent	(11,850,000)
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)	(4,850,000)
84		
85	Net Increase (Decrease) in Cash and Cash Equivalents	
86	(Total of lines 22, 57 and 83)	(1,586,239)
87		
88	Cash and Cash Equivalents at Beginning of Year	2,764,989
89		
90	Cash and Cash Equivalents at End of Year	1,178,750

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NOTES TO FINANCIAL STATEMENTS			
<p>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.</p> <p>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.</p> <p>3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year,</p> <p>references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.</p> <p>4. Where Accounts 189, <i>Unamortized Loss on Recquired Debt</i>, and 257, <i>Unamortized Gain on Recquired Debt</i>, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 16 of Uniform System of Accounts.</p> <p>5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.</p> <p>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 herein.</p>			
<p>PAGE 122 Intentionally left blank See Page 123 for required information</p>			

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NOTES TO FINANCIAL STATEMENTS (Continued)

NOTES TO FINANCIAL STATEMENTS

NOTE A--FERC FORM 1 REPORTING COMPARED TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The accompanying financial statements have been prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission ("FERC") as set forth in the Uniform System of Accounts and accounting releases, which differs from United States Generally Accepted Accounting Principles ("GAAP"). As required by the FERC, Upper Peninsula Power Company ("UPPCO" or the "Company") classifies certain items in its 2015 Form 1 in a manner different from GAAP, as described below. These items have no impact on the reported net income.

1. Removal costs that do not have an associated legal obligation are recognized as a component of accumulated depreciation, whereas these costs are classified as a regulatory liability for GAAP.
2. 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.
3. The FERC requires transactions for the real-time and day-ahead Regional Transmission Organization ("RTO") administered energy markets to be separately reported as a net purchase or net sale for each hour on the statements of income, whereas the transactions of these two markets are combined for a given hour for GAAP reporting purposes.
4. The FERC financial statement presentation reports unamortized loss on reacquired debt and energy costs receivable or refundable through rate adjustments as deferred debits and current assets and liabilities, whereas the GAAP financial statement presentation reports these balances as regulatory assets and liabilities.
5. The GAAP financial statements are reported in accordance with the Income Taxes Topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), whereas the Form 1 is reported in accordance with the FERC-issued accounting guidance. As such, in the Form 1, deferred income taxes are recognized 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.
6. The FERC requires that the current portion of regulatory assets and liabilities be recorded as regulatory assets within deferred debits and regulatory liabilities within deferred credits, whereas the GAAP financial statement presentation reports these as current assets and liabilities

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Nature of Operations

Upper Peninsula Power Company (UPPCO) is a regulated electric utility company, serving customers in its franchised territory in the Upper Peninsula of Michigan. UPPCO is subject to the jurisdiction of, and regulation by, the Michigan Public Service Commission ("MPSC"). UPPCO is also subject to the jurisdiction of the Federal Energy Regulatory Commission ("FERC"), which regulates wholesale electric rates.

As used in these notes, the term "financial statements" refers to the balance sheet as of December 31, 2015 and 2014, and the statements of income, equity, and cash flows for each of the years then ended as well as the notes thereto, unless otherwise noted.

The term "utility" refers to the regulated activities of UPPCO, while the term "nonutility" refers to the activities of UPPCO that are not regulated.

b. Use of Estimates

UPPCO prepares the financial statements in conformity with accounting principles generally accepted in the United States ("GAAP"). UPPCO makes estimates and assumptions that affect assets, liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

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NOTES TO FINANCIAL STATEMENTS (Continued)			
c. <u>Cash & Cash Equivalents</u>			
Short-term investments with an original maturity of three months or less are reported as cash equivalents. Cash received for income taxes was zero in 2015 and \$4,417.6 thousand in 2014. Cash paid for interest was \$4,730.1 thousand in 2015 and \$3,403.8 thousand in 2014.			
d. <u>Operating Revenues and Accounts Receivable</u>			
Revenues related to the sale of energy are recognized when service is provided or energy is delivered to customers. UPPCO also accrues estimated amounts of revenues for services provided or energy delivered but not yet billed to customers. Estimated unbilled revenues are calculated using a variety of judgments and assumptions related to customer class, contracted rates, weather, and customer use. At December 31, 2015 and 2014, UPPCO's unbilled revenues were \$5,937.7 thousand and \$5,591.3 thousand respectively.			
UPPCO presents revenue net of pass-through taxes on the income statement.			
Below is a summary of the significant mechanisms UPPCO had in place in 2015 and 2014 that allowed the Company to recover or refund changes in prudently incurred costs from rate case-approved amounts:			
<ul style="list-style-type: none"> • Fuel and purchased power costs were recovered from retail electric customers on a one-for-one basis. • Billings to customers under the MPSC jurisdiction included base rate charges and a power supply cost recovery factor. UPPCO 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. UPPCO recognizes any over or under recovery currently in its revenues, and a regulatory asset or liability is recognized on the balance sheet until settlement. The deferrals are relieved with additional billings or refunds. • UPPCO's current rates do not include a decoupling calculation, however the Company has continued to recover prior years undercollection amounts. See Note 12, "Regulatory Environment," for more information. 			
Revenues are also impacted by other accounting policies related to UPPCO's participation in the Midcontinent Independent System Operator, Inc. ("MISO") market. We sell and purchase power in the MISO market. If we were a net seller in a particular hour, the net amount was reported as revenue. If we were a net purchaser in a particular hour, the net amount was reported as electric production fuels and purchased power.			
e. <u>Inventories</u>			
Inventories consist of plant material and operating supplies and fossil fuels. Average cost is used to value materials and supplies and fossil fuels.			
f. <u>Utility Plant</u>			
Utility plant is stated at cost and includes any associated AFUDC and asset retirement costs. The costs of renewals and betterments of units of property (as distinguished from minor items of property) are capitalized as additions to the utility plant accounts. Maintenance, repair, replacement, and renewal costs associated with items not qualifying as units of property are considered operating expenses. Except for land, no gains or losses are recognized in connection with ordinary retirements of utility property units. Ordinary retirements, sales, and other disposals of units of property at UPPCO are charged to accumulated depreciation at cost, less salvage value. The cost of removal associated with the retirement is also charged to accumulated depreciation.			
UPPCO records straight-line depreciation expense over the estimated useful life of utility property, using depreciation rates as approved by the MPSC. UPPCO's annual utility composite depreciation rates for the years ending December 31, 2015 and 2014 was 3.25% and 3.26%, respectively.			
Nonutility property mainly consists of three Escanaba River Hydroelectric generation units (8.94 MW total) purchased from Escanaba Paper Company. New Page Corporation will purchase all energy produced by the hydros through March 31, 2023.			

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NOTES TO FINANCIAL STATEMENTS (Continued)

g. Regulatory Assets and Liabilities

Regulatory assets represent probable future revenue associated with certain costs or liabilities that have been deferred and are expected to be recovered from customers through the ratemaking process. Regulatory liabilities represent amounts that are expected to be refunded to customers in future rates or amounts collected in rates for future costs, including accumulated cost of removal previously included in customer rates. Recovery or refund of regulatory assets and liabilities is based on specific periods determined by the MPSC or occurs over the normal operating period of the assets and liabilities to which they relate. 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 the reduction charged to expense in the year the determination is made. See Note 3, *Regulatory Assets and Liabilities*, for more information.

h. Retirement of Debt

Any call premiums or unamortized expenses associated with refinancing debt obligations, and any gains or losses resulting from the retirement of debt that is not refinanced are amortized over the remaining life of the original debt, consistent with regulatory treatment of those items.

i. Asset Retirement Obligations

UPPCO recognizes at fair value, legal obligations associated with the retirement of tangible long-lived assets that result from the acquisition, construction or development, and/or normal operation of the assets. A liability is recorded for these obligations as long as the fair value can be reasonably estimated, even if the timing or method of settling the obligation is unknown. The asset retirement obligations are accreted using a credit-adjusted risk-free interest rate commensurate with the expected settlement dates of the asset retirement obligations. This rate is determined at the date the obligation is incurred. The associated retirement costs are capitalized as part of the related long-lived assets and are depreciated over the useful lives of the assets. Subsequent changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or decrease in the carrying amount of the liability and the associated retirement costs. See Note 6, *“Asset Retirement Obligations,”* for more information.

j. Environmental Remediation Liabilities

UPPCO is subject to federal and state environmental laws and regulations that in the future may require it to pay for environmental remediation at sites where it has been, or may be, identified as a potentially responsible party (“PRP”). Loss contingencies may exist for the remediation of hazardous substances at various potential sites.

UPPCO records environmental remediation liabilities when site assessments indicate remediation is probable and it can reasonably estimate the loss or a range of possible losses. The estimate includes both UPPCO’s share of the liability and any additional amounts that will not be paid by other PRPs or the government. When possible, UPPCO estimates costs using site-specific information but also considers historical experience for costs incurred at similar sites. Remediation efforts for a particular site generally extend over a period of several years. During this period, the laws governing the remediation process may change, as well as site conditions, potentially affecting the cost of remediation.

UPPCO has received approval to defer certain environmental remediation costs, as well as estimated future costs, through a regulatory asset. The recovery of these deferred costs is subject to MPSC approval.

k. Income Taxes

UPPCO was included in the consolidated United States income tax return filed by Integrys Energy Group for activity from January 1, 2014 through August 27, 2014. UPPCO settled the tax liabilities due to Integrys Energy Group at the time of the sale. UPPCO filed a consolidated tax return under Upper Peninsula Power Holding Company (“UPPHC”) for the period August 28, 2014 through December 31, 2014. At December 31, 2014, there was no tax liability due. UPPCO is included in the consolidated United States income tax return filed by Upper Peninsula Power Holding Company for activity through December 31, 2015. At December 31, 2015, there was no tax liability due. UPPCO calculates its provision for income taxes by using a “separate return” method. Under this method UPPCO is assumed to file a separate return with the tax authorities, thereby, reporting taxable income or loss and paying the applicable tax to or

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receiving the appropriate refund from Upper Peninsula Power Holding Company. UPPCO's current provision is the amount of tax payable or refundable on the basis of a hypothetical, current-year separate return.

Deferred income taxes have been recorded to recognize the expected future tax consequences of events that have been included in the financial statements by using currently enacted tax rates for the differences between the income tax basis of assets and liabilities and the basis reported in the financial statements. UPPCO records valuation allowances for deferred tax assets unless it is more likely than not that the benefit will be realized in the future. UPPCO defers certain adjustments made to income taxes that will impact future rates and records regulatory assets or liabilities related to these adjustments.

UPPCO uses the deferral method of accounting for investment tax credits ("ITCs"). Under this method, UPPCO records the ITCs as deferred credits and amortizes such credits as a reduction to the provision for income taxes over the life of the asset that generated the ITCs. ITCs that do not reduce income taxes payable for the current year are eligible for carryover and recognized as a deferred income tax asset.

For more information regarding UPPCO's accounting for income taxes, see Note 7, "Income Taxes."

l. Employee Benefits

The costs of pension and other postretirement benefits are expensed over the periods during which employees render service. In computing the expected return on plan assets, UPPCO uses a market-related value of plan assets. Changes in realized and unrealized investment gains and losses are recognized over the subsequent five years, while differences between actual investment returns and the expected return on plan assets are recognized over a five-year period for the Upper Peninsula Power Company Retirement Plan.

UPPCO recognizes the funded status of defined benefit postretirement plans on the balance sheet, and recognizes changes in the plans' funded status in the year in which the changes occur. UPPCO records changes in the funded status to regulatory asset or liability accounts, pursuant to the Regulated Operations Topic of the FASB ASC.

See Note 9, "Employee Benefit Plans," for more information.

m. Risk Management Activities

As part of its regular operations, UPPCO uses derivative instruments to manage commodity costs. See Note 2 "Risk Management Activities," for more information.

All derivatives are recognized on the balance sheets at their fair value unless they qualify for the normal purchases and sales exception, and are so designated. UPPCO continually assesses its contracts designated as normal and will discontinue the treatment of these contracts as normal if the required criteria are no longer met. Because all energy-related physical and financial derivatives at UPPCO qualify for regulatory deferral, including gains or losses on these derivative instruments, management believes any gains or losses resulting from the eventual settlement of these derivative instruments will be refunded to or collected from customers in rates. As such, any changes in fair value of these instruments recorded as either derivative assets or liabilities is offset with regulatory liabilities or assets, as appropriate.

UPPCO classifies derivative assets and liabilities as current or long-term on the balance sheets based upon the maturities of the underlying contracts. UPPCO records unrealized gains and losses on derivative instruments that do not qualify for regulatory deferral as a component of operating and maintenance expense.

Derivative accounting rules provide the option to present certain asset and liability derivative positions net on the balance sheets and to net the related cash collateral against these net derivative positions. UPPCO elects not to net these items. On the balance sheets, cash collateral provided to others is reflected in collateral on deposit.

n. Fair Value

A fair value measurement is required to reflect the assumptions market participants would use in pricing an asset or liability based on the best available information.

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Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). UPPCO uses a mid-market pricing convention (the mid-point price between bid and ask prices) as a practical measure for valuing the majority of its derivative assets and liabilities.

Fair value accounting rules provide a hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are observable, either directly or indirectly, but are not quoted prices included within Level 1. Level 2 includes those financial instruments that are valued using external inputs within models or other valuation methodologies.

Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

UPPCO's derivative assets and liabilities include financial transmission rights ("FTRs") used to manage transmission congestion costs in the MISO market. The valuation for FTRs is derived from historical data from MISO, which is considered a Level 3 input.

The fair value of long-term debt is estimated based on the quoted market price for the same or similar debt issuances, or on the current rates offered to UPPCO for debt of the same remaining maturity. The fair values of long-term debt instruments are categorized within Level 2 of the fair value hierarchy. Due to the short-term nature of cash and cash equivalents, accounts receivable, accounts payable, and notes payable the carrying amount for each such item approximates fair value.

UPPCO conducts a review of fair value hierarchy classifications on an annual basis.

See Note 11, "Fair Value," for more information.

o. Comprehensive Income

UPPCO had no other comprehensive income in 2015. Therefore, UPPCO's net income equals its comprehensive income and a separate statement of comprehensive income is not presented.

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2. RISK MANAGEMENT ACTIVITIES

UPPCO uses FTRs to manage electric transmission congestion costs. Prior to Integrys Energy Group's sale of UPPCO to UPPHC, IBS entered into financial derivative contracts on behalf of UPPCO and other Integrys Energy Group subsidiaries to manage the cost of gasoline and diesel fuel used by utility vehicles. Beginning January 1, 2015, UPPCO did not enter into any new derivative contracts. None of UPPCO's derivatives are designed as hedges for accounting purposes. The tables below shows assets and liabilities from derviative activities:

<i>(Thousands)</i>	Balance Sheet Presentation	December 31, 2015		December 31, 2014	
		Assets	Liabilities	Assets	Liabilities
FTRs	Current	\$291.6	\$0.1	\$513.6	\$1.2
Total		\$291.6	\$0.1	\$513.6	\$1.2

The following tables show the potential effect on UPPCO's financial position of netting arrangements for recognized derivative assets and liabilities:

<i>(Thousands)</i>	December 31, 2015		
	Gross Amount	Potential Effects of Netting, Including Cash Collateral	Net Amount
Derivative assets subject to master netting or similar arrangements	\$ 291.6	\$ —	\$ 291.6
Derivative liabilities subject to master netting or similar arrangements	—	—	—

<i>(Thousands)</i>	December 31, 2014		
	Gross Amount	Potential Effects of Netting, Including Cash Collateral	Net Amount
Derivative assets subject to master netting or similar arrangements	\$ 513.6	\$ —	\$ 513.6
Derivative liabilities subject to master netting or similar arrangements	—	—	—

Financial collateral received or provided is restricted to the extent that it is required per the terms of the related agreements. The following table shows UPPCO's cash collateral positions:

<i>(Thousands)</i>	December 31, 2015	December 31, 2014
Cash collateral provided to others related to contracts under master netting or similar arrangements	\$1,325.0	\$1,325.0

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The table below shows the unrealized gains (losses) related derivative contracts:

<i>(Thousands)</i>	Financial Statement Presentation	2015	2014
FTRs	Balance Sheet – Regulatory assets (current)	(\$102.4)	(\$24.5)
FTRs	Balance Sheet – Regulatory liabilities (current)	(\$2.3)	(\$36.3)

UPPCO had the following notional volumes of outstanding derivative contracts:

	December 31, 2015	December 31, 2014
FTRs (millions of KwHs)	260.3	264.1

3. REGULATORY ASSETS AND LIABILITIES

UPPCO expects to recover its regulatory assets and incur future costs or refund its regulatory liabilities through rates charged to customers. Based on prior and current rate treatment, UPPCO believes it is probable that it will continue to recover from customers the regulatory assets described below. UPPCO is earning a return on all regulatory assets.

The following regulatory assets and liabilities were reflected on UPPCO's balance sheets as of December 31:

<i>(Thousands)</i>	2015	2014	See Note
Regulatory assets			
Unrecognized pension and other postretirement benefit costs ⁽¹⁾	\$63,140.9	\$68,442.3	9
Loss on sale of hydro facilities ⁽²⁾	380.3	1,205.6	12
Decoupling	68.4	690.8	
ARO Depreciation and Cost of Removal	694.7	484.4	
Environmental remediation costs (net of insurance recoveries) ⁽³⁾	770.0	825.0	
Other	94.3	125.3	
Total	\$65,148.6	\$71,773.4	
Regulatory liabilities			
Derivatives	62.2	64.5	1(n)
Decoupling	0.0	(37.8)	
Total	\$62.2	\$26.7	

⁽¹⁾Represents the unrecognized future pension and postretirement costs resulting from actuarial gains and losses on defined benefit and postretirement plans. UPPCO is authorized recovery of this regulatory asset over the average future remaining service life of the plans.

