

# MICHIGAN PUBLIC SERVICE COMMISSION

## ANNUAL REPORT OF MAJOR AND NONMAJOR ELECTRIC UTILITIES

1909 PA 106, as amended, authorizes this form being MCL 460.551 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 in violation of the Acts.

Report submitted for year ending: December 31 2004	
Present legal name of respondent: Edison Sault Electric Company	
Present DBA name in Michigan if different from legal name:	
Address of principal place of business: 725 East Portage Avenue, Sault Ste. Marie, MI 49783	
Utility representative to whom inquiries regarding this report may be directed:	
Name Robert J. Malaski	Title Asst. Vice-Pres. Finance
Address 725 E. Portage Avenue	
City Sault Ste. Marie	State MI Zip Code 49783
Telephone, Including Area Code (906) 632-5172	
If the utility name has been changed during the past year:	
Prior Name	
Date of Change	
Two copies of the published annual report to stockholders:	
<input type="checkbox"/> were forwarded to the Commission <input type="checkbox"/> will be forwarded to the Commission  on or about _____, 20___.	
Annual reports to stockholders:	
<input type="checkbox"/> are published. <input checked="" type="checkbox"/> are not published.	


### FOR ASSISTANCE IN COMPLETION OF THIS FORM:

Contact the Michigan Public Service Commission at  
(517) 241-6175 or forward correspondence to:

Commission Operation Division  
Market Monitoring & Enforcement Section  
6545 Mercantile Way  
P.O. Box 30221  
Lansing, MI 48909

**MPSC FORM P-521**

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

<b>IDENTIFICATION</b>		
<b>01 Exact Legal Name of Respondent</b> Edison Sault Electric Company		<b>02 Year of Report</b> December 31, 2004
<b>03 Previous Name and Date of Change (if name changed during year)</b>		
<b>04 Address of Principal Business Office at End of Year (Street, City, St., Zip)</b> 725 East Portage Avenue, Sault Ste. Marie, MI 49783		
<b>05 Name of Contact Person</b> Robert J. Malaski	<b>06 Title of Contact Person</b> Assistant Vice-President Finance	
<b>07 Address of Contract Person (Street, City, St., Zip)</b> 725 East Portage Avenue, Sault Ste. Marie, MI 49783		
<b>08 Telephone of Contact Person, Including Area Code:</b> (906) 632-5172	<b>09 This Report is:</b> (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	<b>10 Date of Report (Mo, Da, Yr)</b> 04/30/05
<b>ATTESTATION</b>		
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 the December 31 of the year of the report.		
<b>01 Name</b> Robert J. Malaski	<b>03 Signature</b>  Robert J. Malaski	<b>04 Date Signed (Mo, Da, Yr)</b> 4/30/2005
<b>02 Title</b> Assistant Vice-President Finance		

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**LIST OF SCHEDULES (Electric Utility)**

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 respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
1	General Information	101	
2	Control Over Respondent	102	
3	Corporations Controlled by Respondent	103	
4	Officers	104	
5	Directors	105	
6	Important Changes During the Year	108-109	
7	Comparative Balance Sheet	110-113	
8	Statement of Income for the Year	114-117	
9	Statement of Retained Earnings for the Year	118-119	
10	Statement of Cash Flows	120-121	
11	Notes to Financial Statements	122-123	
12	Statement of Accum Comp Income, Comp Income, and Hedging Activities	122(a)(b)	
13	Summary of Utility Plant & Accumulated Provisions for Dep, Amort & Dep	200-201	
14	Nuclear Fuel Materials	202-203	
15	Electric Plant in Service	204-207	
16	Electric Plant Leased to Others	213	
17	Electric Plant Held for Future Use	214	
18	Construction Work in Progress-Electric	216	
19	Accumulated Provision for Depreciation of Electric Utility Plant	219	
20	Investment of Subsidiary Companies	224-225	
21	Materials and Supplies	227	
22	Allowances	228-229	
23	Extraordinary Property Losses	230	
24	Unrecovered Plant and Regulatory Study Costs	230	
25	Other Regulatory Assets	232	
26	Miscellaneous Deferred Debits	233	
27	Accumulated Deferred Income Taxes	234	
28	Capital Stock	250-251	
29	Other Paid-in Capital	253	
30	Capital Stock Expense	254	
31	Long-Term Debit	256-257	
32	Reconciliation of Reported Net Income with Taxable Inc for Fed Inc Tax	261	
33	Taxes Accrued, Prepaid and Charged During the Year	262-263	
34	Accumulated Deferred Investment Tax Credits	266-267	
35	Other Deferred Credits	269	
36	Accumulated Deferred Income Taxes-Accelerated Amortization Property	272-273	

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

LIST OF SCHEDULES (Electric Utility) (continued)

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 respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
37	Accumulated Deferred Income Taxes-Other Property	274-275	
38	Accumulated Deferred Income Taxes-Other	276-277	
39	Other Regulatory Liabilities	278	
40	Electric Operating Revenues	300-301	
41	Sales of Electricity by Rate Schedules	304	
42	Sales for Resale	310-311	
43	Electric Operation and Maintenance Expenses	320-323	
44	Purchased Power	326-327	
45	Transmission of Electricity for Others	328-330	
46	Transmission of Electricity by Others	332	
47	Miscellaneous General Expenses-Electric	335	
48	Depreciation and Amortization of Electric Plant	336-337	
49	Regulatory Commission Expenses	350-351	
50	Research, Development and Demonstration Activities	352-353	
51	Distribution of Salaries and Wages	354-355	
52	Common Utility Plant and Expenses	356	
53	Purchases and Sales of Ancillary Services	398	
54	Monthly Transmission System Peak Load	400	
55	Electric Energy Account	401	
56	Monthly Peaks and Output	401	
57	Steam Electric Generating Plant Statistics (Large Plants)	402-403	
58	Hydroelectric Generating Plant Statistics (Large Plants)	406-407	
59	Pumped Storage Generating Plant Statistics (Large Plants)	408-409	
60	Generating Plant Statistics (Small Plants)	410-411	
61	Transmission Line Statistics	422-423	
62	Transmission Lines Added During Year	424-425	
63	Substations	426-427	
64	Footnote Data	450	
	Stockholders' Reports Check appropriate box: <input type="checkbox"/> Four copies will be submitted <input type="checkbox"/> No annual report to stockholders is prepared		

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
GENERAL INFORMATION			
<p>1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.</p> <p>Robert J. Malaski, Assistant Vice President - Finance  Edison Sault Electric Company  725 East Portage Avenue  Sault Ste. Marie, MI 49783</p>			
<p>2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.</p> <p>Michigan January 1892</p>			
<p>3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.</p> <p>Not Applicable</p>			
<p>4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.</p> <p>Electric - Michigan</p>			
<p>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?</p> <p>(1) <input type="checkbox"/> Yes...Enter the date when such independent accountant was initially engaged:  (2) <input checked="" type="checkbox"/> No</p>			

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

### CONTROL OVER RESPONDENT

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

The Company is a wholly owned subsidiary of Wisconsin Energy Corporation  
231 W. Michigan, Milwaukee, Wisconsin 53201

Name of Respondent: Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
--	---	--	---

**OFFICERS**

1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy making functions.
2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and the date the change in incumbency was made.

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1			
2			
3			
4			
5	Details on: file in Controller's Office		
6			
7			
8			
9			
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			

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**DIRECTORS**

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

Line No.	Name (and Title) of Director (a)	Principal Business Address (b)
1	Gale E. Klappa	231 W. Michigan
2		Milwaukee, WI 53201
3		
4	Donald Sawruk	725 E. Portage Avenue
5		Sault Ste. Marie, MI 49783
6		
7	Charles R. Cole	231 W. Michigan
8		Milwaukee, WI 53201
9		
10	Frederick D. Kuester	231 W. Michigan
11		Milwaukee, WI 53201
12		
13	Roman A. Draba	231 W. Michigan
14		Milwaukee, WI 53201
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		
45		
46		
47		
48		



Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	------------------------------	---

**IMPORTANT CHANGES DURING THE QUARTER/YEAR**

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

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

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

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report 2004/Q4
Edison Sault Electric Company			
IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)			

1, 2, 3, 4, 5, 6, 7, 8, 10 & 12

None

9 Please see footnotes to pages 122-123.

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)**

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
<b>1</b>	<b>UTILITY PLANT</b>			
2	Utility Plant (101-106, 114)	200-201	81,730,876	79,769,017
3	Construction Work in Progress (107)	200-201	666,488	88,738
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		82,397,364	79,857,755
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	40,151,973	37,556,501
6	Net Utility Plant (Enter Total of line 4 less 5)		42,245,391	42,301,254
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		0	0
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0
14	Net Utility Plant (Enter Total of lines 6 and 13)		42,245,391	42,301,254
15	Utility Plant Adjustments (116)	122	0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
<b>17</b>	<b>OTHER PROPERTY AND INVESTMENTS</b>			
18	Nonutility Property (121)		69,183	76,357
19	(Less) Accum. Prov. for Depr. and Amort. (122)		14,010	11,670
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	0	0
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		22,989,704	19,066,428
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		1,800	1,800
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		0	0
31	Long-Term Portion of Derivative Assets - Hedges (176)		0	0
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		23,046,677	19,132,915
<b>33</b>	<b>CURRENT AND ACCRUED ASSETS</b>			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		338,066	623,806
36	Special Deposits (132-134)		0	0
37	Working Fund (135)		1,850	1,850
38	Temporary Cash Investments (136)		0	0
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		3,418,096	3,600,863
41	Other Accounts Receivable (143)		541,989	869,146
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		32,000	32,000
43	Notes Receivable from Associated Companies (145)		0	0
44	Accounts Receivable from Assoc. Companies (146)		4,123	44,461
45	Fuel Stock (151)	227	12,494	14,972
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	731,140	519,164
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	0	0

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)(Continued)**

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	64,303	22,285
55	Gas Stored Underground - Current (164.1)		0	0
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0
57	Prepayments (165)		244,993	207,282
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		0	0
60	Rents Receivable (172)		0	0
61	Accrued Utility Revenues (173)		1,236,799	1,234,615
62	Miscellaneous Current and Accrued Assets (174)		0	0
63	Derivative Instrument Assets (175)		0	0
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		0	0
65	Derivative Instrument Assets - Hedges (176)		0	0
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		6,561,853	7,106,444
68	<b>DEFERRED DEBITS</b>			
69	Unamortized Debt Expenses (181)		0	0
70	Extraordinary Property Losses (182.1)	230	0	0
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230	0	0
72	Other Regulatory Assets (182.3)	232	6,210,013	671,613
73	Prelim. Survey and Investigation Charges (Electric) (183)		0	0
74	Preliminary Natural Gas Survey and Investigation Charges (183.1)		0	0
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		0	0
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	1,121,530	1,251,137
79	Def. Losses from Disposition of Utility Plt. (187)		0	0
80	Research, Devel. and Demonstration Expend. (188)	352-353	0	0
81	Unamortized Loss on Reaquired Debt (189)		0	0
82	Accumulated Deferred Income Taxes (190)	234	1,485,169	1,984,653
83	Unrecovered Purchased Gas Costs (191)		0	0
84	Total Deferred Debits (lines 69 through 83)		8,816,712	3,907,403
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		80,670,633	72,448,016





Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**STATEMENT OF INCOME**

1. Enter in column (e) operations for the reporting quarter and in column (f) the operations for the same three month period for the prior year.
2. Report in Column (g) year to date amounts for electric utility function; in column (i) the year to date amounts for gas utility, and in (k) the year to date amounts for the other utility function for the current quarter/year.
3. Report in Column (h) year to date amounts for electric utility function; in column (j) the year to date amounts for gas utility, and in (l) the year to date amounts for the other utility function for the previous quarter/year.
4. If additional columns are needed place them in a footnote.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	43,596,439	42,383,436		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	32,256,220	30,779,297		
5	Maintenance Expenses (402)	320-323	2,312,813	1,945,637		
6	Depreciation Expense (403)	336-337	2,665,039	2,591,020		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-405)	336-337	411	411		
9	Amort. of Utility Plant Acq. Adj. (406)	336-337				
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)					
13	(Less) Regulatory Credits (407.4)					
14	Taxes Other Than Income Taxes (408.1)	262-263	1,541,194	1,470,613		
15	Income Taxes - Federal (409.1)	262-263	303,714	-70,050		
16	- Other (409.1)	262-263	52,045	72,455		
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	1,798,894	2,804,633		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	850,663	967,154		
19	Investment Tax Credit Adj. - Net (411.4)	266	-38,239	-39,554		
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)					
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)					
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		40,041,428	38,587,308		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117, line 27		3,555,011	3,796,128		

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**STATEMENT OF INCOME FOR THE YEAR (continued)**

Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL		Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
			Current Year (c)	Previous Year (d)		
27	Net Utility Operating Income (Carried forward from page 114)		3,555,011	3,796,128		
28	Other Income and Deductions					
29	Other Income					
30	Nonutility Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)			65		
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)		-25			
33	Revenues From Nonutility Operations (417)					
34	(Less) Expenses of Nonutility Operations (417.1)					
35	Nonoperating Rental Income (418)					
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		3,202	62,721		
38	Allowance for Other Funds Used During Construction (419.1)					
39	Miscellaneous Nonoperating Income (421)		3,760,791	3,169,923		
40	Gain on Disposition of Property (421.1)					
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		3,764,018	3,232,709		
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)					
44	Miscellaneous Amortization (425)	340	2,340	2,334		
45	Donations (426.1)	340	79,886	35,845		
46	Life Insurance (426.2)		-98,317	112,763		
47	Penalties (426.3)					
48	Exp. for Certain Civic, Political & Related Activities (426.4)					
49	Other Deductions (426.5)		11,793	30,216		
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		-4,298	181,158		
51	Taxes Applicable to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	-12,200	-5,300		
53	Income Taxes-Federal (409.2)	262-263	-243,239	-396,561		
54	Income Taxes-Other (409.2)	262-263				
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	1,523,221	1,499,166		
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	51,394	58,817		
57	Investment Tax Credit Adj.-Net (411.5)		-24,685	-24,682		
58	(Less) Investment Tax Credits (420)					
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		1,191,703	1,913,806		
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		2,575,613	2,037,745		
61	Interest Charges					
62	Interest on Long-Term Debt (427)		174,305	194,241		
63	Amort. of Debt Disc. and Expense (428)					
64	Amortization of Loss on Reacquired Debt (428.1)					
65	(Less) Amort. of Premium on Debt-Credit (429)					
66	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)	340	1,116,310	1,146,354		
68	Other Interest Expense (431)	340	16,940	15,699		
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)					
70	Net Interest Charges (Total of lines 62 thru 69)		1,307,555	1,355,294		
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		4,824,069	4,477,579		
72	Extraordinary Items					
73	Extraordinary Income (434)					
74	(Less) Extraordinary Deductions (435)					
75	Net Extraordinary Items (Total of line 73 less line 74)					
76	Income Taxes-Federal and Other (409.3)	262-263				
77	Extraordinary Items After Taxes (line 75 less line 76)					
78	Net Income (Total of line 71 and 77)		4,824,069	4,477,579		



Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**STATEMENT OF RETAINED EARNINGS**

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

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance-Beginning of Period		22,791,355	20,313,776
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4				
5				
6				
7				
8				
9	TOTAL Credits to Retained Earnings (Acct. 439)			
10				
11				
12				
13				
14				
15	TOTAL Debits to Retained Earnings (Acct. 439)			
16	Balance Transferred from Income (Account 433 less Account 418.1)		4,824,069	4,477,579
17	Appropriations of Retained Earnings (Acct. 436)			
18				
19				
20				
21				
22	TOTAL Appropriations of Retained Earnings (Acct. 436)			
23	Dividends Declared-Preferred Stock (Account 437)			
24				
25				
26				
27				
28				
29	TOTAL Dividends Declared-Preferred Stock (Acct. 437)			
30	Dividends Declared-Common Stock (Account 438)			
31			-2,000,000	( 2,000,000)
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)		-2,000,000	( 2,000,000)
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings			
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		25,615,424	22,791,355
	APPROPRIATED RETAINED EARNINGS (Account 215)			

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**STATEMENT OF RETAINED EARNINGS**

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

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
39				
40				
41				
42				
43				
44				
45	<b>TOTAL Appropriated Retained Earnings (Account 215)</b>			
	<b>APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)</b>			
46	<b>TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1)</b>			
47	<b>TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46)</b>			
48	<b>TOTAL Retained Earnings (Acct. 215, 215.1, 216) (Total 38, 47) (216.1)</b>		25,015,424	22,791,355
	<b>UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account</b>			
	<b>Report only on an Annual Basis, no Quarterly</b>			
49	<b>Balance-Beginning of Year (Debit or Credit)</b>			
50	<b>Equity in Earnings for Year (Credit) (Account 418.1)</b>			
51	<b>(Less) Dividends Received (Debit)</b>			
52				
53	<b>Balance-End of Year (Total lines 49 thru 52)</b>			

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**STATEMENT OF CASH FLOWS**

(1) Codes to be used: (a) Net Proceeds or Payments; (b) Bonds, debentures and other long-term debt; (c) Include commercial paper; and (c) Identify separately such items as investments, fixed assets, intangibles, etc.