⁽²⁾In 2010, UPPCO received authorization to recover the costs related to the AuTrain hydro over a 5 year period, beginning January 2011. In 2011, UPPCO received authorization to recover the costs related to the Cataract hydro over a 5 year period, beginning January 2012.

⁽³⁾In 1999, UPPCO received authorization for recovery of costs related to environmental remediation at the JH Warden Ash Site. The recovery period is 30 years.

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4. SHORT-TERM DEBT AND LINES OF CREDIT

UPPCO has a revolving credit facility that was entered into on August 28, 2014 that allows for borrowings for up to a three year term for amounts up to \$15,000 thousand. Undrawn amounts are charged a commitment fee at the interest rate of 0.225%. Borrowings are initiated under either a Base Rate Loan or a LIBOR rate loan. Base Rate Loans bear and interest rate comprised of a Base Rate (the higher of Prim, Federal Funds Rate + 0.25% or LIBOR plus 1%) plus an Applicable Margin (which ranges depending upon UPPCO's credit rating from 0% to 0.5%. LIBOR Rate Loans bear an dinterest rate comprised of LIBOR plus an Applicable Maring (which ranges depending upon UPPCO's credit rating for 0.875% to 1.5%). UPPCO's current rate of Applicable Margin is set at 0.25% for Base Rate Loans and 1.25% for LIBOR Rate Loans. At December 31, 2015, UPPCO had \$7,000 thousand borrowed under this facility. The facility has been used as support for two UPPCO letters of credit since August 28, 2014 aggregating \$876 thousand , for which it is charged a letter of credit fee of 1.25%. Total unused capacity under the revolver was \$7,124 thousand at December 31,2015.

UPPCO has a negative covenant in its loan agreements which restrict the making of distributions in the event that certain financial covenant tests are not met with respect to (a) individual or consolidated group funds from operations versus interest payments during historical periods and (b) to individual or consolidated group funds from operation less interest as a percentage of net debt.

5. LONG-TERM DEBT

Long-term debt for UPPCO consisted of long-term notes to UPPHC at December 31, 2015. A summary of long-term debt outstanding at December 31, is as follows:

<i>(Thousands)</i>	2015	2014
Long-term notes payable to UPPHC		
\$16.23 million at 3.95% due 2024	\$16,230.00	\$16,230.00
\$27.05 million at 4.20% due 2029	27,050.00	27,050.00
\$51.395 million at 4.43% due 2034	51,395.00	51,395.00
\$13.525 million at 4.91% due 2044	13,525.00	13,525.00
Total long-term debt	\$108,200.00	\$108,200.00

6. ASSET RETIREMENT OBLIGATIONS

UPPCO has asset retirement obligations primarily related to asbestos abatement at certain office buildings and service centers, and disposal of PCB-contaminated transformers. UPPCO establishes regulatory assets and liabilities to record the differences between ongoing expense recognition under the asset retirement obligation accounting rules and the ratemaking practices for retirement costs authorized by the MPSC.

The following table shows changes to UPPCO's asset retirement obligations through December 31, 2015;

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(Thousands)

Asset retirement obligations at January 1, 2014	\$551.5
Accretion	31.7
Additions and revisions to estimated cash flows	0
Settlements ⁽¹⁾	(11.4)
Asset retirement obligations at December 31, 2014	\$571.8
Accretion	32.8
Additions and revisions to estimated cash flows	0
Settlements ⁽¹⁾	(5.5)
Asset retirement obligations at December 31, 2015	\$599.1

⁽¹⁾Settlements were for removal of PCB-contaminated transformers.

7. INCOME TAXES

The deferred income tax assets included on the balance sheets as of December 31, 2015, and 2014, primarily related to tax basis goodwill and net operating losses. The principal deferred income tax liabilities included on the balance sheets as of December 31, 2015, and 2014, primarily related to employee benefits. The table below details the deferred tax balances as of December 31, 2015, and 2014:

<i>(Thousands)</i>	2015	2014
<u>Deferred Income Tax Assets</u>		
Goodwill	\$56,249.9	\$62,004.2
Net Operating Losses	\$11,311.1	\$3,498.3
Other	\$224.7	\$161.6
Total Deferred Income Tax Assets	\$67,785.7	\$65,664.1
<i>(Thousands)</i>	2015	2014
<u>Deferred Income Tax Liabilities</u>		
Regulatory Deferrals	(\$26,017.6)	(\$24,553.5)
Plant	(5,947.7)	-
Deferred Income and Deductions	(2,620.2)	(2,475.9)
Regulatory Deferrals	0.0	(1,121.3)
Other	(262.8)	(732.5)
Total Deferred Income Tax Liabilities	(\$34,848.3)	(\$28,863.3)
<u>Balance Sheet Presentation</u>		
Current Deferred Tax Liabilities	(\$5,391.9)	(\$2,972.0)
Long Term Deferred Tax Assets	38,329.3	39,772.9
Total Deferred Income Tax Assets	\$32,937.4	\$36,800.9

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In conjunction with the Transaction, BBIP made a Sec. 338(h)(10) election. The Sec. 338(h)(10) election resulted in the Transaction being treated as an asset sale for state and federal income tax purposes. The deferred taxes at UPPCO at the time of the sale were related to the difference between book carrying values and tax carrying values. Net deferred and accrued tax liabilities were reduced by \$68.9 million as a result of the Section 338(h)(10) election. Through the date of the transaction, UPPCO had accrued \$6.4 million for taxes payable. The tax liability was assumed by Integrys and combined with the 338(h)-10 election resulted in a \$75.3 million increase in equity.

Also a result of the Sec. 338(h)(10) election, UPPCO will be entitled to future tax deductions related to amortization of tax goodwill. As a result of this treatment, UPPCO recorded a deferred tax asset and additional paid in capital in the amount of \$38,071.1 thousand. This amount was adjusted in 2015 to \$37,123.5 thousand due to adjustments identified during the preparation of the 2014 income tax return. Integrys Energy Group is responsible for the income tax related to 2014 activity before the sale. Certain other income tax related balances were also settled as a result of the Transaction. These include balances related to deferred investment tax credits, income tax related regulatory assets, and income tax related regulatory liabilities.

Federal and state net operating loss carry forwards from 2014 available to offset future taxable income of UPPCO are \$12.5 million and \$10.8 million respectively, which begin to expire in 2035 and 2025 respectively. Federal and state net operating loss carry forwards from 2015 available to offset future taxable income of UPPCO are \$17.3 million and \$12.4 million, which begin to expire in 2034 and 2024 respectively.

UPPCO records certain adjustments related to deferred income taxes to regulatory assets and liabilities. As the related temporary differences reverse, UPPCO prospectively refunds taxes to or collects taxes from customers related to both deferred taxes recorded in prior years at rates potentially different than current rates and other changes in tax laws.

<i>(Thousands)</i>	2015	2014
Current provision		
Federal	\$0.0	\$4,694.4
State	0.0	865.4
Total current provision	<u>\$0.0</u>	<u>\$5,559.8</u>
Deferred provision		
Federal	\$2,559.1	\$1,153.7
State	285.2	207.2
Total deferred provision	<u>\$2,844.3</u>	<u>\$1,360.9</u>
Unrecognized tax benefits	0.0	0.0
Investment tax credits, net	0.0	(51.6)
Total provision for income taxes	<u>\$2,844.3</u>	<u>\$6,869.1</u>

The effective income tax rate was 38.6% and 38.9% at December 31, 2015, and 2014, respectively. State income taxes were the only significant item impacting the reconciliation of the statutory federal income tax rate to the effective income tax rate for the years ended December 31, 2015, and 2014.

UPPCO filed income tax returns in the United States federal jurisdiction and in its state operating jurisdiction of Michigan on a stand-alone basis or as part of Integrys Energy Group filings for periods prior to 2014. For 2014, UPPCO filed tax returns under UPPHC and will file under UPPHC for 2015.

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8. COMMITMENTS AND CONTINGENCIES

Unconditional Purchase Obligations and Purchase Order Commitments

UPPCO routinely enters into long-term purchase and sale commitments for various quantities and lengths of time. UPPCO has obligations to distribute and and sell electricity to its customers, which extend through 2025. UPPCO expects to recover costs related to these obligations in future customer rates. The following table shows UPPCO's minimum future commitments related to these purchase obligations as of December 31, 2015

<i>Thousands</i>	Date Contract Extend Through	Total Committed Amounts	2016	2017	2018	2019	2020	Later Years
Electric Utility								
Purchased Power	2025	\$54,093.7	\$28,339.4	\$22,420.4	\$689.1	\$709.8	\$502.1	\$1,432.9
Total		\$54,093.7	\$28,339.4	\$22,420.4	\$689.1	\$709.8	\$502.1	\$1,432.9

UPPCO also had commitments of \$ 9,512.2 thousand on December 31, 2015, and \$7,718.2 thousand on December 31, 2014 in the form of purchase orders issued to various vendors that relate to normal business operations.

9. EMPLOYEE BENEFIT PLANS

Defined Benefit Plans

UPPCO sponsors a defined benefit pension plan related to current and former UPPCO employees, the Upper Peninsula Power Company Retirement Plan. The following tables provide a reconciliation of the changes in UPPCO's share of the plans' benefit obligations and fair value of assets as of December 31.

	Pension Plan		OPEB	
	2015	2014	2015	2014
Obligation at Start	\$119,176.2	\$101,266.4	\$32,243.9	\$30,124.0
Service Cost	896.6	741.4	826.5	686.8
Interest Cost	4,472.2	4,699.4	1,256.7	1,169.2
Plan Amendments	-	-	(428.6)	(8,546.2)
Transfers to Affiliates	-	-	-	9.3
Actuarial (gain) loss, net	(6,088.4)	19,869.5	(2,408.3)	10,643.2
Participant Contributions	-	-	604.5	938.7
Benefit Payments	(7,749.1)	19,869.5	(2,400.9)	(2,867.0)
Federal Subsidy on benefits paid	-	-	0.0	85.9
Obligation at end	\$110,707.5	\$119,176.2	\$29,693.8	\$32,243.9
Change in Fair Value of Plan Assets				
Fair value of plan assets at start	\$119,585.9	\$94,342.8	\$26,750.9	\$26,714.5
Actual return on plan assets	(873.6)	4,326.7	(317.5)	1325.5
Employer contributions	65.8	108.9	33.2	88.3
Participant contributions	-	-	604.4	938.7
Benefit payments	(7,749.1)	(7,400.7)	(2,400.8)	(2,325.4)
Transfer to affiliates	-	28,208.1	-	9.3
Fair value of plan assets at end	\$11,029.0	\$119,585.9	\$24,670.2	\$26,750.9

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The amounts recognized on UPPCO's balance sheets at December 31, related to the funded status of the benefit plans were as follows:

<i>(Thousands)</i>	Pension Benefits		Other Benefits	
	2015	2014	2015	2014
Noncurrent assets	\$970.6	\$1,135.7	\$0.0	\$0.0
Current liabilities	(60.6)	(64.8)	(24.5)	(24.1)
Long-term liabilities	(588.5)	(661.2)	(4,999.1)	(5,468.9)
Total net balance sheet asset/(liability)	\$321.5	\$409.7	(\$5,023.6)	(\$5,493.0)

UPPCO's defined benefit pension plans, in aggregate, had assets in excess of its accumulated benefit obligation. Information for the pension plans is presented in the following table as of December 31:

<i>(Thousands)</i>	December 31, 2015	December 31, 2014
Projected benefit obligation	\$110,707.50	\$119,176.20
Accumulated benefit obligation	\$108,238.50	\$116,097.70
Fair value of plan assets	\$111,029.10	\$119,585.90

The following table shows the amounts that had not yet been recognized in UPPCO's net periodic benefit cost as of December 31, and are therefore reported as regulatory assets:

<i>(Thousands)</i>	Pension Benefits		Other Benefits	
	2015	2014	2015	2014
Net regulatory assets				
Net actuarial loss	\$59,431.8	\$63,158.6	\$11,153.5	\$12,949.4
Prior service cost	0.0	0.0	(7,444.5)	(7,665.7)
Total	\$59,431.8	\$63,158.6	\$3,709.0	\$5,283.7

The following table shows the estimated amounts that will be amortized into net periodic benefit cost during 2016:

<i>(Thousands)</i>	Pension	Other Benefits	Total
Net actuarial loss	\$3,719.3	\$737.1	\$4,456.4
Prior Service Cost Credit	-	(\$825.2)	(\$825.2)

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The following table shows the components of net periodic benefit cost (including amounts capitalized to the balance sheets) for UPPCO's benefit plans. The table includes information for December 31:

<i>(Thousands)</i>	Pension Benefits		Other Benefits	
	2015	2014	2015	2014
Service cost	\$896.6	\$741.5	\$826.5	\$686.9
Interest cost	4,472.2	4,699.4	1,256.7	1,169.2
Expected return on plan assets	(5,867.6)	(7,483.4)	(1,158.1)	(1,785.8)
Amortization of net actuarial loss (gain)	4,379.6	1,392.9	863.2	405.9
Amortization of prior service cost	-	1,453.7	(649.8)	(507.4)
Net periodic benefit cost (credit)	\$3,880.8	\$804.1	\$1,138.5	(\$31.2)

Assumptions – Pension and Other Postretirement Benefit Plans

The weighted-average assumptions used to determine benefit obligations for the plans were as follows for the year ended December 31:

Period Ending	Pension Benefits		Other Benefits	
	2015	2014	2015	2014
Discount rate	4.15%	3.85%	4.33%	3.97%
Rate of compensation increase	4.19%	4.19%	N/A	N/A
Assumed medical cost trend rate	N/A	N/A	6.75%	7.00%
Ultimate trend rate	N/A	N/A	5.00%	5.00%
Year ultimate trend rate is reached	N/A	N/A	2023	2023
Assumed dental cost trend rate	N/A	N/A	5.00%	5.00%

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The weighted-average assumptions used to determine net periodic benefit cost for the plans were as follows December 31:

Period Ending	Pension Benefits		Other Benefits	
	2015	2014	2015	2014
Discount rate	4.15%	3.90%	4.33%	4.07%
Expected return on assets	5.15%	8.00%	5.00%	7.76%
Rate of compensation increase	4.19%	4.19%	N/A	N/A
Assumed medical cost trend rate (under age 65)	N/A	N/A	6.75%	7.00%
Ultimate trend rate	N/A	N/A	5.00%	5.00%
Year ultimate trend rate is reached	N/A	N/A	2023	2023
Assumed medical cost trend rate (over age 65)	N/A	N/A	6.75%	7.00%
Ultimate trend rate	N/A	N/A	5.00%	5.00%
Year ultimate trend rate is reached	N/A	N/A	2023	2023
Assumed dental cost trend rate	N/A	N/A	5.00%	5.00%

UPPCO establishes its expected return on assets assumption based on consideration of historical and projected asset class returns, as well as the target allocations of the benefit trust portfolios. For 2016, the expected return on assets assumption for the plans is 5.15%.

Assumed health care cost trend rates have a significant effect on the amounts reported by UPPCO for the health care plans. For the year ended December 31, 2015, a one-percentage-point change in assumed health care cost trend rates would have had the following effects using the assumptions used for the December 31, 2015, re-measurement:

<i>(Thousands)</i>	One-Percentage-Point	
	Increase	Decrease
Effect on total of service and interest cost components of net periodic postretirement health care benefit cost	488.5	(358.5)
Effect on the health care component of the accumulated postretirement benefit obligation	4,891.6	(3,836.0)

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NOTES TO FINANCIAL STATEMENTS (Continued)

Pension and Other Postretirement Benefit Plan Assets

UPPCO's investment policy includes various guidelines and procedures designed to ensure assets are invested in an appropriate manner to meet expected future benefits to be earned by participants. The investment guidelines consider a broad range of economic conditions. The policy is established and administered in a manner that is compliant at all times with applicable regulations.

Central to the policy are target allocation ranges by major asset categories. The objectives of the target allocations are to maintain investment portfolios that diversify risk through prudent asset allocation parameters and to achieve asset returns that meet or exceed the plans' actuarial assumptions and that are competitive with like instruments employing similar investment strategies. The portfolio diversification provides protection against significant concentrations of risk in the plan assets. The target asset allocations for pension and other postretirement benefit plans that have significant assets are: 35% equity securities and 65% fixed income securities. Equity securities primarily include investments in large-cap and small-cap companies. Fixed income securities primarily include corporate bonds of companies from diversified industries, United States government securities, and mortgage-backed securities.

Pension and other postretirement benefit plan investments are recorded at fair value. See Note 1(o), "Fair Value," for more information regarding the fair value hierarchy and the classification of fair value measurements based on the types of inputs used.

The following table provides the fair values of UPPCO's investments by asset class. The fair value below includes in the 401(h) in the pension plan totals.

Asset Class (Thousands)	December 31, 2015					
	Pension Plan Assets			Other Pension Plan Assets		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash and cash equivalents	\$565.5	\$ -	\$565.5	\$215.3	\$ -	\$215.3
Equity Securities	-	38,791.7	38,791.7	-	7,838.5	7,838.5
Fixed Income Securities	-	73,377.3	73,377.4	165.3	14,745.5	14,910.8
Total	\$565.5	\$112,169.0	\$112,734.5	\$380.6	\$22,584.0	\$22,964.6

Asset Class (Thousands)	December 31, 2014					
	Pension Plan Assets			Other Pension Plan Assets		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash and cash equivalents	-	\$653.9	\$653.9	(\$2.1)	\$108.2	\$106.1
Equity Securities	-	84,250.5	84,250.5	232.2	16,932.9	17,165.1
Fixed Income Securities	-	36,642.4	36,642.4	-	7,311.2	7,311.2
Total ⁽¹⁾⁽²⁾	-	\$121,546.8	\$121,546.8	\$230.1	\$24,352.2	\$24,582.4

⁽¹⁾ Pension trust assets are used to pay other post-retirement benefits as allowed under Internal Revenue Code Section 401(h)

⁽²⁾ Investments do not include accruals or pending transactions that are included in the table reconciling the change in fair value of plan assets

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Cash Flows Related to Pension and Other Postretirement Benefit Plans

UPPCO's funding policy is to contribute at least the minimum amounts that are required to be funded under the Employee Retirement Income Security Act, but not more than the maximum amounts that are currently deductible for income tax purposes. UPPCO expects to contribute \$61.7 thousands to pension plans and \$25.0 thousand to other postretirement benefit plans in 2016, dependent on various factors affecting UPPCO, including its liquidity position and tax law changes.

The following table shows the payments, reflecting expected future service that we expect to make for pension and other postretirement benefits. The table includes the expected federal subsidies, provided under the Medicare Prescription Drug, Improvement and Modernization Act of 2003, which will partially offset other postretirement benefits.

<i>(Thousands)</i>	Pension Benefits	Other Benefits
2016	\$7,520.9	\$1,441.7
2017	\$7,269.6	\$1,400.0
2018	\$7,014.1	\$1,434.9
2019	\$7,073.2	\$1,404.2
2020	\$6,978.1	\$1,420.6
2021 through 2025	\$34,115.0	\$7,937.6

Defined Contribution Benefit Plans

Integrus Energy Group maintained a 401(k) Savings Plan for substantially all of UPPCO's full-time employees until the sale of UPPCO to UPPHC. Following the sale, UPPCO established a new 401(k) Savings Plan for its employees. A percentage of employee contributions were matched through an employee stock ownership plan (ESOP) contribution up to certain limits prior to the sale of UPPCO to UPPHC and as a cash contribution to the 401(k) Savings Plan following the sale. Certain employees participate in a defined contribution pension plan, in which certain amounts are contributed to an employee's account based on the employee's wages, age, and years of service. UPPCO's share of the total costs incurred under all these plans was \$822.3 thousand in 2015 and \$613.7 thousands of costs incurred in 2014.

Prior to the sale of UPPCO to UPPHC, the portion of the deferred compensation obligation that was indexed to various investment options and allowed for distributions in cash was classified as a liability on the balance sheets. The liability is adjusted, with a charge or credit to expense, to reflect changes in the fair value of the deferred compensation obligation. Following the sale, the entire obligation is being treated in this manner. The obligation classified within other long-term liabilities was \$71.3 thousand at December 31, 2015 and \$78.1 thousand at December 31, 2014. Costs incurred under this arrangement were not significant in 2015 and 2014.

10. COMMON EQUITY

UPPCO's common stock consists of common stock without par value; \$9 stated value; 3,000,000 shares authorized; 1,473,736 shares issued and outstanding. The common stock balance was \$13,263.6 thousand at December 31, 2015 and 2014. All shares of UPPCO's common stock are owned by UPPHC.

UPPHC may provide equity contributions to UPPCO or request a return of capital from UPPCO in order to maintain utility common equity levels of 55% equity and 45% debt, consistent with those allowed by the MPSC.

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11. FAIR VALUE

Fair Value Measurements

The following tables show assets and liabilities that were accounted for at fair value on a recurring basis, categorized by level within the fair value hierarchy:

<u>Thousands</u>	December 31, 2015			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Derivative Assets				
FTR's	\$ -	\$ -	\$291.6	\$291.6
Total	\$ -	\$ -	\$291.6	\$291.6

<u>Thousands</u>	December 31, 2014			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Derivative Assets				
FTR's	\$ -	\$ -	\$513.6	\$513.6
Total	\$ -	\$ -	\$513.6	\$513.6

The risk management assets listed in the tables above include FTRs used to manage transmission congestion costs in the MISO market. See Note 3, "Derivative Activities," for more information on derivative instruments. There were no transfers between the levels of the fair value hierarchy during 2015.

The following table sets forth a reconciliation of changes in the fair value of FTRs categorized as Level 3 measurements:

<u>(Thousands)</u>	<u>2015</u>	<u>2014</u>
Balance at Beginning of Period	\$513.6	\$603.9
Net realized (losses) gains in	-622.6	-460.6
Net unrealized (losses) gains	100.1	11.8
Purchases	616.6	1,263.50
Sales	-	-
Settlements	(316.1)	-905
Balance at End of Period	\$291.6	\$513.6

Unrealized gains and losses on FTR's are deferred as regulatory assets or liabilities. Therefore, these fair value measurements have no impact on earnings. Realized gains and losses on FTR's, as well as the related transmission congestion costs are recorded in purchased power on the statement of income.

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12. REGULATORY ENVIRONMENT

Rate Proceedings

On September 18, 2015, in Docket U-17895, UPPCO filed with the Michigan Public Service Commission, a request to increase its retail electric rates by \$6,681.3 thousand annually (6.45%). The filing is based upon a 2016 projected test year. The requested increase reflects a 10.75% return on common equity with a regulatory capital structure reflecting a common equity ratio of 46.67. In this case, UPPCO is seeking alternative ratemaking for authority to defer certain expenses to reduce the rate impacts on its customers in 2016. Absent the alternative ratemaking, UPPCO is seeking a rate increase of \$13,155.9 thousand (12.7%). Key factors contributing to the rate filing include capital investments and conversion costs necessary to transition UPPCO to a stand alone Michigan based utility, investments in infrastructure improvements necessary for safe and reliable service, changes in capital structure and increased operations and maintenance costs. Effective March 19, 2016, a new surcharge permitting UPPCO to self-implement an overall base rate increase of 6.02% was billed. Varying by rate class, this Self-Implemented Rate Surcharge will remain in place until a final order is received in UPPCO's 2016 rate case proposal. The authority for this action comes under Section 6a(1) of PA 286 (Act 286) permitting self-implement of rates 180 days after filing a rate case application.

On June 6, 2014, the MPSC issued a final order in Docket U-17564 approving a settlement agreement that transferred ownership and control of UPPCO from Integrys Energy Group, Inc to UPPHC. Per the settlement agreement, UPPCO committed to providing a revenue offset of \$26 million, spread over six consecutive years, to be applied to the distribution portion of each applicable tariff, effective with the date rates go into effect as approved in its next base rate case. The revenue offset is intended to hold customers harmless from factors that could impact customer rates, including the costs associated with moving UPPCO's management team and headquarters to Michigan. The first year of the revenue offset is reflected in UPPCO's current rate filing, Docket U-17895.

UPPCO's last retail electric base rate increase was approved by the MPSC in December 2013. Rates were effective in January 2014.

System Support Resources

Due to the state of the transmission system in the U.P., MISO designated the Presque Isle Power Plant ("PIPP"), the Escanaba Generating Station ("Escanaba"), and White Pine Units #1 and #2 ("White Pine") as System Support Resources ("SSRs"). SSR designation provides for compensation to be paid to the generator owner to remain in service pending a generation or transmission solution to MISO's reliability concerns. Originally, within the ATC footprint, the cost of the SSR Agreement was allocated to all ATC customers according to their load ratio share of the ATC footprint. In April, 2014, the Public Service Commission of Wisconsin ("PSCW") submitted a filing with FERC protesting the load ratio share allocation methodology. FERC ultimately agreed with the PSCW and ordered MISO to change their allocation methodology. FERC ordered that MISO allocate SSR costs to the beneficiaries of the SSRs which placed the burden for the cost of all the SSR agreements in the U.P. almost entirely on the electric providers in the U.P. Subsequent to FERC latest order on September 17, 2015, generally accepting MISO's cost allocation compliance filing, UPPCO accrued \$8,118.3 thousand for its estimated share of the FERC ordered reallocation of SSR costs associated with PIPP, Escanaba, and White Pine. The cost reallocation relates to SSR costs from April 2014 through June 2015. UPPCO expects that MISO will bill these reallocated SSR costs in 2016 pending a FERC order on its latest compliance filing regarding the cost allocation methodology. Pending litigation and FERC orders may potentially require resettlements of the SSR costs and their allocations to customers.

Revenue Decoupling

The MPSC approved a revenue decoupling mechanism (RDM), in Docket U-15988 on December 16, 2009, for calendar year 2010 and in Docket U-16166 on December 21, 2010, for calendar year 2011. Pursuant to the RDM, UPPCO made filings with the MPSC to recover approximately \$1,723.3 thousand for 2010 sales and to refund approximately \$200.0 thousand for 2011 sales. On April 10, 2012, the State of Michigan Court of Appeals ruled that the MPSC did not have authority to authorize electric decoupling mechanisms and therefore UPPCO reversed the decoupling revenue it previously recorded for both 2011 and 2010, as of December 31, 2011.

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On August 14, 2012, the MPSC issued an order in Case No. U-16568 to consider the impact of the Michigan Court of Appeals ruling and found that it did not apply to UPPCO because UPPCO's RDM was adopted pursuant to a settlement agreement. Consequently, UPPCO was authorized to recover its RDM under-collection.

On October 23, 2012, Enbridge Energy, Limited Partnership ("Enbridge") filed a complaint against UPPCO with the MPSC, in Case No. U-17077, alleging that the surcharges established by the MPSC pursuant to UPPCO's approved RDM were unlawful. On May 13, 2014, the MPSC issued its Order dismissing Enbridge's complaint with prejudice on substantive grounds for failure to state a claim for which relief can be granted. Pursuant to MCL 462.26, Enbridge filed a Claim of Appeal with the Michigan Court of Appeals. The Court of Appeals issued its published decision in this case on December 22, 2015 reversing the MPSC's order which enforced the rate case settlement agreement establishing the RDM, and remanded the matter to the Commission. On February 2, 2016 the MPSC and UPPCO filed Applications for Leave to Appeal this decision with the Michigan Supreme Court. Enbridge filed its Answer and Brief in Opposition to the Motions for Leave to Appeal on March 2, 2016. Replies to the Answer and Brief of Enbridge are due on March 23, 2016. After consultation with external and internal counsel, we believe the probability of loss stemming from this action to be remote. Our estimate of maximum exposure stemming from this action is \$2,100.0 thousand.

Sale of Hydro-electric Generation Facilities

On July 8, 2010, UPPCO sold the Au Train hydro-electric generation facility to UP Hydro. Under the terms of the agreement, UPPCO recorded a net loss of approximately \$3,697.9 thousand on the sale. On July 27, 2010, the MPSC authorized deferred accounting treatment of the net loss for recovery in a future general rate case proceeding. Recovery of the loss began on January 1, 2011. As of December 31, 2015, the loss had been fully recovered.

On February 2, 2011, UPPCO sold the Cataract hydro-electric generation facility to UP Hydro. Under the terms of the agreement, UPPCO incurred a net loss of approximately \$1,901,300 on the sale. On July 27, 2010, the MPSC authorized deferred accounting treatment of the net loss for recovery in a future general rate case proceeding. Recovery of the loss began on January 1, 2012. As of December 31, 2015, UPPCO has \$380.3 thousand remaining to recover related to this deferral.

On March 27, 2013, the MPSC approved a contract in Docket U-17227 for the sale of electricity generated from three hydro facilities that were once owned by Escanaba Paper Company. UPPCO purchased these hydro facilities in 1997 from Escanaba Paper Company and has been selling the power back to Escanaba Paper Company since that time. The previous contract expired for this sale. The cost, revenues and kwh of this sale are not included in UPPCO rate cases or PSCR mechanisms

13. RELATED PARTY TRANSACTIONS

UPPCO routinely enters into transactions with related parties, including their parent, Upper Peninsula Power Holding Company (UPPHC) and BBIP AIV LP, UPPHC's parent.

Apart from an intercompany loan with UPPHC, there were no transactions that were directly conducted between UPPCO and its affiliates. UPPHC and BBIP AIV LP may incur costs on behalf of UPPCO. UPPCO is allocated its proportional share of costs in relation to the amount of its intercompany debt, and for third party banking charges. The amounts were all reimbursed at cost.

The table below includes information associated with transactions entered into with related parties as of December 31:

<i>(Thousands)</i>	2015	2014
Amounts due to UPPHC from UPPCO		
Long Term Debt	\$108,200.00	\$108,200.00

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SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISION FOR DEPRECIATION, AMORTIZATION AND DEPLETION				
Line	Item (a)	Total (b)	Electric (c)	
1	UTILITY PLANT			
2	In Service			
3	Plant in Service (Classified)	274,568,891	274,568,891	
4	Property Under Capital Leases			
5	Plant Purchased or Sold			
6	Completed Construction not Classified	10,273,848	10,273,848	
7	Experimental Plant Unclassified			
8	TOTAL (Enter Total of lines 3 thru 7)	284,842,739	284,842,739	
9	Leased to Others			
10	Held for Future Use			
11	Construction Work in Progress	12,712,671	12,712,671	
12	Acquisition Adjustments			
13	TOTAL Utility Plant (Enter Total of lines 8 thru 12)	297,555,410	297,555,410	
14	Accum. Prov. For Depr., Amort., & Depl.	116,477,846	116,477,846	
15	Net Utility Plant (Enter Total of line 13 less 14)	181,077,534	181,077,534	
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION			
17	In Service:			
18	Depreciation	114,301,036	114,301,036	
19	Amort. & Depl. Of Producing Natural Gas Land & Land Rights			
20	Amort. Of Underground Storage Land & Land Rights			
21	Amort. Of Other Utility Plant	2,176,840	2,176,840	
22	TOTAL In Service (Enter Total of lines 18 thru 21)	116,477,876	116,477,876	
23	Leased to Others			
24	Depreciation			
25	Amortization & Depletion			
26	TOTAL Leased to Others (Enter Total of lines 24 and 25)			
27	Held for Future Use			
28	Depreciation			
29	Amortization			
30	TOTAL held for Future Use (Enter Total of Lines 28 and 29)			
31	Abandonment of leases (Natural Gas)			
32	Amortization of Plant Acquisition Adjustment			
33	TOTAL Accumulated Provisions (Should agree with line 14 above) (Enter Total of lines 22, 26, 30, 31 & 32)	116,477,876	116,477,876	

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

1. Report below the original cost of plant in service in the same detail as in the current depreciation order.
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.
3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such amounts.
5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and

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

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	301 Organization		
3	302 Franchises and Consents	5,959,890	
4	303 Miscellaneous Intangible Plant	185,500	115,195
5	TOTAL Intangible Plant	6,145,390	115,195
6	2. PRODUCTION PLANT		
7	Steam Production Plant		
8	310.1 Land	143,334	
9	310.2 Land Rights		
10	311 Structures and Improvements		
11	312 Boiler Plant Equipment		
12	313 Engines and Engine-Driven Generators		
13	314 Turbogenerator Units		
14	315 Accessory Electric Equipment		
15	316 Miscellaneous Power Plant Equipment		
16	TOTAL Steam Production Plant	143,334	
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		

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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
				301	2
			5,959,890	302	3
			300,695	303	4
			6,260,585		5
					6
					7
			143,334	310.1	8
				310.2	9
				311	10
				312	11
				313	12
				314	13
				315	14
				316	15
			143,334		16
					17
				320.1	18
				320.2	19
				321	20
				322	21
				323	22
				324	23

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ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)				
Line No.	Account (a)	Balance at Beginning of Year (b)	Addition (c)	
24	325 Miscellaneous Power Plant Equipment			
25	TOTAL Nuclear Production Plant			
26	Hydraulic Production Plant			
27	330.1 Land	630,727	0	
28	330.2 Land Rights	1,613,493	65,145	
29	331 Structures and Improvements	77,258,748	1,655,314	
30	332 Reservoirs, Dams and Waterways	626,229	0	
31	333 Water Wheels, Turbines and Generators	5,046,864	9,606	
32	334 Accessory Electric Equipment	793,038	8,208	
33	335 Miscellaneous Power Plant Equipment	900,562	0	
34	336 Roads, Railroads and Bridges	0	0	
35	TOTAL Hydraulic Production Plant	86,869,661	1,738,273	
36	Other Production Plant			
37	340.1 Land	63,016	0	
38	340.2 Land Rights	0		
39	341 Structures and Improvements	203,796	4,218	
40	342 Fuel Holders, Products and Accessories	1,351,574	0	
41	343 Prime Movers	2,487,784	0	
42	344 Generators	1,056,338	0	
43	345 Accessory Electric Equipment	628,500	124,500	
44	346 Miscellaneous Power Plant Equipment	28,291	0	
45	TOTAL Other Production Plant	5,819,299	128,738	
46	TOTAL Production Plant	92,832,294	1,867,011	
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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ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
				325	24
					25
					26
0			630,727	330.1	27
0			0	330.2	28
300			1,678,338	331	29
21,587			78,892,475	332	30
1,438			624,791	333	31
50,125			5,006,345	334	32
19,017			782,229	335	33
0			900,562	336	34
92,467			88,515,467		35
					36
			63,016	340.1	37
				340.2	38
2,867			205,147	341	39
			1,351,574	342	40
			2,487,784	343	41
			1,056,338	344	42
			753,020	345	43
			28,291	346	44
2,867			5,945,170		45
95,334			94,603,971		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	0	0	
58	TOTAL Transmission Plant	0	0	
59	4. DISTRIBUTION PLANT			
60	360.1 Land	745,813	0	
61	360.2 Land Rights	0	0	
62	361 Structures and Improvements	1,234,260	0	
63	362 Station Equipment	28,830,049	2,809,316	
64	363 Storage Battery Equipment	0	0	
65	364 Poles, Towers and Fixtures	33,793,880	1,323,982	
66	365 Overhead Conductors and Devices	17,640,817	792,853	
67	366 Underground Conduit	0	0	
68	367 Underground Conductors and Devices	20,443,575	1,196,958	
69	368 Line Transformers	25,494,249	752,782	
70	368.1 Capacitors	0	0	
71	369 Services	14,908,547	441,940	
72	370 Meters	4,607,793	143,899	
73	371 Installations on Customers' Premises	405,703	2,265	
74	372 Leased Property on Customers' Premises	0	0	
75	373 Street Lighting and Signal Systems	1,910,754	59,943	
76	TOTAL Distribution Plant	150,015,440	7,523,938	
77	5. GENERAL PLANT			
78	389.1 Land	195,531	401,000	
79	389.2 Lands Rights			
80	390 Structures and Improvements	6,749,003	1,438,435	
81	391 Office Furniture and Equipment	1,194,544	645,618	
82	391.1 Computers / Computer Related Equipment			
83	392 Transportation Equipment	8,737,231	925,366	
84	393 Stores Equipment	104,040	0	
85	394 Tools, Shop and Garage Equipment	1,772,887	153,702	
86	395 Laboratory Equipment	1,994,476	138,511	
87	396 Power Operated Equipment	1,308,382	209,907	
88	397 Communication Equipment	2,693,330	56,912	
89	398 Miscellaneous Equipment	36,000	1,270	
90	SUBTOTAL	24,785,424	3,970,721	