(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.

(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.

(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 78(c) on page 117)	4,824,069	4,477,579
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	2,751,072	2,652,852
5	Amortization of		
6	Utility Plant and Non-Utility Plant	2,751	2,745
7			
8	Deferred Income Taxes (Net)	3,492,058	4,346,978
9	Investment Tax Credit Adjustment (Net)	-62,924	-64,236
10	Net (Increase) Decrease in Receivables	548,078	-591,919
11	Net (Increase) Decrease in Inventory	-251,516	180,729
12	Net (Increase) Decrease in Allowances Inventory		
13	Net Increase (Decrease) in Payables and Accrued Expenses	526,314	-3,380,289
14	Net (Increase) Decrease in Other Regulatory Assets	-5,538,400	345,600
15	Net Increase (Decrease) in Other Regulatory Liabilities	-120,000	-120,000
16	(Less) Allowance for Other Funds Used During Construction		
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other: Net (Increase) Decrease in Prepayments	-37,711	-91,582
19	Net (Increase) Decrease in Misc. Deferred Debits/Credits	444,089	-1,506,358
20	Net (Increase) Decrease in Other Non-Current Liabilities	-66,407	16,833
21	Net (Increase) Decrease in Other Investments/Special Funds	-698,573	-723,349
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	5,812,900	5,545,583
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-2,695,621	-3,014,000
27	Gross Additions to Nuclear Fuel		
28	Gross Additions to Common Utility Plant		
29	Gross Additions to Nonutility Plant		
30	(Less) Allowance for Other Funds Used During Construction		
31	Other: Customer Advances	-52,125	23,573
32	Net (Increase) Decrease in Non-Utility Property	7,175	
33	Net (Increase) Decrease in Equity Invest-American Transmission Co.	-3,224,703	
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-5,965,274	-2,990,427
35			
36	Acquisition of Other Noncurrent Assets (d)		
37	Proceeds from Disposal of Noncurrent Assets (d)		
38			
39	Investments in and Advances to Assoc. and Subsidiary Companies		
40	Contributions and Advances from Assoc. and Subsidiary Companies		
41	Disposition of Investments in (and Advances to)		
42	Associated and Subsidiary Companies		
43			
44	Purchase of Investment Securities (a)		
45	Proceeds from Sales of Investment Securities (a)		

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**STATEMENT OF CASH FLOWS**

(1) Codes to be used: (a) Net Proceeds or Payments; (b) Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.

(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.

(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.

(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
46	Loans Made or Purchased		
47	Collections on Loans		
48			
49	Net (Increase) Decrease in Receivables		
50	Net (Increase ) Decrease in Inventory		
51	Net (Increase) Decrease in Allowances Held for Speculation		
52	Net Increase (Decrease) in Payables and Accrued Expenses		
53	Other (provide details in footnote):		
54			
55			
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-5,965,274	-2,990,427
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 (provide details in footnote):		
65			
66	Net Increase in Short-Term Debt (c)		
67	Other: Net (Increase) Decrease in Other Paid-In Capital	1,998,634	
68			
69			
70	Cash Provided by Outside Sources (Total 61 thru 69)	1,998,634	
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)	-232,000	-532,000
74	Preferred Stock		
75	Common Stock		
76	Other: Advances from Associated Companies	-1,000,000	-1,000,000
77			
78	Net Decrease in Short-Term Debt (c)	1,100,000	1,300,000
79			
80	Dividends on Preferred Stock		
81	Dividends on Common Stock	-2,000,000	-2,000,000
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	-133,366	-2,232,000
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)	-285,740	323,156
87			
88	Cash and Cash Equivalents at Beginning of Period	625,656	302,500
89			
90	Cash and Cash Equivalents at End of period	339,916	625,656

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	------------------------------	---

**NOTES TO FINANCIAL STATEMENTS**

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

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

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) 04/25/2005	Year/Period of Report 2004/Q4
Edison Sault Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

## NOTE A – ORGANIZATION

Edison Sault Electric Company ("Edison Sault") is a separate utility subsidiary of Wisconsin Energy Corporation ("WEC") engaged in the generation, purchase, and sale of electric energy in the Eastern Upper Peninsula of Michigan. Customer receivables, electric sales, and resale revenues arise from operations of Edison Sault.

## NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting records of Edison Sault are maintained in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission ("FERC") and the Michigan Public Service Commission ("MPSC.")

The accompanying financial statements have been prepared in accordance with the accounting requirements of the FERC as set forth in the Uniform System of Accounts and accounting releases, which differs from generally accepted accounting principles ("GAAP"). As required by FERC, Edison Sault classifies certain items in its Form 1 Comparative Balance Sheet (primarily the components of accumulated deferred income taxes, maturities of long-term debt, deferred debits, and deferred credits) in a manner different than that required by GAAP.

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Edison Sault is included in WEC's consolidated Federal income tax return. As such, WEC allocates Federal current tax expense or credits to Edison Sault based on its separate tax computation.

### Inventory

Inventory values are maintained on an average cost basis.

### Associated Companies

Managerial, financial, accounting, legal, data processing, and other services may be rendered between Edison Sault and associated companies. We buy and sell electric energy from an affiliated utility, Wisconsin Electric Power Company. In 2004, we purchased and sold electric energy in the amount of \$15.3 million and \$102,000, respectively. At December 31, 2004, Edison Sault owed a net accounts payable of \$1.6 million to associated companies for services rendered.

### Other Investments

Edison Sault has approximately a 5% interest in American Transmission Company ("ATC"), a regional transmission company established in 2000 under Wisconsin legislation. During 2004 and 2003, Edison Sault paid ATC approximately \$3.4 million and \$1.9 million, respectively, for transmission services. Edison Sault also provides a variety of operational, maintenance, and project management work for ATC, which ATC reimburses to Edison Sault at cost. In 2004, Edison Sault received approximately \$937,000 from ATC for

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Edison Sault Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/25/2005	2004/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

services rendered. At December 31, 2004, Edison Sault owed a net accounts payable of \$200,263 to ATC. Edison Sault made capital contributions to ATC of approximately \$3.3 million in 2004.

### Utility Regulation

Edison Sault accounts for the effects of regulation under Statement of Financial Accounting Standards ("SFAS") 71, "Accounting for the Effects of Certain Types of Regulation." As a result, the actions of regulators affect when revenues, expenses, assets, and liabilities are recognized.

In accordance with SFAS 71, Edison Sault capitalizes as deferred regulatory assets costs which are expected to be recovered in future utility rates. Edison Sault also records as deferred regulatory liabilities costs which are to be paid in the future. These consist primarily of amounts related to the adoption of SFAS 109, "Accounting for Income Taxes" and an environmental matter.

The following regulatory assets (liabilities) were reflected in the Balance Sheet as of December 31:

<i>(Thousands of Dollars)</i>	<u>2004</u>	<u>2003</u>
FAS 109 Regulatory Assets	\$ 154	\$ 262
FAS 109 Regulatory Liability	(44)	(164)
FAS 109 Net Regulatory Asset	\$ 110	\$ 98
Environmental Matter Regulatory Asset	172	409
Pension Regulatory Asset	5,884	-
Total Net Regulatory Asset	<u>\$6,166</u>	<u>\$ 507</u>

Edison Sault recorded a minimum pension liability to reflect the funded status of the pension plan. We have concluded that the unrecognized pension costs resulting from the recognition of the minimum pension liability qualify as a regulatory asset.

There are no future obligations related to the Environmental Matter Regulatory Asset.