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) 4/30/2016	12/31/15	
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
					58
					59
			745,813	360.1	60
				360.2	61
			1,234,260	361	62
181,320		(84,441)	31,373,604	362	63
0			0	363	64
461,643			34,656,219	364	65
197,384			18,236,286	365	66
			0	366	67
363,942			21,276,591	367	68
255,590			25,991,441	368	69
				368.1	70
69,520			15,280,967	369	71
286,379			4,465,313	370	72
22,019			385,949	371	73
			0	372	74
31,489			1,939,208	373	75
1,869,286		(84,441)	155,585,651		76
					77
			596,531	389.1	78
				389.2	79
9,721			8,177,717	390	80
			1,840,162	391	81
				391.1	82
525,099			9,137,498	392	83
			104,040	393	84
			1,926,589	394	85
			3,132,987	395	86
90,033			1,428,256	396	87
18,076		84,441	2,816,607	397	88
			37,270	398	89
642,929		84,441	29,197,657		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) 4/30/2016	Year of Report 12/31/15
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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	194,875	
92	TOTAL General Plant	24,980,299	3,970,721
93	TOTAL (Accounts 101 and 106)	273,973,423	13,476,865
94			
95	102 Electric Plant Purchased		
96	(Less) 102 Electric Plant Sold		
97	103 Experimental Plant Unclassified		
98	TOTAL Electric Plant in Service <i>(Total of lines 93 thru 97)</i>	273,973,423	13,476,865

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) 4/30/2016	Year of Report 12/31/15
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ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
			194,875	399	91
642,929		84,441	28,392,532		92
2,607,549			284,842,739		93
					94
				102	95
					96
				103	97
2,607,549			284,842,739		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) 4/30/2016	Year of Report 12/31/15
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FOOTNOTE DATA

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
209M	63	f	Transfer between account 362 and 397
209M	88	f	Transfer between account 362 and 397

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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	SAP Implementation	10,522,290		Not Available
2	ESRI - GIS Software Implementation	555,320		Not Available
3	Enbridge Pipe Substation - Construct New 60.4KV Substation	408,525		924,123
4	Victoria Hydro - New Office/Shop	233,790		9,210
5	Masonville Substation - Repl RTU and OCR Controls	215,023		114,787
6	Ishpeming Building - Conceptual Design/Control Center	194,809		Not Available
7	Ishpeming Building - Yard Upgrade	101,834		Not Available
8	Projects With Balances Less Than \$100,000	481,080	1,786,947	Not Available
9	Barnum Substation - Add 138KV Transformers		2,018,001	
10	Silver Lake Hydro - Seepage Remediation		1,643,074	
11	Marquette - Purchase New Corporate Headquarters		1,395,326	
12	Ishpeming - Install 33KV Underground Line - Hermatite Drive from Barnum to Malton Tap		953,219	
13	Delta Substation - Add 2nd Transformer		784,264	
14	Marquette - Purchase Land New Corporate Headquarters		401,000	
15	Houghton - Replace 2,500 Feet 4/0 With 336 3 Phase		248,718	
16	UPPCO PC Hardware - 2015		183,574	
17	Houghton - Osceola - Point Mills Road Adding Additional Phase		181,114	
18	2015 UPPCO Capital Tools		176,363	
19	Ishpeming - Install 4/0 Underground Line Tie for S Camp/Dugout Creek		166,667	
20	Portage Combustion Turbine - Transmission Ground Detection		124,520	
21	Purchase Itron Handheld Units		108,314	
22	Houghton - Replace 11,000 Feet Overhead Primary		102,748	
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35	TOTAL	12,712,671	10,273,849	Not Available

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) 4/30/2016	Year of Report 12/31/15
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CONSTRUCTION OVERHEADS - ELECTRIC

- List in column (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.
- On page 218 furnish information concerning construction overheads.
- A respondent should not report "none" to this page if no overhead apportionments are made, but rather

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.

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.

Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)
1	Internal Design, Engineering and Supervision	367,713
2	External Design, Engineering and Supervision	277,050
3	Allowance for Funds Used During Construction	148,989
4		
5		
6		
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39	TOTAL	793,752

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) 4/30/2016	Year of Report 12/31/15
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GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE

1. 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 differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.

2. Show below the computation of allowance for funds used during construction rates, if those differ from the overall rate of return authorized by the Michigan Public Service Commission.

1. Construction Overhead Supervision and engineering are charged to specific requisition involved, direct from the time voucher. Pension expense, workman's compensation insurance, payroll taxes and other employee benefits including health and dental insurance and long term disability insurance are allocated to construction on a direct payroll charges.

2. General Administration: By examination, certain administration and general salaries were transferred to construction costs based on direct payroll charges to construction projects involved.

3. Items 2 & 3 below (Gross Rate for Borrowed Funds and Rate for Other Funds) are based on Michigan Public Service Commission's found overall rates of return by Case No. U-17274 dated December 19, 2013.

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 & Computation of Allowance Text	S		
2	Short-Term Interest			s .939%
3	Long-Term Debt	D		d 5.1605%
4	Preferred Stock	P		
5	Common Equity	C		c 10.15%
6	Total Capitalization	\$0	100%	
7	Average Construction Work In Progress Balance	W		

2. Gross Rate for Borrowed Funds

$$\frac{S}{W} + \frac{D}{D+P+C} (1 - \frac{S}{W})$$

3. Rate for Other Funds

$$[1 - \frac{S}{W}] [p \frac{P}{D+P+C} + c \frac{C}{D+P+C}]$$

4. Weighted Average Rate Actually Used for the Year:

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ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108 & 110)

- | | |
|---|--|
| <p>1. Explain in a footnote any important adjustments during year.</p> <p>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 202-204A, column (d), excluding retirements of non-depreciable property.</p> <p>3. Accounts 108 and 110 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service.</p> | <p>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 cost included in retirement work in progress at year end in the appropriate functional classifications.</p> <p>4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.</p> |
|---|--|

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	108,326,166	108,326,166		
2	Depreciation Prov. for Year, Charged to				
3	(403) Depreciation Expense	8,499,599	8,499,599		
4	(403.1) Decommissioning Expense				
5	(413) Exp. Of Elec. Plt. Leas. to Others				
6	Transportation Expenses-Clearing				
7	Other Clearing Accounts	336,146	336,146		
8	Other Accounts (Specify):				
9	182375 ARC Depreciation Expense	(16,321)	(16,321)		
	TOTAL Deprec. Prov. For Year (Enter	8,819,424	8,819,424		
10	Total of Lines 3 thru 9)				
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	2,607,549	2,607,549		
13	Cost of Removal	577,885	577,885		
14	Salvage (Credit)	141,625	141,625		
	TOTAL Net Chrgs. For Plant Ret. (Enter	3,043,809	3,043,809		
15	Total of lines 12 thru 14)				
16	Net Earnings of Decommissioning Funds				
17	Other Debit or Credit Items (Described)	199,255	199,255		
18	Retirement WIP				
19	Balance End of Year (Enter total of lines 1, 10, 15, 16 & 17)	114,301,036	114,301,036		

Section B. Balances at End of Year According to Functional Classifications

20	WIP-Retirement				
21	Nuclear Production-Depreciation				
22	Nuclear Production-Decommissioning				
23	Hydraulic Production-Conventional	23,103,848	23,103,848		
24	Hydraulic Production-Pumped Storage				
25	Other Production	5,339,738	5,339,738		
26	Transmission				
27	Distribution	73,200,042	73,200,042		
28	General	12,657,408	12,657,408		
29	TOTAL (Enter total of lines 20 thru 28)	114,301,036	114,301,036		

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FOOTNOTE DATA

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
219(M)	17	c	Other Debit or Credit Items: ARO Reclass (182.3 to 254) <u>199,255</u> Total Other 199,255
219(M)	23	c	Hydraulic Production - Conventional: End Balance 23,103,848 Less: 108 ARO Depreciation (Non-Rate Base) 0 Add: 182.3 ARO COR Depr (Rate Base) <u>0</u> Ending Rate Base Reserve 23,103,848
219(M)	25	c	Other Production: End Balance 5,339,738 Less: 108 ARO Depreciation (Non-Rate Base) 0 Add: 182.3 ARO COR Depr (Rate Base) <u>0</u> Ending Rate Base Reserve 5,339,738
219(M)	27	c	Distribution: End Balance 73,200,042 Less: 108 ARO Depreciation (Non-Rate Base) 0 Add: 182.3 ARO COR Depr (Rate Base) <u>0</u> Ending Rate Base Reserve 73,200,042
219(M)	28	c	End Balance 12,657,408 Less 108 ARO Depreciation (Non-Rate Base) 0 Add: 182.3 ARO COR Depr (Rate Base) <u>0</u> Ending Rate Base Reserve 12,657,408
219(M)	29	c	End Balance 114,301,036 Less: 108 ARO Depreciation (Non-Rate Base) 0 Add: 182.3 ARO COR Depr (Rate Base) <u>0</u> Ending Rate Base Reserve 114,059,639

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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 & Houghton County	9,949	0	9,949
3	Land in Ontonagon River Area	1,900,556	0	1,900,556
4	Land in City of Gladstone	55,031	0	55,031
5	Escanaba River Hydros Delta Cty	2,476,845	81,360	2,558,205
6	Boney Falls Delta Cty	5,978,049	19,868	5,997,917
7	Bond Falls Ontonagon County	454,062	0	454,062
8	Eastern Hydro Dams	641,711	(1,300)	640,411
9	CWIP	19,396	(19,396)	0
10				
11				
12				
13				
14				
15				
16				
17				
	TOTAL	11,535,599	80,532	11,616,131

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	1,392,983
2	Accruals for Year, Charged to	
3	(417) Income from Nonutility Operations	210,295
4	(418) Nonoperating Rental Income	
5	Other Accounts (Specify):	
6		
7	TOTAL Accruals for Year (Enter Total of lines 3 thru 6)	210,295
8	Net Charges for Plant Retired:	
9	Book Cost of Plant Retired	(1,300)
10	Cost of Removal	0
11	Salvage (Credit)	133,688
12	TOTAL Net Charges (Enter Total of lines 9 thru 11)	132,388
13	Other Debit or Credit Items (Describe):	
14		(132,388)
15	Balance, End of Year (Enter Total of lines 1, 7, 12, and 14)	1,603,278

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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)	10,377,325	9,383,414
3	Other Accounts Receivable (Account 143) (Disclose any capital stock subscriptions received)	905,353	725,176
4	TOTAL	11,282,678	10,108,590
5	Less: Accumulated Provision for Uncollectible Accounts-Cr. (Account 144)	400,000	400,000
6	TOTAL, Less Accumulated Provision for Uncollectible Accounts	10,882,678	9,708,590
7			
8			
9			
10			
11			
12			
13			
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	592,262				592,262
3	Account written off (less)	726,053				726,053
4	Coll. Of accounts written off	133,791				133,791
5	Adjustments (explain):					
6	Balance end of year	400,000				400,000
7						
8						
9						
10						
11						

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MATERIALS AND SUPPLIES

1. 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.

2. 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 debits or credits to stores expense-clearing, if applicable.

Line No.	Account (a)	Balance Beginning of Year (b)	Balance End of Year (c)	Dept. or Departments Which Use Material (d)
1	Fuel Stock (Account 151)	453,023	452,299	Electric
2	Fuel Stock Expenses Undistributed (Account 152)			
3	Residuals and Extracted Products (Account 153)			
4	Plant Materials & Operating Supplies (Account 154)			
5	Assigned to - Construction (Estimated)	648,251	602,439	Electric
6	Assigned to - Operations & Maintenance			
7	Production Plant (Estimated)			
8	Transmission Plant (Estimated)			
9	Distribution Plant (Estimated)	491,320	524,364	Electric
10	Assigned to - Other			
11	TOTAL Account 154 (Enter total of line 5 thru 10)	1,139,571	1,126,803	
12	Merchandise (Account 155)			
13	Other Material & Supplies (Account 156)			
14	Nuclear Materials Held for Sale (Account 157) (not applicable to Gas utilities)			
15	Stores Expense Undistributed (Account 163)	10,208	116,104	Electric
16				
17				
18				
19				
20	TOTAL Materials & Supplies (Per Balance Sheet)	1,602,802	1,695,206	

Name of Respondent UPPER PENINSULA POWER COMP	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2016	Year of Report December 31, 2015
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PRODUCTION FUEL AND OIL STOCKS (Included in Account 151)

1. Report below the information called for concerning production fuel and oil stock.
2. Show quantities in tons of 2000 lb. Barrels (42 gals.) or Mcf., whichever unit of quantity is applicable.
3. Each kind of coal or oil should be shown separately.
4. If the respondent obtained any of its fuel from its own coal mines or oil or gas lands or leases or from

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.

Line No.	Item (a)	Total Cost (b)	KINDS OF FUEL AND OIL	
			Quantity (c)	Cost (d)
1	On hand beginning of year	453,023		
2	Received during year	610,440		
3	TOTAL	1,063,463		
4	Used during year (specify department)	611,164		
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15	Sold or transferred			
16	TOTAL DISPOSED OF	611,164		
17	BALANCE END OF YEAR	452,299		

Name of Respondent UPPER PENINSULA POWER COM	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2016	Year of Report December 31, 2015
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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.
170,394	453,023					1
315,465	610,440					2
485,859	1,063,463					3
286,608	611,164					4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
286,608	611,164					16
199,251	452,299					17

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) 4/30/2016	Year of Report 12/31/15
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)	
2	MI Energy Optimization	215,175	
3	AP Accrual Pending Final Distribution	8,424	
4	UPPCO PSCR 2015	7,167,914	
5			
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24			
25	TOTAL	7,391,513	

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) 4/30/2016	Year of Report 12/31/15
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OTHER REGULATORY ASSETS

1. Report below the particulars (details) called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts.)
2. For regulatory assets being amortized, show period of amortization in column (a).
3. Minor items (amounts less than \$50,000) may be grouped by classes.
4. Give the number and name of the account(s) where each amount is recorded.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Debits (b)	CREDITS		Balance at End of Year (e)
			Account Charged (c)	Amount (d)	
1	Warden Ash Site Monitoring		253	55,000	770,000
2	Minimum Pension Liability Adjustment		129 228	5,301,424	63,140,891
3	ARO Depr/Accr NonRate Base	11,084			694,739
4	ARO COR Rate Base	199,255			0
5	Derivatives		175 244	102,441	22,820
6	Autrain		407	445,077	0
7	Cataract		407	380,263	380,264
8	Decoupling		449	622,399	68,427
9	Deferred Taxes	71,526	190 282		71,526
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
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25					
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28					
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30					
31					
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38					
39	TOTAL	281,865		6,906,604	65,148,667

Name of Respondent UPPER PENINSULA POWER COMP		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission		Date of Report (Mo, Da, Yr) 4/30/2016		Year of Report 12/31/15	
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 items (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	143,245		511	9,351	133,894	
2	Work Orders	65,005		various	16,480	48,525	
3	Minor Items	1,993				2,001	
4	Insurance Recovery	48,861				48,861	
5	Other DEF Charges		8,288	242	40,000	(31,711)	
6							
7							
8							
9							
10							
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29							
30							
31							
32							
33							
34							
35							
36							
37							
38	Miscellaneous Work in Progress						
39	TOTAL	259,104	8,288		65,831	201,570	

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

TAX SCHEDULES

I Purpose:

The Commission will permit the option to adopt FERC reporting requirements if the company agrees to file the MPSC information on a historical test-year basis in a rate case or upon request of the Commission Staff. For the following pages:

A.	Accumulated Deferred Income Taxes	234A-B
B.	Reconciliation of Report Net Income With Taxable Income for Federal Income Taxes	261A-B
C.	Calculation of Federal Income Tax	261C-D
D.	Taxes Accrued, Prepaid and Charged During Year	262-263
E.	Accumulated Deferred Income Taxes	272-277

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) 4/30/2016	Year of Report 12/31/15
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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	Plant/Other than Plant	160,579	(20,559)	334,745
3	Plant	28,294,535	(3,185,835)	5,880,250
4				
5				
6				
7	Other			
8	TOTAL (Account 190) (Enter total of lines 2 thru 7)	28,455,114	(3,206,394)	6,214,995
9	Gas			
10				
11				
12				
13				
14				
15	Other			
16	TOTAL Gas (Enter total of lines 10 thru 15)			
17	Other (Specify) - Nonutility	38,635,712	(3,735,959)	(3,908,561)
18	TOTAL (Account 190) (Enter total of lines 8, 16 & 17)	67,090,826	(6,942,353)	(10,123,556)
19	Classification of Total:			
20	Federal Income Tax	60,431,729	(6,072,839)	9,097,011
21	State Income Tax	6,659,098	(869,514)	1,026,545
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.