**Restructuring in Michigan:** In June 2000, the Governor of the state of Michigan signed the "Customer Choice and Electric Reliability Act" into law, empowering the MPSC to implement electric retail access in Michigan. In effect, the new law provides that all Michigan retail customers of investor-owned utilities have the ability to choose their electric power producer after January 1, 2002. The Michigan Retail Access law was characterized by former Michigan Governor Engler as "Choice for those who want it and protection for those who need it."

As of January 1, 2002, Michigan retail customers of Edison Sault were allowed to remain with their regulated utility at regulated rates or choose an alternative electric supplier to provide power supply service. Edison Sault plans to maintain its generation capacity and distribution assets and provide regulated service as it has in the past. Edison Sault expects to continue providing distribution and customer service functions regardless of the customer's power supplier.

Customer switching to alternative suppliers within Edison Sault's service territory has not occurred. There has been minimal alternate supplier activity, reflecting the small market area, the company's competitive regulated power supply prices, and a lack of interest in general of the Upper Peninsula of Michigan as a market for alternative electric suppliers.

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Edison Sault Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/25/2005	2004/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

## Rates and Regulatory Matters

In September 1995, the MPSC approved Edison Sault's application to implement price cap regulation for its electric customers in the State of Michigan, capping base rates at existing levels, rolling its existing fuel cost adjustment procedure or Power Supply Cost Recovery ("PSCR") factor into base rates and suspending its existing PSCR clause. Edison Sault is required to give thirty days notice for rate decreases. The order authorizing Edison Sault's price cap represents a temporary experimental regulatory mechanism and allows Edison Sault to file an application seeking an increase in rates under extraordinary circumstances. In September 2001, Edison Sault submitted an application to reinstate its PSCR clause in January 2002 and to incorporate therein 2002 incremental ATC charges and certain miscellaneous costs. In April 2002, the MPSC issued orders authorizing Edison Sault to re-implement its PSCR clause, beginning May 1, 2002. PSCR revenues and costs are subject to true-up hearings.

Edison Sault continually reviews the applicability of accounting under SFAS 71. Based on a current evaluation of factors affecting the applicability of SFAS 71, Edison Sault has determined that it is currently appropriate to continue accounting according to SFAS 71.

In the event Edison Sault was to stop accounting under SFAS 71, the accounting impact would be an extraordinary after-tax non-cash charge to earnings in an amount represented largely by any unamortized net regulatory assets.

## New Accounting Pronouncements

**Share Based Compensation:** In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123 (revised 2004), Share-Based Payment (SFAS 123R), which amended SFAS 123, Accounting for Stock-Based Compensation. This statement supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees. SFAS 123R addresses the accounting for share-based payment transactions with employees and other third parties, eliminates the ability to account for share-based compensation transactions using APB 25 and requires that the compensation costs relating to such transactions be recognized in the consolidated income statement. We are currently evaluating the provisions of SFAS 123R and expect to adopt it on January 1, 2006.

## Revenues

Edison Sault records revenue monthly, as billed, on the basis of meter readings throughout the month and includes an estimate of unbilled revenue relative to power consumed from the meter reading date to the end of the month in the current month's revenue. Edison Sault's Statement of Financial Position includes an estimated amount for revenues accrued but not billed as of year-end.

Beginning in May 2002, certain of Edison Sault's electric sales became subject to a PSCR clause which permits Edison Sault to pass on to its customers any increases or decreases in the cost of purchased power and fuel used to generate electricity. Edison Sault records monthly an estimate of revenues expected to be collected or refunded to customers as a result of the PSCR clause. Such estimates are revised as actual costs become available. The PSCR process is subject to the jurisdiction of the MPSC.

Our two largest customers accounted for approximately 30% of total revenues in 2004.

Edison Sault continually reviews its customers' credit-worthiness and requests deposits or refunds deposits based on that review.



Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Edison Sault Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	04/25/2005	2004/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

### Utility Plant—Electric

Utility plant is stated at original cost, including engineering, material, labor, supervision, other related items, and an allowance for funds used during construction.

Maintenance and repairs are charged to expense as incurred, while replacements and betterments are capitalized. Upon the sale or retirement of an asset, the original cost of the property retired, plus the cost of removal, less salvage, is charged to accumulated depreciation.

Edison Sault depreciates the original cost of property over its estimated useful life by the straight-line method at composite rates approved by the MPSC. The composite rate was approximately 3.4% for the years presented.

The regulated operations of Edison Sault collect removal costs in rates for certain assets that do not have associated legal asset retirement obligations. As of December 31, 2004, Edison Sault estimated that it has approximately \$8.1 million of such regulatory liabilities recorded in Accumulated Depreciation.

### Cash and Cash Equivalents

Edison Sault considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Edison Sault Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/25/2005	2004/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

## NOTE C – LONG-TERM DEBT/BORROWING ARRANGEMENTS

At December 31, 2004, the maturities through 2008 and thereafter for the aggregate amount of long-term debt outstanding were:

<i>(thousands of dollars)</i>	
2005	\$ 2,331
2006	1,151
2007	1,281
2008	1,343
2009	1,000
Thereafter	<u>9,500</u>
Total	\$16,606

Edison Sault has in place an unsecured intercompany note from WEC with sinking fund and interest payments payable on a quarterly basis. The interest rate is 6.9%. The note matures in April 2012, at which time the balance of the remaining principal amount is payable to WEC. At December 31, 2004, Edison Sault has notes payable to WEC in the amount of \$14,500,000. Edison Sault may, at its option, prepay in whole or in part the unpaid balance of the note.

Edison Sault has authority from FERC to issue up to \$50 million in long-term and short-term obligations. Edison Sault also has authority to issue short-term thrift notes to Michigan residents. These notes mature one year from the date of issue, with interest at 2.5% to 3.0% below the New York prime rate, depending on the amount of the note. There were no short-term thrift notes outstanding at December 31, 2004, and December 31, 2003.

		2004	2003
		<i>(Thousands of Dollars)</i>	
Unsecured Notes	7.00% - 8.00% due 2005 – 2008	\$ 2,106	\$ 2,338

## NOTE D – LEASES AND PURCHASED POWER AGREEMENTS

Edison Sault's primary source of generation is its 30-megawatt hydroelectric generating plant located on the St. Marys River in Sault Ste. Marie, Michigan. The water for this facility is leased under a contract with the United States Corps of Engineers with tenure to December 31, 2050. However, the Secretary of the Army has the right to terminate the contract subsequent to December 2025 by providing at least a five-year termination notice. No such notice can be given prior to December 31, 2020. Edison Sault pays for all water taken from the St. Marys River at predetermined rates with a minimum annual payment of \$100,000. Annual rentals under this contract were \$910,000 in 2004 and \$793,000 in 2003. The total flow of water taken out of Lake Superior, which in effect is the flow of water in the St. Marys River, is under the direction and control of the International Joint Commission, created by the Boundary Water Treaty of 1909 between the United States and Great Britain, now represented by Canada.

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) 04/25/2005	Year/Period of Report 2004/Q4
Edison Sault Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

The International Joint Commission places limitations on the flow of water from Lake Superior that limits Edison Sault's amount of hydroelectric generation. Water elevation levels on Lake Superior have been below normal levels during the years 1998 through 2004, resulting in increased water release. During any limited flow months, it is necessary for Edison Sault to purchase additional power from other sources or increase the use of Edison Sault's diesel generation. Water elevation levels on Lake Superior in 2004 returned closer to their long-term averages, resulting in more water being available for hydroelectric operations.

Hydroelectric generation is also purchased by Edison Sault under contract from the United States Corps of Engineers' hydroelectric generating plant located within the Soo Locks complex on the St. Marys River in Sault Ste. Marie, Michigan. This 17-megawatt contract has tenure to November 1, 2040, and cannot be terminated by the United States government prior to November 1, 2030. Payments under the contract are scheduled to be \$1,323,000 annually, with modifications to such payments for power outages and the cost of designated repairs in excess of the federal share of such costs. Annual payments are subject to re-negotiation every five years, with the current terms having been implemented in November 2001.

Edison Sault purchases power from Consumers Energy Company under a wholesale power sales agreement that, with five year's notice, expires in 2020, or 2010 under an early termination provision. Under this agreement, Edison Sault purchased 20 megawatts of capacity in 2004 and 2003. Edison Sault can take up to 20 megawatts of energy per hour, at its option, and pays an energy charge for actual energy flow. The cost of power purchased from Consumers Energy totaled \$5,479,739 in 2004 and \$5,185,410 in 2003. Rates under the agreement were renegotiated with annual increases in rates to become effective in 2003.

Commencing January 1, 1998, Edison Sault purchased 20 megawatts of firm power from We Energies ("WE") under the terms of a ten-year agreement. Effective January 1, 2001, Edison Sault began purchasing additional capacity and energy from WE under the terms of a Joint Operating Agreement ("JOA"). Under the JOA, Edison Sault and WE each retain the rights to any generation and purchased power contracts that were in place on July 1, 2000. Any additional capacity and energy needs of the two companies would be obtained on a joint basis and the costs shared. The cost of power from WE was \$15,337,651 in 2004 and \$15,195,018 in 2003. Edison Sault also sold \$102,000 of power to WE under the JOA during 2004 and \$47,600 in 2003.

Edison Sault also leases certain office and computer equipment for which gross rentals were \$48,100 in 2004 and \$54,800 in 2003 under agreements that extend up to six years.

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) 04/25/2005	Year/Period of Report 2004/Q4
Edison Sault Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

## NOTE E – INCOME TAXES

The Company follows the liability method in accounting for income taxes as prescribed by SFAS 109, Accounting for Income Taxes. SFAS 109 requires the recording of deferred assets and liabilities to recognize the expected future tax consequences of events that have been reflected in the Company's financial statements or tax returns and the adjustment of deferred tax balances to reflect tax rate changes. Tax credits associated with regulated operations are deferred and amortized over the life of the assets.

The following summarizes the components of income tax expense:

	2004	2003
	(Thousands of Dollars)	
Current tax expense	\$ 112.5	\$ (394.4)
Deferred income taxes, net	2,420.1	3,278.0
Investment tax credit, net	(62.9)	(64.2)
Total Income Tax Expense	<u>\$ 2,469.7</u>	<u>\$ 2,819.4</u>
Total Income Taxes Paid (Received)	<u>\$ (491.5)</u>	<u>\$ 2,715.4</u>

The provision for income taxes for each of the years ended December 31 differs from the amount of income tax determined by applying the applicable U.S. statutory federal income tax rate to income before income taxes as a result of the following items:

	2004		2003	
	Amount	Effective Tax Rate	Amount	Effective Tax Rate
Income Tax Expense	(Thousands of Dollars)			
Expected tax at statutory federal tax rates	\$2,552.8	35.0%	\$2,554.0	35.0%
State income taxes net of federal benefit	33.8	0.5%	47.1	0.6%
Investment tax credit restored	(62.9)	(0.9%)	(64.2)	(0.9%)
Property related	18.5	0.3%	328.9	4.5%
Other, net	(72.5)	(1.0%)	(46.4)	(0.6%)
Total Income Tax Expense	<u>\$2,469.7</u>	<u>33.9%</u>	<u>\$2,819.4</u>	<u>38.6%</u>

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) 04/25/2005	Year/Period of Report 2004/Q4
Edison Sault Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

The components of Edison Sault's SFAS 109 deferred income taxes classified as net current assets and net long-term liabilities at December 31 are as follows:

Deferred Income Taxes	Current Assets (Liabilities)		Long-Term (Assets) Liabilities	
	2004	2003	2004	2003
	(Thousands of Dollars)			
Property-owned and leased	\$ -	\$ -	\$ 5,339.0	\$ 4,802.2
Property-investment	-	-	4,733.1	3,200.5
EPA regulatory asset	(60.0)	(143.2)	-	-
Property taxes	(244.3)	(242.4)	-	-
Pension	-	-	901.9	(592.3)
Employee benefit plans	-	-	(1,089.0)	(1,020.7)
Other	11.2	11.2	78.0	-
Total Deferred Income Taxes	<u>\$ (293.1)</u>	<u>\$ (374.4)</u>	<u>\$ 9,963.0</u>	<u>\$ 6,389.7</u>

#### NOTE F – PENSION PLAN AND OTHER BENEFITS

Edison Sault and WEC provide defined benefit pension and other postretirement benefit plans to employees. The WEC Plan provides pension benefits to employees of WEC, Edison Sault, and other subsidiaries of WEC.

WEC allocates the service cost component of pension costs to participating companies based on labor dollars. The assets, obligations, and the components of SFAS 87 pension costs other than service cost (including the minimum pension liability) are allocated by WEC's actuary to each of the participating companies as if each participating company had its own plan. A year-end measurement date is used for all pension and other postretirement benefit plans.

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Edison Sault Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/25/2005	2004/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

The disclosures below are based on an allocation of the amounts for the WEC Plan to Edison Sault. Also disclosed below is the aggregate funded status of those pension and other postretirement benefit plans with accumulated net benefit obligations in excess of plan assets.

	Pension Benefits		Other Postretirement Benefits	
	2004	2003	2004	2003
(Thousands of Dollars)				
Change in Benefit Obligation				
Benefit Obligation at January 1	\$ 16,194	\$ 16,435	\$ 3,807	\$ 3,399
Service Cost	253	344	30	38
Interest Cost	1,058	1,009	195	234
Plan Participants' Contributions	-	-	-	219
Plan Amendments	-	317	-	-
Actuarial Loss (Gain)	1,998	(910)	(418)	346
Special Benefits	-	-	21	-
Benefits Paid	(1,349)	(1,001)	(224)	(429)
Benefit Obligation at December 31	\$ 18,154	\$ 16,194	\$ 3,411	\$ 3,807
Change in Plan Assets				
Fair Value at January 1	\$ 9,785	\$ 8,762	\$ -	\$ -
Actual Return on Plan Assets	1,080	1,966	-	-
Employer Contributions	4,061	57	203	210
Plan Participants' Contribution	-	-	-	219
Special Benefits	-	-	21	-
Benefits Paid	(1,349)	(1,001)	(224)	(429)
Fair Value at December 31	\$ 13,577	\$ 9,784	\$ -	\$ -
Funded Status of Plans				
Funded Status at December 31	\$ (4,577)	\$ (6,409)	\$ (3,411)	\$ (3,807)
Unrecognized				
Net Actuarial Loss	5,924	4,247	1,203	1,677
Prior Service Cost	638	738	129	140
Net Transition (Asset) Obligation	(6)	(41)	388	437
Net Accrued Benefit Cost	\$ 1,979	\$ (1,465)	\$ (1,691)	\$ (1,553)
Amounts recognized in the statement of financial position consist of:				
Prepaid Benefit Cost	\$ 2,454	\$ -	\$ -	\$ -
Accrued Benefit Cost	(475)	(1,465)	(1,691)	(1,553)
Additional Minimum Liability	(6,522)	(3,766)	-	-
Intangible Asset	638	738	-	-
Accumulated Other Comprehensive Income	-	3,028	-	-
Regulatory Assets	5,884	-	-	-
Net Amount Recognized at End of Year	\$ 1,979	\$ (1,465)	\$ (1,691)	\$ (1,553)

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) 04/25/2005	Year/Period of Report 2004/Q4
Edison Sault Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

The components of net periodic pension and other postretirement benefit costs as well as the weighted-average assumptions used in accounting for the plans include the following:

	Pension Benefits		Other Postretirement Benefits	
	2004	2003	2004	2003
	<i>(Thousands of Dollars)</i>			
Net Periodic Benefit Cost				
Service Cost	\$ 254	\$ 344	\$ 30	\$ 38
Interest Cost	1,058	1,009	195	234
Expected Return on Plan Assets	(924)	(910)	-	-
Amortization of				
Transition (Asset) Obligation	(34)	(34)	49	49
Prior Service Cost	100	100	11	11
Actuarial Loss	164	20	55	89
Net Periodic Benefit Cost	<u>\$ 618</u>	<u>\$ 529</u>	<u>\$ 340</u>	<u>\$ 420</u>
Weighted-Average Assumptions at December 31				
Discount Rate	6.25	6.75	6.25	6.75
Expected Return on Plan Assets	9	9	9	9
Rate of Compensation Increase	4.5 to 5.0	4.5 to 5.0	NA	NA
Weighted-Average Assumptions Used to Determine Benefit Obligations at Dec. 31				
Discount Rate	5.75%	6.25%	5.75%	6.25%
Rate of Compensation Increase	4.5 to 5.0	4.5 to 5.0	5.0	5.0

Included in the above table for pension benefits are costs related to the management and bargaining unit pension plans and the Supplemental Executive Retirement Plan ("SERP").