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) 4/30/2016	Year of Report 12/31/15
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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 .

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
						474,765	2
		286	357,247			31,346,197	3
							4
							5
							6
							7
			357,247			31,820,962	8
							9
							10
							11
							12
							13
							14
							15
				211	(947,620)	37,860,694	17
					(590,373)	69,681,656	18
							19
					(531,184)	62,924,719	20
					(59,190)	6,756,939	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) 4/30/2016	Year of Report 12/31/15	
CAPITAL STOCK (Accounts 201 and 204)				
1. 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 outline 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. 2. 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 Exchange (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			
8	held entirely by its parent holding			
9	company.			
10	Upper Peninsula Power Holding Company			
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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) 4/30/2016	12/31/15

CAPITAL STOCK (Accounts 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 noncumulative.

5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.
6. 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 <i>(Total amount outstanding without reduction for amounts held by respondents.)</i>		HELD BY RESPONDENT				
		AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	Line No.
1,473,736	13,263,624					1
						2
						3
						4
						5
						6
						7
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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) 4/30/2016	Year of Report 12/31/15
OTHER PAID - IN CAPITAL (Accounts 208-211, inc.)			
<p>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.</p> <p>(a) <i>Donations Received from Stockholders</i> (Account 208)-State amount and give brief explanation of the origin and purpose of each donation.</p> <p>(b) <i>Reduction in Par or Stated Value of Capital Stock</i> (account 209)-State amount and give brief explanation of</p>		<p>the capital changes which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.</p> <p>(c) <i>Gain on Resale or Cancellation of Reacquired Capital Stock</i> (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.</p> <p>(d) <i>Miscellaneous Paid-In Capital</i> (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.</p>	
Line No.	Item (a)	Amount (b)	
1	Beginning Balance - January 1, 2014	78,314,089	
2	Contribution of Capital from Income Tax Election of UPPHC	(947,619)	
3	Return of Capital to Parent	(11,850,000)	
4			
5			
6			
7			
8			
9			
10			
11			
12			
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14			
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34			
35	TOTAL	65,516,470	

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) 4/30/2016	Year of Report 12/31/15
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LONG-TERM DEBT (Accounts 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			
2			
3			
4	Account 223		
5			
6	3.95% Issue	16,230,000	180,846
7	4.20% Issue	27,050,000	300,581
8	4.43% Issue	51,395,000	571,104
9	4.91% Issue	13,525,000	150,291
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25	TOTAL	108,200,000	1,202,822

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) 4/30/2016	Year of Report 12/31/15
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LONG-TERM DEBT (Accounts 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 amortization debited to Account 428, Amortization of Debt-Discout and Expense, or credited to Account 429, *Amortization of Premium on Debt-Credit*.
12. In a footnote, give explanatory particulars (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) principal 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
						3
						4
8/27/2014	8/27/2024			16,230,000	641,085	5
8/27/2014	8/27/2024			27,050,000	1,136,100	6
8/27/2014	8/27/2024			51,395,000	2,276,799	7
8/27/2014	8/27/2024			13,525,000	664,077	8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
				108,200,000	4,718,061	25

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) 4/30/2016	Year of Report 12/31/15
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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)	4,514,546
6	Allocation of Net income for the year	
7	Add: Federal income tax expenses	2,844,243
8		
9	Total pre-tax income	7,358,789
10		
11	Add: Taxable income not reported on books:	
12		
13		
14		
15	Add: Deductions recorded on books not deducted from return	22,857,946
16		
17		
18		
19	Subtract: Income recorded on books not included in return:	(6,654,479)
20		
21		
22		
23	Subtract: Deductions on return not charged against book income:	(23,562,255)
24		
25		
26	Federal taxable income for the year	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) 4/30/2016	Year of Report 12/31/15
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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
2,882,182	(37,939)	7
		8
2,822,182	(37,939)	9
		10
		11
		12
		13
		14
16,127,420	6,730,526	15
		16
		17
		18
(6,654,479)	0	19
		20
		21
		22
(16,828,585)	(6,733,670)	23
		24
		25
(4,354,317)	(41,083)	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) 4/30/2016	Year of Report 12/31/15
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Account 236)

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 taxes 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 Subaccount (See Instruction 5) (a)	BALANCE AT BEGINNING OF YEAR	
		Taxes Accrued (Account 236) (b)	Prepaid Taxes (Incl. In Account 165) (c)
1	Federal Highway Use Tax		
2	FICA	33,600	
3	FUTA	(6,236)	
4	State of Michigan TOTIT		
5	Unemployment Compensation		
6	Unauthorized Insurance Tax		
7	Payroll taxes billed		
8	Use Tax		
9	Unitary Tax		
10	Local MI TOTIT		
11	Real Estate & Personal Property	5,841,660	
12			
13			
14	Total	5,869,024	

DISTRIBUTION OF TAXES CHARGED (omit cents)

Line No.	Electric a/c 408.1, 409.1 (i)	Gas a/c 408.1, 409.1 (j)	Other Utility Departments a/c 408.1, 409.1 (k)	Other Income & Deductions a/c 408.2, 409.2 (l)
1	210			
2	762,640			
3	6,605			
4	0			
5	34,492			
6	(10)			
7	184,882			
8	6,713			
9	352			
10	0			
11	5,450,596			
12	6,446,480			

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) 4/30/2016	Year of Report 12/31/15
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a). Itemize by subaccount.
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment. Designate debit adjustments by parentheses.
7. Do not include in this schedule 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. The accounts to which taxes charged were distributed should be shown in columns (i) to (o). Show both the utility department and number of account charged. For taxes charged to utility plant show the number of the appropriate balance sheet plant account or subaccount.
9. For any tax which it was necessary to apportion to more than one utility department or account, state in a more than one utility department or account, state in a footnote the basis of apportioning such tax.
10. Fill in all columns for all line items.

Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	BALANCE AT END OF YEAR		Line No.
			Taxes Accrued (Account 236) (g)	Prepaid Taxes (Incl. In Account 165) (h)	
210	210				1
762,640	762,640				2
6,605	6,605				3
					4
34,492	34,492				5
		(10)			6
					7
6,713	6,713				8
					9
					10
2,332,996	5,450,596		2,332,996		11
					12
					13
3,143,656	6,261,256	(10)	2,332,996		14

DISTRIBUTION OF TAXES CHARGED

Extraordinary Items a/c 409.3 (m)	Other Utility Opn. Income a/c 408.1, 409.1 (n)	Adjustment to Ret. Earnings a/c 439 (o)	Other (p)	Line No.
				1
				2
				3
				4
				5
				6
				7
				8
				9
				10
				11
				12

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) [X] An Original (2) [] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2016	Year of Report 12/31/15
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	Curr&Accr Liab-401(k) Serv Acc	328,582	
2	Cur & Acc Liab-Union Dues Pay	6,676	
3	Current Pension Obligation	31,784	
4	Current Sick Pay Plan Oblig	30,527	
5	Current Pension Restoration	28,798	
6	Curr Post Retirement Obligation	24,488	
7	Cur & Acc Liab Vac Pay Accrual	1,023,779	
8	Accrued Wages Payable	462,682	
9	Empl Cont - Flex Spending Plan	160	
10	Accrued Wkrs Comp Claim Liab	42,867	
11	Accrued Pay at Risk	808,233	
12			
13			
14			
15			
16			
17			
18			
19			
20	TOTAL	2,788,576	

CUSTOMER ADVANCES FOR CONSTRUCTION (Account 252)			
Line No.	List Advances by department (a)	Balance End of Year (b)	
21	Electric	1,762,028	
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39	TOTAL	1,762,028	

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) 4/30/2016	Year of Report 12/31/15
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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 (less than \$10,000) may be grouped by classes.

Line No.	Description of Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year of Report (f)
			Contra Account (c)	Amount (d)		
1	Bond Falls Mitigation	308,093	various		71,082	379,175
2	Outstanding Checks	1,223	various		3,595	4,818
3	Cancelled					
4	Warden Ash Site	825,825	186	55,000		770,825
5	Sick Leave Term Pay	175,179	131	25,515		149,664
6	Deferred Comp	78,084	920	6,743		71,341
7	Workers Comp Claim	245,875	921	7,673		238,202
8	Reserve					
9	Deferred Income Plan	294,797	131	105,481		189,316
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44	TOTAL	1,929,076		200,412	74,677	1,803,341

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) 4/30/2016	Year of Report 12/31/15
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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 Acct. 410.1 (c)	Amounts Credited to Acct. 411.1 (d)
1	Account 282			
2	Electric	1,010,497	5,987,736	421,345
3	Gas			
4	Other (Define)			
5	TOTAL (Enter total of lines 2 thru 4)	1,010,497	5,987,736	421,345
6	Other (Specify)			
7				
8	Non Utility	59,450		
9	TOTAL Account 282 (Enter total of lines 5 thru 8)	1,069,947	5,987,736	421,345
10	Classification of TOTAL			
11	Federal Income Tax	1,029,912	5,409,109	238,772
12	State Income Tax	40,035	578,627	182,573
13	Local Income Tax			

NOTES

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) 4/30/2016	Year of Report 12/31/15
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**ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY
(Account 282) (Continued)**

3. Use footnotes as required.
4. Fill in all columns for all line items as appropriate.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year	Line No.
Amounts Debited to Acct. 410.2 (e)	Amounts Credited to Acct. 411.2 (f)	DEBITS		CREDITS			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	(k)	
					71,528	6,648,416	1
							2
							3
							4
					71,528	6,648,416	5
							6
							7
135,312	650					194,112	8
135,312	650				71,528	6,842,528	9
							10
121,640	588				64,356	6,385,657	11
13,672	62				7,172	456,871	12
							13

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) 4/30/2016	Year of Report 12/31/15
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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 Acct. 410.1 (c)	Amounts Credited to Acct. 411.1 (d)
1	Electric			
2				
3				
4	Other than Plant	29,220,023	6,858,612	6,534,220
5				
6	Other			
7	TOTAL Electric <i>(total of lines 2 thru 6)</i>	29,220,023	6,858,612	6,534,220
8	Gas			
9				
10				
11				
12				
13	Other			
14	TOTAL Gas <i>(Total of lines 9 thru 13)</i>			
15	Other (Specify)			
16	TOTAL (Account 283) <i>(Enter total of lines 7, 14 and 15)</i>	29,220,023	6,858,612	6,534,220
17	Classification of TOTAL			
18	Federal Income Tax	26,290,506	6,170,988	5,879,118
19	State Income Tax	2,929,517	687,624	655,102
20	Local Income Tax			

NOTES

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) 4/30/2016	Year of Report 12/31/15
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ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for pages 276A and 276B. Include amounts relating to insignificant items listed under Other.
4. Fill in all columns for all items as appropriate.
5. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Acct. 410.2 (e)	Amounts Credited to Acct. 411.2 (f)	DEBITS		CREDITS			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
							1
							2
							3
				190\211	357,247	29,901,662	4
							5
							6
					357,247	29,901,662	7
							8
							9
							10
							11
							12
							13
							14
							15
					357,247	29,901,662	16
							17
					321,430	26,903,806	18
					35,817	2,997,856	19
							20

NOTES (Continued)

Name of Respondent UPPER PENINSULA POWER COMPAN	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2016	Year of Report 12/31/15
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OTHER REGULATORY LIABILITIES

1. Reporting below the particulars (details) called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).
2. For regulatory liabilities being amortized, show period of amortization in column (a).
3. Minor items (amounts less than \$50,000) may be grouped by classes.
4. Give the number and name of the account(s) where each amount is recorded.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	DEBITS		Credits (d)	Balance at End of Year (e)
		Account Credited (b)	Amount (c)		
1	Derivatives	254	35,544		62,216
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
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27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40	TOTAL				62,216

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) 4/30/2016	Year of Report 12/31/15
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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 AuTrain Non-Project Land	1,300		132,388	
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17	Total Gain	1,300		132,388	

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) 4/30/2016	Year of Report 12/31/15
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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)
1	Revenue from Nonutility Operations	
2	Revenue from Renewable Energy Credit Sales	187,561
3	Revenue from Operation of Escanaba Hydros	1,506,256
4	Operations Expense Escanaba River Hydros	(384,431)
5	Maintenance Expense from Escanaba River Hydros	(1,113,187)
6	Subtotal 417	196,199
7		
8		
9	Non-Operating Rental Income	
10	Land Lease	350
11	Subtotal 418	350
12		
13		
14	Interest and Dividend Income	
15	Interest on Miscellaneous	117,507
16	Subtotal 419	117,507
17		
18	Miscellaneous Non-Operating Income	
19	Miscellaneous Non-Operating Income	1
20	Gains on Disposal of Property	132,388
21	Subtotal 421.1	132,389
22		
23		
24		
25		
26		
27		
28	Total	892,890

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) 4/30/2016	12/31/15
ELECTRIC OPERATING REVENUES (Account 400)				
<p>1. Report below operating revenues for each prescribed account.</p> <p>2. 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.</p> <p>3. If increases or decreases from pervious year (columns (c), (e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.</p>				
Line No.	Title of Account (a)	OPERATING REVENUES		
		Amount for Year (b)	Amount for Previous Year (c)	
1	Sales of Electricity			
2	(440) Residential Sales	58,465,231	60,611,436	
3	(442) Commercial and Industrial Sales			
4	Small (or Commercial)	31,657,559	33,044,703	
5	Large (or Industrial)	18,845,332	22,226,929	
6	(444) Public Street and Highway Lighting	1,692,220	1,679,431	
7	(445) Other Sales to Public Authorities			
8	(446) Sales to Railroads and Railways			
9	(448) Interdepartmental Sales			
10	(449) Other Sales			
11				
12	TOTAL Sales to Ultimate Consumers	110,660,342	117,562,499	
13				
14	(447) Sales for Resale	2,753,284	4,124,089	
15	TOTAL Sales of Electricity	113,413,626	121,686,588	
16				
17	(Less) (449.1) Provision for Rate Refunds	(7,500,137)	38,315	
18	TOTAL Revenue Net of Provision for Refunds	120,913,763	121,648,273	
19	Other Operating Revenues			
20	(450) Forfeited discounts	59,714	63,562	
21	(451) Miscellaneous Service Revenues	87,754	105,726	
22	(453) Sales of Water and Water Power	42,840	721,484	
23	(454) Rent from Electric Property	289,597	289,969	
24	(455) Interdepartmental Rents			
25	(456) Other Electric Revenues	447,534	1,248,257	
26				
27				
28				
29				
30	TOTAL Other Operating Revenues	927,439	2,428,998	
31				
32	TOTAL Electric Operating Revenues	121,841,202	124,077,271	

Name of Respondent UPPER PENINSULA POWER COMPAN	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2016	Year of Report 12/31/15
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ELECTRIC OPERATING REVENUES (Account 400) (Continued)

4. 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 footnote.)
5. See Page 108, Important Changes During Year, for important new territory added and important rate increases or decreases.
6. For line 2, 4, 5, and 6, see page 304 for amounts relating to unbilled revenue by account.
7. Include unmetered sales. Provide details of such sales in a footnote.

MEGAWATT HOURS SOLD		AVERAGE NUMBER OF CUSTOMERS PER MONTH		Line No.
Amount for Year (d)	Amount for Previous Year (e)	Number for Year (f)	Number or Previous Year (g)	
255,188	269,720	46,176	46,171	1 2
				3
197,561	200,734	5,553	5,559	4
325,119	298,189	20	21	5
4,818	4,893	177	178	6 7 8 9 10 11
782,686	773,536	51,926	51,929	12 13
61,441	72,129	16	18	14
844,127	845,665	51,942	51,947	15 16 17
844,127	845,665	51,942	51,947	18

* Include \$ _____ unbilled revenues.

** Includes _____ 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) 4/30/2016	Year of Report 12/31/15
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FOOTNOTE DATA

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
330(M)	14	b	Includes \$1,712,862 for FERC Order 668-A
330(M)	14	c	Includes \$2,781,810 for FERC Order 668-A
331(M)	14	d	Includes 56,942 MWH for FERC Order 668-A
331(M)	14	e	Includes 65,186 MWH for FERC Order 668-A

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) [X] An Original (2) [] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2016	Year of Report 12/31/15
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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 customers, average KWh per customer, and average revenue per KWh, excluding data 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 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)	Avg. No. of Customers (d)	KWh of Sales per Customer (e)	Revenue per KWh Sold (f)
1	440 Residential Sales					
2	A-1 Residential	204,861	47,741,804	39,517	5,184	0.2330
3	A-2 Residential	17,637	3,849,063	3,251	5,425	0.2182
4	AH-1 Electric Heat	31,377	6,336,308	3,523	8,906	0.2019
5	AH-2 Electric Heat	25	4,629	0		0.1852
6	Z-1&3 Dusk to Dawn	553	227,673			0.4117
7	Z-2&4 Dusk to Dawn	69	23,464			0.3401
8	Total	254,522	58,182,941	46,291	5,498	0.2286
9	442 Commercial & Industrial					
10	C-1 General Commercial	57,276	11,008,581	4,758	12,038	0.1922
11	C-2 General Commercial	0	0	0		
12	H-1 Commercial Heating	8,174	1,204,245	233	35,082	0.1473
13	H-2 Commercial Heating	0	0	0		
14	P-1 Light & Power	76,258	12,128,046	527	144,702	0.1590
15	RTMP	226,071	9,059,219	1	226,071,000	0.0401
16	CP-1 Interruptible Rider	40	5,658	17	2,353	0.1415
17	WP-3	5,238	505,968	1	5,238,000	0.0966
18	Z-1&3 Dusk to Dawn	501	188,251			0.3758
19	Z-2&4 Dusk to Dawn	77	24,831			0.3225
20	C-1 Commercial	12	2,232	0		0.1860
21	C-2 Commercial-IR	0	0	0		
22	CPU(PRI)	7,697	977,852	6	1,282,833	0.1270
23	CPU(SEC)	49,389	6,302,004	41	1,204,600	0.1276
24	CPU(SECv)	72,932	7,296,569	9	8,103,581	0.1000
25	CPU(TRANV)	18,186	1,734,531	1	18,186,030	0.0954
26	Total	521,851	50,437,987	5,594	93,288	0.0967
27	444 Public Street Hwy Light	4,818	1,692,220	178	27,067	0.3512
28	Total	4,818	1,692,220	178	27,067	0.3512
29	TOTAL billed (reported monthly)	781,191	110,313,148	52,063	15,005	0.1412
30	Unbilled Revenue By					
31	Revenue Class:					
32	Residential	666	282,198	Net Less Actual		0.4237
33	Comm & Industrial	839	64,166			0.0765
34	Sale to Pub. Auth	0	0			
35	Total	1,505	346,364			
36	Total Billed	781,191	110,313,148	52,063	15,005	0.1412
37	Total Unbilled Rev. (See Instr. 6)	1,505	346,364			0.2301
38	TOTAL	782,696	110,659,514	52,063	15,034	0.1414

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) 4/30/2016	Year of Report 12/31/15
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FOOTNOTE DATA

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
304	6	d	No Count Customer
304	7	d	No Count Customer
304	16	c	Interruptable Demand Revenue \$5,658
304	18	d	No Count Customer
304	19	d	No Count Customer

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) 4/30/2016	Year of Report 12/31/2015
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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 (pp. 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 seller 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 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 except that "intermediate-term" means longer than one year but less than five years.