Edison Sault's management and bargaining unit employees are covered under WEC's pension plan, whose assets, the majority of which are equity securities, are held by pension trusts. Other pension plan assets include corporate and government bonds and real estate.

Edison Sault has an unfunded, nonqualified SERP that provides benefits which were integrated with its Management Pension Plan.

Edison Sault has an unfunded, nonqualified Directors' Pension Plan that provides benefits to retired Directors meeting certain age and service requirements. The accrued liability of the Plan, included in Edison Sault's Statement of Financial Position at December 31, 2004, and 2003 was \$154,000 and \$191,000, respectively. The amount of expense recognized during 2004 and 2003 was \$14,000 and \$16,000, respectively, while benefits paid were \$51,000 for each year.

Other Postretirement Benefit Plans: Edison Sault accrues postretirement benefits (such as health care benefits) during the years an employee provides services in accordance with SFAS 106.

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) 04/25/2005	Year/Period of Report 2004/Q4
Edison Sault Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

The assumed health care cost trend rate at December 31, 2004, was 10.0%. Assumed health care cost trend rates have a significant effect on the amounts reported for health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1% Increase	1% Decrease
Effect on		
Postretirement Benefit Obligation	\$124,000	\$(112,000)
Total of Service and Interest Components	10,000	(9,000)

In December 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (Act) was signed into law. The Act introduced a prescription drug benefit program under Medicare as well as a federal subsidy to sponsors of retiree health care benefit plans. In the second quarter of 2004, the FASB issued Staff Position (FSP) SFAS 106-2, Accounting and Disclosure Requirements related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003.

In accordance with FSP 106-2, Edison Sault chose to recognize the effects of the Act retroactively effective January 1, 2004, with the impacts calculated actuarially. The Act resulted in no change to Edison Sault's benefit obligation and 2004 SFAS 106 expense. Assumptions used to develop this calculation include those used in the determination of the annual SFAS 106 expense and also include expectations of how the federal program will ultimately operate. In January 2005, the Centers for Medicare & Medicaid Services released final regulations to implement the new prescription drug benefit under Part D of Medicare. It was determined that the employer sponsored plans meet these regulations and that the previously determined actuarial measurements are still accurate.

**Plan Assets:** In our opinion, current pension trust assets and amounts, which are expected to be contributed to the trusts in the future, will be adequate to meet pension payment obligations to current and future retirees. Our pension plans asset allocation at December 31, 2004, and 2003, and our target allocation for 2005, by asset category, are as follows:

Asset Category	Target Allocation	Percentage of Pension Plans Assets at December 31	
		2004	2003
Equity Securities	72%	73%	76%
Debt Securities	28%	27%	24%
Total	100%	100%	100%

Wisconsin Energy Corporation's common stock is not included in equity securities. Investment managers are specifically prohibited from investing in our securities or any affiliate of ours except if part of a commingled fund.

The target asset allocation was established by a Chairman-appointed Investment Trust Policy Committee, which oversees investment matters related to all of our funded benefit plans. Asset allocation is monitored by the Investment Trust Policy Committee.



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) 04/25/2005	Year/Period of Report 2004/Q4
Edison Sault Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

### Cashflows:

<u>Employer Contributions</u>	<u>Pension Benefits</u>	<u>Other Post-retirement Benefits</u>
	(Thousands of Dollars)	
2003	\$ 57	\$210
2004	\$4,061	\$203
2005 (Expected)	\$ 57	\$263

Of \$57,000 expected to be contributed to fund pension benefits in 2005, none will be for our qualified plans since there is no minimum required by law. Edison Sault contributed \$4.0 million to our qualified pension plans during 2004. There was no contribution made during 2003 to the qualified pension plans.

The entire contribution to the other post-retirement benefit plans during 2004 was discretionary as the plans are not subject to any minimum regulatory funding requirements.

The following table identifies our expected benefit payments over the next ten years:

<u>Year</u>	<u>Pension</u>	<u>Gross Other Post Employment Benefits</u>	<u>Expected Medicare Part D Subsidy</u>
		(Thousands of Dollars)	
2005	\$1,297	\$ 263	-0-
2006	\$1,367	\$ 268	-0-
2007	\$1,367	\$ 265	-0-
2008	\$1,482	\$ 256	-0-
2009	\$1,579	\$ 265	-0-
2010-2014	\$8,376	\$1,429	-0-

Savings Plan: Edison Sault sponsors a defined contribution savings plan which allows employees to contribute a portion of their pretax and/or after tax income in accordance with plan specified guidelines. Edison Sault matches 50% of employee contributions up to 6% of the employee's annual compensation. Matching contributions charged to expense amounted to \$134,000 and \$136,000 during 2004 and 2003, respectively.

### NOTE G – COMMITMENTS AND CONTINGENCIES

**Thick 'n Thin Lumber Company Lawsuit:** On June 4, 2001, Edison Sault was served with a summons and complaint filed by Michael Tassier and Katherine Tassier d/b/a Thick 'N Thin Lumber Company in the Circuit Court for Mackinac County, Michigan in which it is alleged that faulty electrical facilities caused an electrical fire which caused damage to a lumber mill in the amount of approximately \$500,000. Edison Sault's engineers and consultants, after investigation of the fire, are of the opinion that the electrical fire resulted from a problem in the main electrical cabinet at the mill rather than a fault in Edison Sault's facilities. This lawsuit was settled in September of 2004 for an insignificant amount.

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) 04/25/2005	Year/Period of Report 2004/Q4
Edison Sault Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

**Oglebay Norton Bankruptcy:** In February 2004, Oglebay Norton Company filed for reorganization under Chapter 11 of the Bankruptcy laws for itself and all of its subsidiaries. Edison Sault supplies electric service pursuant to special contracts to two quarries operated by Michigan Limestone Operations, a subsidiary of Oglebay Norton included in the bankruptcy proceeding.

Edison Sault had unsecured claims of \$122,000 included in the bankruptcy proceeding and as a result increased its uncollectible accounts expense in 2004 to recognize the unsecured claims. Oglebay Norton subsequently emerged from bankruptcy and Michigan Limestone paid Edison Sault's unsecured claims in full in April of 2005.

**St. Ignace Division Remediation Project:** A decommissioned diesel generating site located at the St. Ignace Division's service center is currently being remediated for diesel fuel. The Michigan Department of Environmental Quality (DEQ) is working with Edison Sault at the site. The cost of the remediation was \$118,000 in 2004. It is expected that the cost for remediation in 2005 will be approximately \$25,000.





Name of Respondent Edison Sault Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION					
Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (f) common function.					
Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)		
1	Utility Plant				
2	In Service				
3	Plant in Service (Classified)	81,749,436	81,749,436		
4	Property Under Capital Leases				
5	Plant Purchased or Sold				
6	Completed Construction not Classified				
7	Experimental Plant Unclassified				
8	Total (3 thru 7)	81,749,436	81,749,436		
9	Leased to Others				
10	Held for Future Use				
11	Construction Work in Progress	666,488	666,488		
12	Acquisition Adjustments	-18,560	-18,560		
13	Total Utility Plant (8 thru 12)	82,397,364	82,397,364		
14	Accum Prov for Depr. Amort, & Depl	40,151,973	40,151,973		
15	Net Utility Plant (13 less 14)	42,245,391	42,245,391		
16	Detail of Accum Prov for Depr. Amort & Depl				
17	In Service:				
18	Depreciation	40,152,866	40,152,866		
19	Amort & Depl of Producing Nat Gas Land/Land Right				
20	Amort of Underground Storage Land/Land Rights				
21	Amort of Other Utility Plant	10,817	10,817		
22	Total In Service (18 thru 21)	40,163,683	40,163,683		
23	Leased to Others				
24	Depreciation				
25	Amortization and Depletion				
26	Total Leased to Others (24 & 25)				
27	Held for Future Use				
28	Depreciation				
29	Amortization				
30	Total Held for Future Use (28 & 29)				
31	Abandonment of Leases (Natural Gas)				
32	Amort of Plant Acquisition Adj				
33	Total Accum Prov (equals 14) (22,26,30,31,32)	40,163,683	40,163,683		