OS - for other service. Use this category only for

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff No. (c)	Avg. Monthly Billing Dmnd. (MW) (d)	Actual Demand (MW)	
					Avg. Monthly NCP Demand (e)	Avg. Monthly CP Demand (f)
1	Detroit Edison Energy	OS				
2	Renewable Energy Credits	OS				
3						
4	Midcontinent ISO (MISO)					
5	General Purpose	OS	1			
6	Ancillary Services	OS	1			
7	MISO Resource Adequacy	OS	1			
8	Auction					
9						
10						
11						
	Subtotal RQ					
	Subtotal non-RQ					
	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) 4/30/2016	Year of Report 12/31/15
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SALES FOR RESALE (Account 447) (Continued)

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. 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 (g) 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 avg. monthly billing demand in column (d), the avg. monthly non-coincident peak (NCP) demand in column (e), and the avg. 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 columns (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 p. 401, line 23. The "Subtotal-Non **RQ**" amount in column (g) must be reported as Non-Requirements Sales for Resale on p. 401, line 24.

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

Megawatt hours Sold (g)	REVENUE				Line No.
	Demand Charges (\$) (h)	Energy Charges (\$) (i)	Other Charges (\$) (j)	Total (\$) (h + i + j) (f)	
			697,439	697,439	1
					2
					3
					4
61,441		1,875,919		1,875,919	5
			132,809	132,809	6
	47,117			47,117	7
					8
					9
					10
					11
					12
61,441	47,117	1,875,919	830,248	2,753,284	13
61,441	47,117	1,875,919	830,248	2,753,284	14

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) 4/30/2016	Year of Report 12/31/15
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FOOTNOTE DATA

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
310	1	j	Renewable Energy Credits
310	5	c	Market Based Rate Tariff Vol. No. 1.
310	5	g	Midcontinent ISO ("MISO") - Non-firm service. Includes adjustment for compliance with FERC Order 668-A. The megawatt hours reported are the total megawatt hours sold to MISO. The megawatt hour sales when netted are on an hourly basis with the megawatt hours purchased from MISO are 4,499.
310	5	i	Midcontinent ISO ("MISO") - Non-firm service. Includes adjustment for compliance with FERC Order 668-A. The dollars reported are the total dollars sold to MISO. The dollar sales when netted on an hourly basis with the dollars purchased from MISO are \$163,057.
310	6	c	Market Based Rate Tariff Vol. No. 1.
310	6	j	Ancillary Services - Schedule 2 Firm Sales
310	7	c	Market Based Rate Tariff Vol. No. 1.

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) 4/30/2016	Year of Report 12/31/15
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ELECTRIC OPERATION AND MAINTENANCE EXPENSES

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)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering		
5	(501) Fuel		
6	(502) Steam Expenses		
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred - CR.		
9	(505) Electric Expenses		
10	(506) Miscellaneous Steam Power Expenses		
11	(507) Rents		
12	Allowances		
13	TOTAL Operation (Enter Total of Lines 4 thru 12)		
14	Maintenance		
15	(510) Maintenance Supervision and Engineering		
16	(511) Maintenance of Structures	21,847	24,240
17	(512) Maintenance of Boiler Plant		
18	(513) Maintenance of Electric Plant		
19	(514) Maintenance of Miscellaneous Steam Plant		
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	21,847	24,240
21	TOTAL Power Production Expenses-Steam Power (Total of lines 13 & 20)	21,847	24,240
22	B. Nuclear Power Generation		
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)		
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)		
41	TOTAL Power Production Expenses-Nuclear Power (Total of lines 33 & 40)		
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering	756,364	839,842
45	(536) Water for Power		
46	(537) Hydraulic Expenses	692,607	670,316
47	(538) Electric Expenses	44,262	95,631
48	(539) Miscellaneous Hydraulic Power Generation Expenses	35,955	46,943
49	(540) Rents	129,834	123,862
50	TOTAL Operation (Enter Total of Lines 44 thru 49)	1,659,022	1,776,594

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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	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Maintenance Supervision and Engineering	203,306	297,973
54	(542) Maintenance of Structures	22,836	28,950
55	(543) Maintenance of Reservoirs, Dams, and Waterways	231,213	265,654
56	(544) Maintenance of Electric Plant	14,795	183,796
57	(545) Maintenance of Miscellaneous Hydraulic Plant	0	88
58	TOTAL Maintenance (Total of Lines 53 thru 57)	472,150	776,461
59	TOTAL Pwr. Production Expenses-Hydraulic Pwr. (Total of lines 50 & 58)	2,131,172	2,553,055
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering	42,637	47,899
63	(547) Fuel	667,952	145,453
64	(548) Generation Expenses	37,507	23,356
65	(549) Miscellaneous Other Power Generation Expenses	25,339	25,195
66	(550) Rents		
67	TOTAL Operation (Total of Lines 62 thru 66)	773,435	241,903
68	Maintenance		
69	(551) Maintenance Supervision and Engineering	14,900	23,513
70	(552) Maintenance of Structures	818	206
71	(553) Maintenance of Generating and Electric Plant	14,450	30,548
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	6,750	5,607
73	TOTAL Maintenance (Total of Lines 69 thru 72)	36,918	59,874
74	TOTAL Power Production Expenses-Other Power (Total of Lines 67 & 73)	810,353	301,777
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	33,972,261	42,010,204
77	(556) System Control and Load Dispatching	866,205	728,311
78	(557) Other Expenses		
79	Total Other Power Supply Expenses (Total of Lines 76 thru 78)	34,838,466	42,738,515
80	Total Pwr. Production Expenses (Total of lines 21, 41, 59, 74 & 79)	37,801,838	45,617,587
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering		
84	(561) Load Dispatching	235,070	222,570
85	(562) Station Expenses		
86	(563) Overhead Lines Expenses		
87	(564) Underground Lines Expenses		
88	(565) Transmission of Electricity by Others	18,033,546	11,365,866
89	(566) Miscellaneous Transmission Expenses		
90	(567) Rents		
91	TOTAL Operation (Total of Lines 83 thru 90)	18,268,616	11,588,436
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)		
100	TOTAL Transmission Expenses (Total of Lines 91 & 99)	18,268,616	11,588,436

Name of Respondent		This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2016	Year of Report December 31, 2015
ELECTRIC OPERATION AND MAINTENANCE EXPENSES (cont'd)				
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)	
101	3. REGIONAL MARKET EXPENSES			
102	Operation			
103	(575.4) Capacity Market Facilitation			
104	(575.5) Ancillary Services Market Facilitation			
105	(575.6) Market Monitoring and Compliance			
106	(575.7) Market Facilitation, Monitoring and Compliance Services	78,028	67,689	
107	(575.8) Rents			
108	Total Operation (Lines 103 thru 107)	78,028	67,689	
109	TOTAL Regional Transmission and Market Op Exp (Total 103 thru 107)	78,028	67,689	
110	4. DISTRIBUTION EXPENSES			
111	Operation			
112	(580) Operation Supervision and Engineering	1,194,325	1,015,962	
113	(581) Load Dispatching	514,845	505,668	
114	(582) Station Expenses	914,045	749,931	
115	(583) Overhead Line Expenses	233,851	237,828	
116	(584) Underground Line Expenses	64,926	36,213	
117	(585) Street Lighting and Signal System Expenses	33,609	37,832	
118	(586) Meter Expenses	463,722	515,159	
119	(587) Customer Installations Expenses	0	0	
120	(588) Miscellaneous Expenses	1,995,764	1,895,753	
121	(589) Rents	99,742	93,620	
122	TOTAL Operation (Total of Lines 112 thru 121)	5,514,829	5,087,965	
123	Maintenance			
124	(590) Maintenance Supervision and Engineering	148,317	140,321	
125	(591) Maintenance of Structures	259,511	297,907	
126	(592) Maintenance of Station Equipment	645,188	745,458	
127	(593) Maintenance of Overhead Lines	6,162,456	6,708,798	
128	(594) Maintenance of Underground Lines	515,224	343,140	
129	(595) Maintenance of Line Transformers	32,089	34,924	
130	(596) Maintenance of Street Lighting and Signal Systems	48,349	51,888	
131	(597) Maintenance of Meters	971	5,701	
132	(598) Maintenance of Miscellaneous Distribution Plant	3,546	2,053	
133	TOTAL Maintenance (Total of Lines 124 thru 132)	7,815,651	8,330,190	
134	TOTAL Distribution Expenses (total of lines 122 and 133)	13,330,480	13,418,155	
135	5. CUSTOMER ACCOUNTS EXPENSES			
136	Operation			
137	(901) Supervision	171,073	165,099	
138	(902) Meter Reading Expenses	933,061	853,558	
139	(903) Customer Records and Collection Expenses	1,769,646	1,622,898	
140	(904) Uncollectible Accounts	596,129	724,824	
141	(905) Miscellaneous Customer Accounts Expenses	36,873	55,899	
142	TOTAL Customer Accounts Expenses (total of lines 137 to 141)	3,506,782	3,422,278	
143	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES			
144	Operation			
145	(907) Supervision	14,148	12,419	
146	(908) Customer Assistance Expenses	2,558,640	2,401,746	
147	(909) Informational and Instructional Expenses	88,124	141,655	
148	(910) Miscellaneous Customer Service and Informational Expenses			
149	TOTAL Customer Service and Information Expenses (total of lines 145 to 148)	2,660,912	2,555,820	

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2016	Year of Report December 31, 2015
ELECTRIC OPERATION AND MAINTENANCE EXPENSES (cont'd)			
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)
150	7. SALES EXPENSE		
151	Operation		
152	(911) Supervision		
153	(912) Demonstrating and Selling Expenses		
154	(913) Advertising Expenses		
155	(916) Miscellaneous Sales Expenses		
156	Total Sales Expenses (Total of Lines 151 thru 155)		
157	8. ADMINISTRATIVE AND GENERAL EXPENSES		
158	Operation		
159	(920) Administrative and General Salaries	3607375	2886986
160	(921) Office Supplies and Expenses	2237804	1586256
161	(Less) (922) Administrative Expenses Transferred - CR		
162	(923) Outside Services Employed	1347219	462173
163	(924) Property Insurance	(31)	144020
164	(925) Injuries and Damages	1163186	753306
165	(926) Employee Pensions and Benefits	8291319	2999353
166	(927) Franchise Requirements		
167	(928) Regulatory Commission Expenses	477574	328663
168	(929) Duplicate Charges - CR.	(468632)	(560018)
169	(930.1) General Advertising Expenses	0	0
170	(930.2) Miscellaneous General Expenses	674744	969555
171	(931) Rents	225412	283112
172	TOTAL Operation (Total of Lines 159 thru 171)	17,555,970	9,853,406
173	Maintenance		
174	(935) Maintenance of General Plant		
175	TOTAL Administrative and General Expenses (Total of Lines 156 & 172)	17,555,970	9,853,406
176	TOTAL Electric Operation and Maintenance Expenses (Enter total of lines 80, 100, 109, 134, 142, 149, and 175)	93,202,626	86,523,371

NUMBER OF ELECTRIC DEPARTMENT EMPLOYEES		
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.		
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.		
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.		
1. Payroll Period Ended (Date)		12/31/2015
2. Total Regular Full-Time Employees		153
3. Total Part-Time and Temporary Employees		1
4. Total Employees		154

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) 4/30/2016	Year of Report 12/31/15
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FOOTNOTE DATA

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
320	76	b	Includes \$1,712,862 for FERC Order 668-A.
320	76	c	Includes \$2,781,810 for FERC Order 668-A.
320	84	b	Account 561.4 (561.BA) includes \$123,942 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.
320	84	c	Account 561.4 (561.BA) includes \$118,789 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.
320	106	c	MISO Day 2 administrative fees (Schedules 16 & 17) of \$63,369 are included in this total.
320	106	b	Miso Day 2 administrative fees (Schedules 16 & 17) of \$73,643.60 are included in this 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) 4/30/2016	Year of Report 12/31/15
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**PURCHASED POWER (Account 555)
(Including power exchanges)**

1. 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.
2. 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.
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 seller 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 the 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.

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.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff No. (c)	Avg. Monthly Billing Demand (d)	Actual Demand (MW)	
					Avg. Monthly NCP Demand (e)	Avg. Monthly CP Demand (f)
1	AEP Energy Partners, Inc.	OS				
2	New Page Corporation	SF				
3	MISO	OS				
4	Parallel Generation	OS				
5	UP Hydro LLC	OS				
6	Wisconsin Public Service RS74	RQ				
7						
8						
9						
10						
11						
12						
13						
14						

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) 4/30/2016	Year of Report 12/31/15
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PURCHASED POWER (Account 555) (Continued)
(Including power 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.

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 or 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** sales 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). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hourly (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in column (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 column (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net change.

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) includes 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 totaled 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.

Megawatthours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	Megawatthours Received (h)	Megawatthours Delivered (i)	Demand Charges (\$) (j)	Energy Charges (\$) (k)	Other Charges (\$) (l)	Total (j + k + l) or Settlement (\$) (m)	
	102,400				5,043,200		
60				2,672		2,672	2
263,030				7,165,319		7,165,319	3
95				18,428		18,428	4
5,950				427,152		427,152	5
397,200			10,287,608	11,006,604	21,276	21,315,488	6
						0	7
						0	8
						0	9
						0	10
						0	11
						0	12
						0	13
768,735			10,287,608	23,663,375	21,276	33,972,259	14

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) 4/30/2016	Year of Report 12/31/15
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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	None				
2					
3					
4					
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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			
17				
18				
19		Pole Contact Rental		260,430
20		Land Rent		29,166
21				
22				
23				
24				
25				
26				
27				
28				
29				289,596

Name of Respondent UPPER PENINSULA POWER COM	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 4/30/2016	Year of Report 12/31/15
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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 waer 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	Marquette Board of Power And Light	Generation	Silver Lake	42,840
2				
3				
4				
5				
6				
7				
8				
9				
10				

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	Geographic basis	
12		
13	Miscellaneous Service Revenues (451)	
14	Service Charges	87,754
15	Total 451	87,754
16		
17		
18	Other Electric Revenues (456)	
19	Other Electric Revenues	118,720
20	Other Electric Revenues -FERC	989,016
21	Decoupling	(660,202)
22	Total 456	447,534
23		
24		
25		
26		
27		
28		
29		
30	TOTAL	535,288

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) 4/30/2016	Year of Report 12/31/15
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TRANSMISSION OF ELECTRICITY BY OTHERS (Account 565)
(Including transactions referred to as "wheeling")

- | | |
|--|--|
| <p>1. Report all transmission, i.e., wheeling, of electricity provided to respondent by other electric utilities, cooperatives, municipalities, or other public authorities during the year.</p> <p>2. In column (a) report each company or public authority that provided transmission service. Provide the full name of the company; abbreviated if necessary, but do not truncate name or use acronyms. Explain in a footnote any ownership interest in our affiliation with the transmission service provider.</p> <p>3. Provide in column (a) subheadings and classify transmission service purchased from other utilities as: "Delivered Power to Wheeler" or "Received Power from Wheeler."</p> <p>4. Report in columns (b) and (c) the total megawatthours received and delivered by the provider of the transmission service.</p> <p>5. In columns (d) through (g), report expenses as shown on bills or vouchers rendered to the respondent. In column (d), provide demand charges. In column (e), provide energy charges related to the amount of energy transferred. In column (f), provide the total of all other</p> | <p>charges on bills or vouchers rendered to respondent, including any out or period adjustments. Explain in a footnote all components of the amount shown in column (f). Report in column (g) the total charge shown on bills rendered to the respondent. If no monetary settlement was made, enter zero ("0") in column (g). Provide a footnote explaining the nature of the nonmonetary settlement, including the amount and type of energy or service rendered.</p> <p>6. Enter "TOTAL" in column (a) as the last line. Provide a total amount in columns (b) through (g) as the last line. Energy provided by the respondent for the wheeler's transmission losses should be reported on the Electric Energy Account, page 401. If the respondent received power from the wheeler, energy provided to account for losses should be reported on line 19, Transmission By Others Losses, on page 401. Otherwise, losses should be reported on line 27, Total Energy Losses, page 401.</p> <p>7. Footnote entries and provide explanations following all required data.</p> |
|--|--|