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)**

- Report below the original cost of electric plant in service according to the prescribed accounts.
- 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.
- Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
- For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments.
- Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
- 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)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization	565	
3	(302) Franchises and Consents	16,582	
4	(303) Miscellaneous Intangible Plant		
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)	17,147	
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights		
9	(311) Structures and Improvements		
10	(312) Boiler Plant Equipment		
11	(313) Engines and Engine-Driven Generators		
12	(314) Turbogenerator Units		
13	(315) Accessory Electric Equipment		
14	(316) Misc. Power Plant Equipment		
15	(317) Asset Retirement Costs for Steam Production		
16	TOTAL Steam Production Plant (Enter Total of lines 8 thru 15)		
17	B. Nuclear Production Plant		
18	(320) Land and Land Rights		
19	(321) Structures and Improvements		
20	(322) Reactor Plant Equipment		
21	(323) Turbogenerator Units		
22	(324) Accessory Electric Equipment		
23	(325) Misc. Power Plant Equipment		
24	(326) Asset Retirement Costs for Nuclear Production		
25	TOTAL Nuclear Production Plant (Enter Total of lines 18 thru 24)		
26	C. Hydraulic Production Plant		
27	(330) Land and Land Rights	63,532	
28	(331) Structures and Improvements	908,439	
29	(332) Reservoirs, Dams, and Waterways	3,785,511	
30	(333) Water Wheels, Turbines, and Generators	3,531,234	87,916
31	(334) Accessory Electric Equipment	6,023,927	
32	(335) Misc. Power Plant Equipment	225,851	2,662
33	(336) Roads, Railroads, and Bridges		
34	(337) Asset Retirement Costs for Hydraulic Production		
35	TOTAL Hydraulic Production Plant (Enter Total of lines 27 thru 34)	14,538,494	90,578
36	D. Other Production Plant		
37	(340) Land and Land Rights	77	
38	(341) Structures and Improvements		
39	(342) Fuel Holders, Products, and Accessories	74,559	
40	(343) Prime Movers		
41	(344) Generators	435,129	
42	(345) Accessory Electric Equipment	65,326	
43	(346) Misc. Power Plant Equipment	9,491	

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

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

distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years 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.

7. Show in column (f) reclassifications 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, 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.

8. 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 requirement of these pages.

9. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchase, 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

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				1
			565	2
			16,582	3
				4
			17,147	5
				6
				7
				8
				9
				10
				11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
				25
				26
			63,532	27
			908,439	28
			3,785,511	29
23,762			3,595,388	30
			6,023,927	31
			228,513	32
				33
				34
23,762			14,605,310	35
				36
			77	37
				38
			74,559	39
				40
			435,129	41
			65,326	42
			9,491	43

Name of Respondent Edison Sault Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)					
Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)		
44	(347) Asset Retirement Costs for Other Production				
45	TOTAL Other Prod. Plant (Enter Total of lines 37 thru 44)	584,582			
46	TOTAL Prod. Plant (Enter Total of lines 16, 25, 35, and 45)	15,123,076	90,578		
47	3. TRANSMISSION PLANT				
48	(350) Land and Land Rights				
49	(352) Structures and Improvements				
50	(353) Station Equipment				
51	(354) Towers and Fixtures				
52	(355) Poles and Fixtures				
53	(356) Overhead Conductors and Devices				
54	(357) Underground Conduit				
55	(358) Underground Conductors and Devices				
56	(359) Roads and Trails				
57	(359.1) Asset Retirement Costs for Transmission Plant				
58	TOTAL Transmission Plant (Enter Total of lines 48 thru 57)				
59	4. DISTRIBUTION PLANT				
60	(360) Land and Land Rights	69,549			
61	(361) Structures and Improvements	51,710			
62	(362) Station Equipment	6,333,403	198,896		
63	(363) Storage Battery Equipment				
64	(364) Poles, Towers, and Fixtures	10,519,292	203,170		
65	(365) Overhead Conductors and Devices	8,141,351	241,170		
66	(366) Underground Conduit	90,533			
67	(367) Underground Conductors and Devices	11,751,642	209,234		
68	(368) Line Transformers	11,083,683	393,883		
69	(369) Services	4,650,029	212,710		
70	(370) Meters	3,098,342	205,965		
71	(371) Installations on Customer Premises	451,369	-3,544		
72	(372) Leased Property on Customer Premises				
73	(373) Street Lighting and Signal Systems	750,136	-509		
74	(374) Asset Retirement Costs for Distribution Plant				
75	TOTAL Distribution Plant (Enter Total of lines 60 thru 74)	56,991,039	1,660,975		
76	5. GENERAL PLANT				
77	(389) Land and Land Rights	36,565			
78	(390) Structures and Improvements	1,436,414	3,194		
79	(391) Office Furniture and Equipment	1,401,501	1,950		
80	(392) Transportation Equipment	961,165	264,390		
81	(393) Stores Equipment	80,866			
82	(394) Tools, Shop and Garage Equipment	1,208,194	41,398		
83	(395) Laboratory Equipment	124,779			
84	(396) Power Operated Equipment	2,006,016			
85	(397) Communication Equipment	400,815			
86	(398) Miscellaneous Equipment				
87	SUBTOTAL (Enter Total of lines 77 thru 86)	7,656,315	310,932		
88	(399) Other Tangible Property				
89	(399.1) Asset Retirement Costs for General Plant				
90	TOTAL General Plant (Enter Total of lines 87, 88 and 89)	7,656,315	310,932		
91	TOTAL (Accounts 101 and 106)	79,787,577	2,062,485		
92	(102) Electric Plant Purchased (See Instr. 8)				
93	(Less) (102) Electric Plant Sold (See Instr. 8)				
94	(103) Experimental Plant Unclassified				
95	TOTAL Electric Plant in Service (Enter Total of lines 91 thru 94)	79,787,577	2,062,485		



Name of Respondent Edison Sault Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					44
			584,582		45
23,762			15,189,892		46
					47
					48
					49
					50
					51
					52
					53
					54
					55
					56
					57
					58
					59
			69,549		60
			51,710		61
868			6,531,431		62
					63
10,350			10,712,112		64
18,592			8,363,929		65
			90,533		66
1,557			11,959,319		67
			11,477,566		68
1,661			4,861,078		69
			3,304,307		70
3,148			444,677		71
					72
3,701			745,926		73
					74
39,877			58,612,137		75
					76
			36,565		77
			1,439,608		78
			1,403,451		79
16,879			1,208,676		80
			80,866		81
1,868			1,247,724		82
			124,779		83
18,239			1,987,777		84
			400,815		85
					86
36,986			7,930,261		87
					88
					89
36,986			7,930,261		90
100,625			81,749,437		91
					92
					93
					94
100,625			81,749,437		95

Name of Respondent Edison Sault Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo. Da. Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
CONSTRUCTION WORK IN PROGRESS -- ELECTRIC (Account 107)					
1. Report below descriptions and balances at end of year of projects in process of construction (107)					
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstrating (see Account 107 of the Uniform System of Accounts)					
3. Minor projects (5% of the Balance End of the Year for Account 107 or \$100,000, whichever is less) may be grouped.					
Line No.	Description of Project (a)				Construction work in progress - Electric (Account 107) (b)
1	Minor Projects				335,177
2	Evergreen Substation				331,311
3					
4					
5					
6					
7					
8					
9					
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	TOTAL				666,488

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

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

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

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

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	37,548,289	37,548,289		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	2,665,039	2,665,039		
4	(403.1) Depreciation Expense for Asset Retirement Costs				
5	(413) Exp. of Elec. Plt. Leas. to Others				
6	Transportation Expenses-Clearing	78,573	78,573		
7	Other Clearing Accounts				
8	Other Accounts (Specify, details in footnote):				
9					
10	TOTAL Deprec. Prov for Year (Enter Total of lines 3 thru 9)	2,743,612	2,743,612		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	100,626	100,626		
13	Cost of Removal	38,409	38,409		
14	Salvage (Credit)				
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	139,035	139,035		
16	Other Debit or Cr. Items (Describe, details in footnote):				
17					
18	Book Cost or Asset Retirement Costs Retired				
19	Balance End of Year (Enter Totals of lines 1, 10, 15, 16, and 18)	40,152,866	40,152,866		

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

20	Steam Production				
21	Nuclear Production				
22	Hydraulic Production-Conventional	8,013,188	8,013,188		
23	Hydraulic Production-Pumped Storage				
24	Other Production	482,070	482,070		
25	Transmission				
26	Distribution	27,419,577	27,419,577		
27	General	4,238,031	4,238,031		
28	TOTAL (Enter Total of lines 20 thru 27)	40,152,866	40,152,866		