Line No.	Name of Company or Public Authority [Footnote Affiliations] (a)	TRANSFER OF ENERGY		EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS			
		Megawatthours Received (b)	Megawatthours Delivered (c)	Demand Charges (\$) (d)	Energy Charges (\$) (e)	Other Charges (\$) (f)	Total Cost of Transmission (\$) (g)
1	Midcontinent ISO Network	824,935		12,354,235			12,354,235
2	American Transmission Co					5,679,569	5,679,569
3	PJM Interconnection			(258)			(258)
4							
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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) 4/30/2016	Year of Report 12/31/15
MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (ELECTRIC)				
Line No.	Description (a)	Amount (b)		
1	Industry Association Dues	28,790		
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			
5	Other Expenses <i>(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 \$5,000 by classes if the number of items so grouped is shown)</i>			
6	IBS Billed Cost of Capital and Depreciation	624,655		
7	Miscellaneous items under \$5000 each	21,299		
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46	TOTAL	674,744		

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) 4/30/2016	Year of Report 12/31/15
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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			220,608	220,608
2	Steam Production Plant				
3	Nuclear Prod Plant-Depreciation Nuclear Prod Plant- Decommissioning				
4	Hydraulic Prod Plant-Conventional	2,860,008			2,860,008
5	Hydraulic Prod Plant-Pumped Storage				
6	Other Production Plant	179,140			179,140
7	Transmission Plant				
8	Distribution Plant	4,758,052			4,758,052
9	General Plant	702,399			702,399
10	Common Plant-Electric				
11	TOTAL	8,499,599		220,608	8,720,207

B. BASIS FOR AMORTIZATION CHARGES

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FOOTNOTE DATA

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)								
336	1	d	<p>The functional breakdown of Amortization of Limited Term Electric Plant (Account 404) is as follows:</p> <table> <tr> <td>Hydraulic Production - Conventional</td> <td align="right">149,077</td> </tr> <tr> <td>Distribution</td> <td align="right">1,058</td> </tr> <tr> <td>General</td> <td align="right"><u>70,473</u></td> </tr> <tr> <td>Total Amortization</td> <td align="right">220,608</td> </tr> </table>	Hydraulic Production - Conventional	149,077	Distribution	1,058	General	<u>70,473</u>	Total Amortization	220,608
Hydraulic Production - Conventional	149,077										
Distribution	1,058										
General	<u>70,473</u>										
Total Amortization	220,608										

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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	Other expenditures for Civic, etc.	\$ 184
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REGULATORY COMMISSION EXPENSES

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to formal cases before a regulatory body, or cases in which such

a body was a party.
2. 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 <i>(Furnish name of regulatory commission or body, the docket or case number, and a description of the case.)</i> (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expenses for current year (b) + (c) (d)	Deferred at Beginning of Year (e)
1	Federal Regulatory Commission	90,026	7,115	97,141	
2	Michigan Public Service Commission	180,868	162,416	343,284	
3	North American Electric Reliability Commission	37,149		37,149	
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44	TOTAL	308,043	169,531	477,574	

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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.
CHARGED CURRENTLY TO			Deferred (i)	Contra Account (j)	Amount (k)	Deferred at End of Year (l)	
Department (f)	Account No. (g)	Amount (h)					
	928	97,141					1
	928	343,284					2
	928	37,149					3
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		477,574					44

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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	1,649,500		
4	Transmission	130,050		
5	Distribution	4,387,665		
6	Customer Accounts	880,679		
7	Customer Service and Informational	259,959		
8	Sales	0		
9	Administrative and General	2,742,081		
10	TOTAL Operation <i>(Enter Total of lines 3 thru 9)</i>	10,049,934		
11	Maintenance			
12	Production	176,879		
13	Transmission	0		
14	Distribution	2,247,611		
15	Administrative and General			
16	TOTAL Maintenance <i>(Total of lines 12 thru 15)</i>	2,424,490		
17	Total Operation and Maintenance			
18	Production <i>(Enter Total of lines 3 and 12)</i>	1,826,379		
19	Transmission <i>(Enter Total of lines 4 and 13)</i>	130,050		
20	Distribution <i>(Enter Total of lines 5 and 14)</i>	6,635,276		
21	Customer Accounts <i>(Transcribe from line 6)</i>	880,679		
22	Customer Svc. And Informational <i>(Transcribe from line 7)</i>	259,959		
23	Sales <i>(Transcribe from line 8)</i>	0		
24	Administrative and General <i>(Enter Total of lines 9 & 15)</i>	2,742,081		
25	TOTAL Oper. And Maint. <i>(Total of lines 18 thru 24)</i>	12,474,424	2,004,344	14,478,768
26	GAS			
27	Operation			
28	Production-Manufactured Gas			
29	Production-Nat. Gas (Including Expl. And Dev.)			
30	Other Gas Supply			
31	Storage, LNG Terminaling and Processing			
32	Transmission			
33	Distribution			
34	Customer Accounts			
35	Customer Service and Informational			
36	Sales			
37	Administrative and General			
38	TOTAL Operation <i>(Enter Total of lines 28 thru 37)</i>			

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DISTRIBUTION OF SALARIES AND WAGES (Continued)

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)
	GAS (Continued)			
39	Maintenance			
40	Production-Manufactured Gas			
41	Production-Natural Gas			
42	Other Gas Supply			
43	Storage, LNG Terminating and Processing			
44	Transmission			
45	Distribution			
46	Administrative and General			
47	TOTAL Maint. (Enter Total of lines 40 thru 46)			
48	Total Operation and Maintenance			
49	Production-Manufactured Gas (Total of lines 28 and 40)			
50	Production-Nat. Gas (Including Expl. & Dev.) (Total of lines 29 and 41)			
51	Other Gas Supply (Enter Total of lines 30 and 42)			
52	Storage, LNG Terminating and Processing (Total of lines 31 and 43)			
53	Transmission (Lines 32 and 44)			
54	Distribution (Lines 33 and 45)			
55	Customer Accounts (Line 34)			
56	Customer Service and Informational (Line 35)			
57	Sales (Line 36)			
58	Administrative and General (Lines 37 and 46)			
59	TOTAL Operation & Maint. (total of lines 49 thru 58)			
60	OTHER UTILITY DEPARTMENTS			
61	Operation and Maintenance			
62	TOTAL All Utility Dept. (Total of lines 25, 59 & 61)	12,474,424	2,004,344	14,478,768
63	UTILITY PLANT			
64	Construction (By Utility Departments)			
65	Electric Plant			
66	Gas Plant			
67	Other			
68	TOTAL Construction (Total of lines 65 thru 67)			
69	Plant Removal (By Utility Departments)			
70	Electric Plant			
71	Gas Plant			
72	Other			
73	TOTAL Plant Removal (Total of lines 70 thru 72)			
74	Other Accounts (Specify) Other	2,814,682	(2,191,530)	623,152
75	Utility CWIP	1,309,879	166,662	1,476,541
76	Non-Utility	848,777	20,524	869,301
77	TOTAL Other Accounts	4,973,338	(2,004,344)	2,968,994
78	TOTAL SALARIES AND WAGES	17,447,762	0	17,447,762

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Upper Peninsula Power Company			

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 \$50,000, 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	Basis of Charges	Acct #	Amount
1	A. Lindberg & Sons, Inc.	Construction Services	Billable Hours	106, 107, 232,	1,168,641
2	599 Washington Street			588, 592	
3	Ishpeming, MI				
4					
5	ADP, Inc.	Accounting Services	Billable Hours	923	169,188
6	N1655 Laney Road				
7	Seymour, WI				
8					
9	Alek Kwok Consulting	Consulting Services	Billable Hours	107, 426, 923	290,699
10	219 Burns Drive, Unit 7				
11	Richmond, BC V7A 2A6				
12	Canada				
13					6,573,362
14	Asplundh Tree Expert Co.	Contractor Services	Billable Hours	107, 417, 535,	3,481,175
15	5907 Municipal Street			537, 593	
16	Schofield, WI				
17					
18	Automotive Rentals, Inc.	Fleet Management Services	Billable Hours	107, 184	695,312
19	9000 Midlantic Drive				
20	Mt. Laurel, NJ				
21					
22	Barr Engineering Co.	Engineering Services	Billable Hours	417, 541, 543	105,370
23	4700 W. 77th Street				
24	Minneapolis, MN				
25					
26	Bilfinger Mauell Corp.	Consulting Services	Billable Hours	107, 184	166,040
27	31 Old Cabin Hollow Road				
28	Dillsburg, PA				
29					
30	Black & Veatch Corp.	Construction Services	Billable Hours	107	125,731
31	11401 Lamar Avenue				
32	Overland Park, KS				
33					
34					
35					

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Upper Peninsula Power Company			

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 \$50,000, 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	Basis of Charges	Acct #	Amount
1	Bracewell & Giuliani LLP	Legal Services	Billable Hours	426, 923	1,902,321
2	P.O. Box 848566				
3	Dallas, TX				
4					
5	Broadspire Services, Inc.	Consulting Services	Billable Hours	242, 253, 588,	97,552
6	N1655 Laney Road			921, 923, 925	
7	Seymour, WI				
8					
9	Bryan Cave LLP	Legal Services	Billable Hours	426	213,146
10	219 Burns Drive, Unit 7				
11	Floor 33				
12	New York, NY				
13					6,573,362
14	Christy Webber Landscapes	Contracting Services	Billable Hours	143, 184, 542,	150,274
15	2900 W. Ferdinand Street			582	
16	Chicago, IL				
17					
18	CR Meyer & Sons Co.	Construction Services	Billable Hours	121, 417, 543	95,923
19	895 W. 20th Avenue				
20	Oshkosh, WI				
21					
22	Deloitte & Touche LLP	Consulting Services	Billable Hours	426, 923	976,615
23	111 S. Wacker Dr., Ste. 1200				
24	Chicago, IL				
25					
26	Deloitte Tax LLP	Consulting Services	Billable Hours	923	118,822
27	111 S. Wacker Dr., Ste. 1200				
28	Chicago, IL				
29					
30	Doble Engineering Co.	Engineering Services	Billable Hours	143, 592	54,622
31	85 Walnut Street				
32	Watertown, MA				
33					
34					
35					

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/2016	Year of Report December 31, 2015
Upper Peninsula Power Company			

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 \$50,000, 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	Basis of Charges	Acct #	Amount
1	DP Construction, Inc.	Construction Services	Billable Hours	107, 541	147,746
2	41353 US 41				
3	Chassell, MI				
4					
5	EAM Strategy, Inc.	Consulting Services	Billable Hours	107, 426, 923	312,416
6	N1655 Laney Road				
7	Seymour, WI				
8					
9	Electrical Consultants, Inc.	Consulting Services	Billable Hours	107, 143	193,574
10	219 Burns Drive, Unit 7				
11	Billings, MT				
12					
13	Etonhall Computers LTD	Consulting Services	Billable Hours	107, 426, 923	6,573,362
14	1004 Mathers Avenue				
15	West Vancouver, BC V7T 2G2				
16	Canada				
17					
18	Evironment LLC	Consulting Services	Billable Hours	426	246,090
19	14011 Park Drive, Suite 100				
20	Tomball, TX				
21					
22	FA Industrial Services, Inc.	Construction Services	Billable Hours	107, 541, 543	85,448
23	4305 W. US 2				
24	Iron River, MI				
25					
26	Fox Power, Inc.	Construction Services	Billable Hours	107, 593	329,152
27	900 Superior Avenue				
28	Gladstone, MI				
29					
30	GEI Consultants, Inc.	Consulting Services	Billable Hours	107, 121, 417, 535, 541	450,568
31	400 Unicorn Park Dr., Ste. 8				
32	Woburn, MA				
33					
34					
35					

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Line No.	Name/Address	Service	Basis of Charges	Acct #	Amount
1	K&L Gates	Legal Services	Billable Hours	921, 923	53,750
2	17 N. 2nd Street, Floor 18				
3	Harrisburg, PA				
4					
5	Karcz Utility Services LLC	Contracting Services	Billable Hours	593, 594	203,183
6	N1655 Laney Road				
7	Seymour, WI				
8					
9	Kingsbury, Inc.	Construction Services	Billable Hours	121, 417	75,246
10	219 Burns Drive, Unit 7				
11	Yuba City, CA				
12					
13	KPIT	Consulting Services	Billable Hours	107	6,573,362
14	Sparta Consulting				
15	111 Woodmere Rd., Ste. 200				
16	Folsom, CA				
17					
18	L&H Utility Contractors, Inc.	Contracting Services	Billable Hours	107, 451, 584,	458,236
19	P.O. Box 2037			593, 594	
20	Kingsford, MI				
21					
22	Leidos Engineering LLC	Engineering Services	Billable Hours	426, 923	294,238
23	P.O. Box 223058				
24	Pittsburgh, PA				
25					
26	MacQuarie Group	Consulting Services	Billable Hours	426	538,525
27	Level 9				
28	125 W. 55th Street, Floor 8				
29	New York, NY				
30					
31	Mayer Brown LLP	Legal Services	Billable Hours	921, 923, 928	155,499
32	2027 Collection Center Dr				
33	Chicago, IL				
34					
35					

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Upper Peninsula Power Company			

CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

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Line No.	Name/Address	Service	Basis of Charges	Acct #	Amount
1	Mead & Hunt, Inc.	Consulting Services	Billable Hours	417, 541	65,813
2	2440 Deming Way				
3	Middleton, WI				
4					
5	Milbank Tweed Hadley &	Legal Services	Billable Hours	426	117,384
6	N1655 Laney Road				
7	Seymour, WI				
8	New York, NY				
9					
10	219 Burns Drive, Unit 7	Legal Services	Billable Hours	426, 923, 928	137,347
11	Stone PLC				
12	P.O. Drawer 640348				
13	Detroit, MI				6,573,362
14					
15	Miron Construction Co., Inc.	Construction Services	Billable Hours	417	275,425
16	1471 McMahon Road				
17	Neenah, WI				
18					
19	MJ Electric LLC	Construction Services	Billable Hours	107, 143	388,765
20	200 W. Frank Pipp Drive				
21	Iron Mountain, MI				
22					
23	Moody's Investors Service	Consulting Services	Billable Hours	426	200,000
24	99 Church Street				
25	New York, NY				
26					
27	North States Utility Contractors,	Contracting Services	Billable Hours	107, 456, 584,	339,593
28	Inc.			588, 594	
29	934 Hwy. 17 S				
30	Eagle River, WI				
31					
32	Premeau Construction, Inc.	Construction Services	Billable Hours	107	60,797
33	904 W. Baraga Avenue				
34	Marquette, MI				
35					

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Upper Peninsula Power Company			

CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

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Line No.	Name/Address	Service	Basis of Charges	Acct #	Amount
1	RCM Technologies, Inc.	Consulting Services	Billable Hours	426, 921, 923	54,045
2	P.O. Box 26938				
3	Milwaukee, WI				
4					
5	RESCO	Consulting Services	Billable Hours	107, 232	144,259
6	N1655 Laney Road				
7	Seymour, WI				
8					
9	Schweitzer Engineering	Engineering Services	Billable Hours	107, 583, 588	51,785
10	219 Burns Drive, Unit 7				
11	200 Seegers Avenue				
12	Elk Grove Village, IL				
13					6,573,362
14	Steve Manz	Consulting Services	Billable Hours	107	62,821
15	5663 Eagle Harbour Road				
16	West Vancouver, BC V7W 1P4				
17	Canada				
18					
19	Systems Control, Inc.	Consulting Services	Billable Hours	107	211,387
20	N. Hwy US 2				
21	Iron Mountain, MI				
22					
23	The Brattle Group, Inc.	Legal Services	Billable Hours	426, 923	146,728
24	44 Brattle Street				
25	Cambridge, MA				
26					
27	The Outpost	Contracting Services	Billable Hours	417, 535, 537	109,530
28	P.O. Box 37				
29	Bruce Crossing, MI				
30					
31	Thomas J. Moyle Construction	Construction Services	Billable Hours	107	256,677
32	46702 Hwy M-26				
33	Houghton, MI				
34					
35					

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) 04/30/2016	December 31, 2015

CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

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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	Basis of Charges	Acct #	Amount
1	Toshiba America Energy	Construction Services	Billable Hours	417, 541	212,455
2	Systems Corporation				
3	6 Dickinson Drive, Suite 301				
4	Chadds Ford, PA				
5					
6	N1655 Laney Road	Consulting Services	Billable Hours	426, 923	269,998
7	Seymour, WI				
8	Chicago, IL				
9					
10	219 Burns Drive, Unit 7	Construction Services	Billable Hours	107	158,026
11	5301 Shreveport Blanchard Hwy.				
12	Shreveport, LA				
13					6,573,362
14	USIC Locating Services, Inc.	Contracting Services	Billable Hours	584	55,471
15	9045 River Road, Suite 300				
16	Indianapolis, IN				
17					
18	Varnum LLP	Legal Services	Billable Hours	426, 921, 923, 925	228,141
19	Attorneys At Law				
20	Bridgewater Place				
21	P.O. Box 352				
22	Grand Rapids, MI				
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					

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) 4/30/2016	Year of Report 12/31/15
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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)	MWH's (b)	Line No.	Item (a)	MWH's (b)
1	SOURCES OF ENERGY		18	Net Transmission for other (line 16 minus line 17)	
2	Generation (Excluding Station Use):		19	Transmission by others losses	
3	Steam		20	TOTAL (Total of lines 9, 10, 14, 18 & 19)	881,877
4	Nuclear		21	DISPOSITION OF ENERGY	
5	Hydro-Conventional	111,116	22	Sales to Ultimate Consumers (Including Interdepartmental Sales)	782,686
6	Hydro-Pumped Storage		23	Requirements Sales for Resale (See instruction 4, page 311.)	
7	Other	2,026	24	Non-Requirements Sales For Resale (See instruction 4, page 311.)	61,411
8	LESS Energy for Pumping		25	Energy furnished without charge	
9	Net Generation (Total of lines 3 thru 8)	113,142	26	Energy used by the company (Electric Dept. only, excluding station use)	2,525
10	Purchases	768,735	27	Total Energy Losses	35,225
11	Power Exchanges:		28	TOTAL (Enter total of lines 22 thru 27) (MUST equal line 20)	881,877
12	Received				
13	Delivered				
14	NET Exchanges (line 12 minus 13)				
15	Transmission for other (Wheeling)				
16	Received				
17	Delivered				

MONTHLY PEAKS AND OUTPUT

- | | |
|---|--|
| <p>1. If the respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.</p> <p>2. Report in column (b) the system's energy output for each month such that the total on line 41 matches the total on line 20.</p> <p>3. Report in column (c) a monthly breakdown on the Non-Requirements Sales for Resale reported on line 24. Include in the monthly amounts any energy losses associated with the sales so that the total on line 41 exceeds the amount on line 24 by the amount of losses incurred (or estimated) in making the non-requirements Sales for Resale.</p> | <p>4. Report in column (d) the system's monthly maximum megawatt load (60-minute integration) associated with the net energy for the load (60-minute integration) system defined as the difference between columns (b) and (c).</p> <p>5. Report in columns (e) and (f) the specified information for each monthly peak load reported in column (d).</p> |
|---|--|

NAME of SYSTEM:

Line No.	Month (a)	Total Monthly Energy (b)	Monthly Non-Requirements Sales for Resale & Associated Losses (c)	MONTHLY PEAK		
				Megawatts (See Instruction 4) (d)	Day of Month (e)	Hour (f)
29	January	74,213	447	102	5	19
30	February	67,171	107	95	19	19
31	March	74,112	3,117	89	5	19
32	April	72,956	7,817	77	9	11
33	May	73,745	7,865	74	11	12
34	June	81,319	17,685	75	29	11
35	July	79,308	7,078	93	27	19
36	August	76,672	5,351	92	13	16
37	September	73,412	6,737	90	1	14
38	October	70,124	1,952	78	29	19
39	November	68,990	2,188	84	3	14
40	December	69,857	2,276	91	28	17
41	TOTAL	881,879	62,620			

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) 4/30/2016	Year of Report 12/31/15
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FOOTNOTE DATA

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
401	10	b	Purchases have been reported in accordance with FERC Order 668-A, which requires transactions for the real-time and day-ahead RTO administered energy markets to be separately reported for each hour. The total purchases when the MISO purchases and sales are netted on an hourly basis are 711,793 MWH.
401	24	b	Sales have been reported in accordance with FERC Order 668-A, which requires transactions for the real-time and say-ahead RTO administered energy markets to be separately reported for each hour. The total sales when the MISO purchases and sales are netted on an hourly basis are 824,935 MWH.

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) 4/30/2016	Year of Report 12/31/15
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STEAM-ELECTRIC GENERATION PLANT STATISTICS (Large Plants)

- | | |
|---|---|
| <p>1. Report data for Plant in Service only.</p> <p>2. Large plants are steam plants with installed capacity (name plate rating) of 25,000 Kw or more, and nuclear plants.</p> <p>3. Indicate by footnote any plant leased or operated as a joint facility.</p> <p>4. If net peak demand for 60 minutes is not available, give data which is available, specifying period.</p> <p>5. If any employees attend more than one plant, report on line 11 the approximate number of employees assignable to each plant.</p> | <p>6. If gas is used and purchased on a therm basis, report the Btu content of the gas and the quantity of fuel burned converted to Mef.</p> <p>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 shown on line 21.</p> <p>8. If more than one fuel is burned in a plant, furnish only the composite heat rate for all fuels burned.</p> <p>9. Items under Cost of PLant4 are based on U.S. of A. accounts. Production expenses do not include Purchased Power, System</p> |
|---|---|

Line No.	Item (a)	Plant Name Portage (b)	Plant Name Gladstone (c)
1	Kind of plant (steam, int. combustion. Gas turbine or nuclear)	Gas Turbine	Gas Turbine
2	Plant Constrctn. Type (Conventional/Outdr. Boiler/Full Outdoor/Etc.)	Conventional	Conventional
3	Year originally constructed	1973	1975
4	Year last unit was installed	1975	1987
5	Total Installed cpcty. (max. generator name plate ratings in MW)	22.6	22.6
6	Net Peak Demand on Plant-MW (60 minutes)		
7	Plant hours connected to load		
8	Net continuous plant capability (megawatts)		
9	When not limited by condenser water		
10	When limited by condenser water		
11	Average number of employees	2	1
12	Net generation, exclusive of plant use-KWh	248847	259804
13	Cost of plant: Land and Land Rights	7353	55663
14	Structures and Improvements	93584	110212
15	Equipment costs	3303245	2249241
16	Asset Retirement Costs		
17	Total cost	3404182	2415116
18	Cost per KW of Installed capacity (line 5)	150.6275	106.8635
19	Production Expenses: Oper., Supv., & Engr.	48619	-5972
20	Fuel	661582	6370
21	Coolants and Water (Nuclear Plants only)		
22	Steam expenses	37221	320
23	Steam from other sources		
24	Steam transferred (credit)		
25	Electric expenses		
26	Misc. steam (or nuclear) power expenses	25166	
27	Rents		
28	Allowances		
29	Maintenance Supervision and Engineering	2762	12138
30	Maintenance of structures	818	
31	Maintenance of boiler (or reactor) plant		
32	Maintenance of electric plant	1846	12778
33	Maintenance of Misc. steam (or nuclear) plant	6750	
34	Total Production Expenses	784764	25634
35	Expenses per net KWh	3.1536	0.0987
36	Fuel: Kind (coal, gas, oil, or nuclear)		
37	Unit: (coal-tons of 2,000 lb) (oil-barrels of 42 gals.) (Gas-Mcf) (Nuclear-indicate)		
38	Quantity (units) of fuel burned		
39	Avg. Heat cont. of fuel burned (Btu per lb. Of coal, per gal. of oil, or per Mcf of gas) (give unit if nuclear)		
40	Avg. cost of fuel per unit, as delvrd. F.o.b. plant during year		
41	Avg. cost of fuel per unit burned		
42	Avg. cost of fuel burned per million Btu		
43	Avg. cost of fuel burned per KWh net gen.		
44	Avg. Btu per KWh net generation		

Name of Respondent UPPER PENINSULA POWER COMP	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2016	Year of Report 12/31/15
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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. _____ Plant name: <u>Victoria</u> (b)	FERC Licensed Project No. _____ Plant name: _____ (c)
1	Kind of Plant (Run-of-River or Storage)	Storage	
2	Type of Plant Construction (Conventional or Outdoor)	Conventional	
3	Year originally constructed	1,930	
4	Year last unit was installed	1,930	
5	Total Installed Capacity (Generator name plate ratings in MW)	12	
6	Net peak demand on plant-megawatts (60 minutes)		
7	Plant hours connected to load		
8	Net plant capability (in megawatts)		
9	(a) under the most favorable oper. conditions	13	
10	(b) under the most adverse oper. conditions	6	
11	Average number of employees	4	
12	Net generation, exclusive of plant use-KWh	55,837,618	
13	Cost of plant:		
14	Land and Land Rights	514,903	
15	Structures and Improvements	562,460	
16	Reservoirs, Dams, and Waterways	34,598,909	
17	Equipment costs	3,227,851	
18	Roads, railroads, and bridges	786,844	
19	Asset Retirement Costs		
20	TOTAL Cost (Enter total of lines 14 thru 19)	36,690,967	
21	Cost per KW of installed capacity (Line 20/5)	3,307.5806	
22	Production Expenses:		
23	Operation Supervision and Engineering	317,110	
24	Water for power		
25	Hydraulic Expenses	353,890	
26	Electric Expenses	41,450	
27	Misc. Hydraulic Power Generation Expenses	17,056	
28	Rents	96	
29	Maintenance Supervision and Engineering	90,662	
30	Maintenance of Structures	7,750	
31	Maintenance of Reservoirs, Dams and Waterways	40,098	
32	Maintenance of Electric Plant	8,378	
33	Maintenance of Misc. Hydraulic Plant		
34	Total Production Expenses (Total lines 23 thru 33)	876,490	
35	Expenses per net KWh	0.0157	

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GENERATING PLANT STATISTICS (Other Plants)

1. All other plants regardless of size or generation type

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		7,194,057	7,521,761
3	Hoist*	1925	4.40		11,868,424	16,374,147
4	McClure	1919	8.00		36,215,963	23,282,787
5						
6						
7						
8						
9	*Includes Silver Lake					
10						
11						
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31						
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42						
43						
44	Total				55,278,444	47,178,695

Name of Respondent UPPER PENINSULA POWER COMPAN	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2016	Year of Report 12/31/15
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GENERATING PLANT STATISTICS (Other Plants) (Continued)

3. List plants appropriately under subheadings for steam, hydro, nuclear, internal combustion, gas turbine plants, wind solar, biomass, etc. For nuclear, see inst. 11, p. 403.
4. If net peak demand for 60 minutes is not available, give that which is available, specifying period.
5. If any plant is equipped with combinations of steam, hydro internal combustion or gas turbine equipment, etc 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 Per MW Inst Capacity (g)	Operation Exc'l Fuel (h)	Production Expenses		Kind of Fuel (k)	Fuel Cost (In cents per million Btu) (l)	Line No.
		Fuel (i)	Maintenance (j)			
3,142,950	164,942		53,010			1
3,961,382	333,683		203,153			2
3,077,247	326,059		198,837			3
						4
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						43
10,181,579	824,684		455,000			44

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) 4/30/2016	Year of Report 12/31/15
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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 of 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	Ongonaton	Unattended	Verticle (F)	1930	215
2							
3							
4							
5							
6							
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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 (h)	RPM (i)	Maximum Hp. Capacity of Unit at Design Head (j)	Year Installed (k)	Voltage (l)	Phase (m)	Frequency or d.c. (n)	Name Plate Rating of Unit (in MW) (o)	No. of Units in Plant (p)	(Name Plate Ratings in megawatts) (q)	
210	300	9,000	1,930	11,500	3	60	6	2	12	1
										2
										3
										4
										5
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INTERNAL-COMBUSTION ENGINE AND GAS-TURBINE GENERATING PLANTS

1. Include on this page internal-combustion engine and gas-turbine plants of 10,000 kilowatts and more.
 2. Report the information called for concerning plants and equipment at end of year. Show associated prime movers and generators on the same line.
 3. Exclude from this page, plant, the book cost of which is included in Account 121, *Nonutility Property*.

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

Line No.	Name of Plant (a)	Location of Plant (b)	Prime Movers <i>Column (e), indicate basic cycle for gas-turbine as open or close 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	Gladstone Generating	Gladstone, MI	Gas Turbine	1987	Open	Direct
3						
4						
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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)		
30,295	1,973	12,500	3	60	25	1	23	1
31,900	1,987	12,500	3	60	25	1	23	2
								3
								4
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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) 4/30/2016	12/31/15

SUBSTATIONS

- | | |
|---|--|
| <p>1. Report below the information called for concerning substations of the respondent as of the end of the year.</p> <p>2. Substations which serve only one industrial or street railway customer should not be listed below.</p> <p>3. Substations with capacities of less than 10Mva, except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.</p> | <p>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).</p> <p>5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.</p> |
|---|--|

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In Moa)		
			Primary (c)	Secondary (d)	Tertiary (e)
1	Freeman's Sub, Neg Twp	Distribution	138.00	34.00	0.00
2	Gladstone Sub, Gladstone	Distribution	12.50	69.00	0.00
3	Atlantic Sub, Atlantic Mine	Distribution	69.00	12.50	0.00
4	Masonville, Mason Twp*	Distribution	69.00	34.00	0.00
5	McClure Pit, Ishp	Distribution	2.40	34.00	0.00
6	Barnum Sub, Ishp	Distribution	138.00	12.50	0.00
7	Barnum Sub, Ishp	Distribution	69.00	12.50	0.00
8	Barnum Sub, Ishp	Distribution	138.00	34.00	0.00
9	Delta Sub, Wells Twp	Distribution	69.00	12.50	0.00
10	Elevation St, Hancock*	Distribution	69.00	12.50	0.00
11	KI Sawyer AFB	Distribution	69.00	12.50	0.00
12	Henry Street Sub, Hurontown*	Distribution	69.00	12.50	0.00
13	Lake Mine, Greenland Twp*	Distribution	69.00	7.20	0.00
14	L'Anse Dist, L'Anse*	Distribution	69.00	12.50	0.00
15	Lincoln Ave Sub, Iron River	Distribution	69.00	12.50	0.00
16	M-38 Sub, Baraga Twp*	Distribution	69.00	12.50	0.00
17	Negaunee City, Neg*	Distribution	34.00	4.16	0.00
18	Ontonagon Sub, Ont*	Distribution	69.00	12.50	0.00
19	Munising Sub, City of Munising	Distribution	67.00	12.50	0.00
20	Victoria, Rockland Twp	Distribution	69.00	12.50	0.00
21	Osceola Sub, Laurium*	Distribution	69.00	12.50	0.00
22	MTU, Houghton	Distribution	69.00	12.50	0.00
23	Winona	Distribution	69.00	12.50	0.00
24	14 Subs Under 10,000 KVA	Distribution			
25	TOTAL				
26					
27					
28	*Substations serving customers with energy				
29	for resale.				
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40			1633.90	416.36	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) 4/30/2016	Year of Report 12/31/15
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SUBSTATIONS (Continued)

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)	
25	1	0				1
37	1	0				2
14	2	3				3
20	2	0				4
10	2	0				5
22	1	0				6
12	1	0				7
22	1	0				8
14	1	1				9
28	2	0				10
15	2	0				11
14	1	0				12
1	1	0				13
35	3	1				14
32	2	0				15
7	1	1				16
6	3	1				17
7	1	0				18
41	4	0				19
28	4	0				20
45	2	0				21
18	2	0				22
4	1	0				23
58	17	8				24
						25
						26
						27
						28
						29
						30
						31
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515	58	15				40

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FOOTNOTE DATA

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
426	24	a	Excludes energy for resale.

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) 4/30/2016	Year of Report 12/31/15
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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 meters 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	64,574	23,777	668
2	Additions During Year			
3	Purchases	2,314	378	14
4	Associated with Utility Plant Acquired			
5	TOTAL Additions (Enter Total of lines 3 and 4)	2,314	378	14
6	Reduction During Year			
7	Retirements	3,502	388	8
8	Associated with Utility Plant Sold		5	
9	TOTAL Additions (Enter Total of lines 7 and 8)	3,502	343	8
10	Number at End of Year (Lines 1+ 5 - 9)	63,386	23,812	674
11	In Stock	3,319	749	47
12	Locked Meters on Customers' Premises	706		
13	Inactive Transformers on System		43	2
14	In Customers' Use	59,324	23,020	625
15	In Companys' Use	37	0	0
16	Total End of Year (Enter Total of lines 11 to 15. This line should equal line 10)	63,386	23,812	674

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RENEWABLE ENERGY RESOURCES

1. Renewable energy means electricity generated using a renewable energy system

4. In those instances when costs are composites of both actual supportable costs and estimates of costs, specify in column (f) the actual costs that are included in column (e).

2. Report all costs of renewable energy resources under the major classifications provided below and include, as a minimum, the items listed hereunder:

5. Report construction work in progress relating to renewable energy resources at line 11.

- A. Biomass
- B. Solar
- C. Solar Thermal
- D. Wind Energy
- E. Kinetic energy of moving water including:
 - i. Waves, tides or currents
 - ii. Water released through a damn
- F. Geothermal Energy
- G. Municipal Solid Waste
- H. Landfill gas produced by municipal solid waste
- I. Other

Line No.	Classification of Cost (a)	Additions (b)	Retirements (c)	Adjustments (d)	Balance at End of Year (e)	Actual Cost (f)
1	Biomass					
2	Solar					
3	Solar Thermal					
4	Wind Energy					
5	Kinetic energy of moving water	98,385,864	(93,767)		100,131,599	
6	Geothermal Energy					
7	Municipal Solid Waste					
8	Landfill gas produced by municipal solid waste					
9	Other					
10	TOTAL (Total of lines 1 thru 9)	98,385,864	(93,767)		100,131,599	
11	Construction work in progress	232,697			241,103	

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RENEWABLE ENERGY RESOURCE EXPENSES

1. Show below expenses incurred in connection with the use of renewable energy resources, the cost of which are reported on page 432. Where it is necessary that allocations and/or estimates of costs be made, state the basis or method used.

2. Include below the costs incurred due to the operation of renewable energy equipment, facilities, and programs.

3. Item 6 subject to MCL460.1047(3)

4. Under item 7 include ad valorem and other taxes assessed directly on or directly relatable to environmental facilities. Also include under item 7 licensing and similar fees on such facilities.

6. In those instances where expenses are composed of both actual supportable data and estimates of costs, specify in column (c) the actual expenses that are included in column (b).

Line No.	Classification of Expenses (a)	Amount (b)	Actual Expenses (c)
1	Depreciation	3,070,303	
2	Labor, Maintenance, Materials, and Supplies Cost Related to Renewable Energy Resources	2,131,173	
3	Financing Costs		
4	Ancillary to ensure Quality/Reliability		
5	Renewable Energy Credits	(885,000)	
6	Interest on Regulatory Liability (asset)		
7	Taxes and Fees (include credits)	2,816,033	
8	Administrative and General		
9	Other (<i>Identify</i>)		
10	TOTAL	7,132,509	

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