Name of Respondent Edison Sault Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
<b>MATERIALS AND SUPPLIES</b>					
<p>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.</p> <p>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 debit or credits to stores expense clearing, if applicable.</p>					
Line No.	Account (a)	Balance Beginning of Year (b)	Balance End of Year (c)	Department or Departments which Use Material (d)	
1	Fuel Stock (Account 151)	14,972	12,494	Generation	
2	Fuel Stock Expenses Undistributed (Account 152)				
3	Residuals and Extracted Products (Account 153)				
4	Plant Materials and Operating Supplies (Account 154)				
5	Assigned to - Construction (Estimated)	467,248	658,026		
6	Assigned to - Operations and Maintenance				
7	Production Plant (Estimated)				
8	Transmission Plant (Estimated)				
9	Distribution Plant (Estimated)	51,916	73,114	Distribution	
10	Assigned to - Other (provide details in footnote)				
11	TOTAL Account 154 (Enter Total of lines 5 thru 10)	519,164	731,140		
12	Merchandise (Account 155)				
13	Other Materials and Supplies (Account 156)				
14	Nuclear Materials Held for Sale (Account 157) (Not applic to Gas Util)				
15	Stores Expense Undistributed (Account 163)	22,285	64,303		
16					
17					
18					
19					
20	TOTAL Materials and Supplies (Per Balance Sheet)	556,421	807,937		

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**OTHER REGULATORY ASSETS (Account 182.3)**

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

Line No.	Description and Purpose of Other Regulatory Assets  (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS		Balance at end of Current Quarter/Year (f)
				Written off During the Quarter/Year Account Charged (d)	Written off During the Period Amount (e)	
1	Adjust Accumulated Deferred Taxes related to plant	252,413		285	108,000	154,413
2	in service for prior flow-through items.					
3						
4	Manistique River EPA Area of Concern	405,200		925	237,600	171,600
5						
6						
7	Deferred Regulatory Asset-Pension		5,884,000			5,884,000
8						
9						
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	671,613	5,884,000		345,600	\$210,013

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**MISCELLANEOUS DEFERRED DEBITS (Account 186)**

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

Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	106 Deferred Transition Asset	436,546		926	48,505	388,041
2						
3	Intangible Pension Plan Asset	739,000	638,000	253	739,000	638,000
4						
5	Officer Stock Plan	39,787		926	2,068	37,719
6						
7						
8						
9						
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						
45						
46						
47	Misc. Work in Progress	35,804				57,770
48	Deferred Regulatory Comm. Expenses (See pages 350 - 351)					
49	TOTAL	1,251,137				1,121,530

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**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.	Description and Location (a)	Balance of Beginning of Year (b)	Balance at End of Year (c)
1	Electric		
2	CIAC	1,256,293	1,320,757
3	Bad Debt Reserve	11,200	11,200
4	Benefit Plans	345,956	-126,353
5	SFAS 109	154,103	44,103
6			
7	Other		
8	TOTAL Electric (Enter Total of lines 2 thru 7)	1,777,552	1,249,707
9	Gas		
10			
11			
12			
13			
14			
15	Other		
16	TOTAL Gas (Enter Total of lines 10 thru 15)		
17	Deferred Comp - Earnings	207,101	235,462
18	TOTAL (Acct 190) (Total of lines 8, 16 and 17)	1,984,653	1,485,169

Notes

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**CAPITAL STOCKS (Account 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 outlined in column (a) is available from the SEC 10-K Report Form filing, a specific reference to report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.
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 Series (a)	Number of shares Authorized by Charter (b)	Par or Stated Value per share (c)	Call Price at End of Year (d)
1	Common Stock (Held by Parent)	3,000,000	1.00	
2				
3				
4	Total_Com	3,000,000		
5				
6				
7	Cumulative Preferred	160,000	25.00	
8				
9				
10	Total_Pre	160,000		
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				



Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**CAPITAL STOCKS (Account 201 and 204) (Continued)**

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

OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent)		HELD BY RESPONDENT				Line No.
		AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	
702,629	702,629	28,700	444,850			1
						2
						3
702,629	702,629	28,700	444,850			4
						5
						6
						7
						8
						9
						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

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**OTHER PAID-IN CAPITAL (Accounts 208-211, inc.)**

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

- (a) Donations Received from Stockholders (Account 208)-State amount and give brief explanation of the origin and purpose of each donation.  
 (b) Reduction in Par or Stated value of Capital Stock (Account 209): State amount and give brief explanation of the capital change which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.  
 (c) Gain on Resale or Cancellation of Reacquired Capital Stock (Account 210): Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.  
 (d) Miscellaneous Paid-in Capital (Account 211)-Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1	Account 209 - Reduction in Par Value of Capital Stock	
2	Shareholders at the May 5, 1987 annual meeting amended the Restated Ar	
3	Incorporation to increase the number of authorized common shares of co	
4	from 800,000 shares to 3,000,000 shares and decreased the par value fr	
5	to \$1 per share (668,005 shares @ 4.00). Account 209	2,672,020
6		
7	Account 211 - Miscellaneous Paid-In-Capital	
8	Amount received by ESELCO as its share of the final cash balance of it	
9	holding company (American States Utilities Corp.) which was dissolved	1,956
10		
11	Amount received from Baltimore Natl. Bank covering the final settlemen	
12	the American States Utilities Corp. Plan for dissolution-Civil Action	
13	of the U.S. District Court for the District of Nebraska, passed March	6,432
14		
15	Cancellation of 789.4 shares of ESELCO common stock which represented	
16	stock held by the Baltimore Natl. Bank since the time of dissolution i	3,947
17		
18	Amount transferred from Eamed Surplus to Capital Surplus in accordanc	
19	MPSC Order No. D-500-55-2 covering an amount equal to \$4.10 per share	
20	20,593 shares of common stock issued in payment of a 10% stock dividen	
21	on December 6, 1955, paid on 1-25-56.	84,432
22		
23	Amount transferred from Retained Earnings in connection with the 5% st	
24	declared 03-02-81 and issued 07-15-81 as approved by the MPSC in Case	
25	shares issued @ \$9.25. \$5.00 Common Stock and \$4.25 miscellaneous pa	90,487
26		
27	Amount transferred from Retained Earnings in connection with the 5% st	
28	declared 03-10-83 and issued 07-15-83 as approved by the MPSC in Case	
29	shares issued @ \$12.25. \$5.00 Common Stock and \$7.25 miscellaneous p	179,270
30		
31	Amount transferred from Retained Earnings in connection with the 5% st	
32	declared 03-15-84 and issued 07-15-84 as approved by the MPSC in Case	
33	shares issued @ \$13.25. \$5.00 Common Stock and \$8.25 miscellaneous pa	221,810
34		
35	Amount transferred from Retained Earnings in connection with the 5% st	
36	declared 03-14-85 and issued 07-15-85 as approved by the MPSC in Case	
37	shares issued @ \$15.00. \$5.00 Common Stock and \$10.00 miscellaneous p	285,440
38		
39	SUBTOTAL	3,545,794
40	TOTAL	8,740,477

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**OTHER PAID-IN CAPITAL (Accounts 208-211, inc.)**

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

- (a) Donations Received from Stockholders (Account 208)-State amount and give brief explanation of the origin and purpose of each donation.  
 (b) Reduction in Par or Stated value of Capital Stock (Account 209): State amount and give brief explanation of the capital change which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.  
 (c) Gain on Resale or Cancellation of Reacquired Capital Stock (Account 210): Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.  
 (d) Miscellaneous Paid-in Capital (Account 211)-Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1	Account 211 - Miscellaneous Paid-In Capital (continued)	
2		
3	Amount transferred from Retained Earnings in connection with the 5% st	
4	declared 03-13-86 and issued 07-15-86 as approved by the MPSC in Case	
5	shares issued @ \$21.75. \$5.00 Common Stock and \$16.75 miscellaneous p	502,868
6		
7	Amount transferred from Retained Earnings in connection with the 3% st	
8	declared 03-03-88 and issued 07-15-88 as approved by the MPSC in Case	
9	shares issued @ \$22.75. \$1.00 Common Stock and \$21.75 miscellaneous p	410,532
10		
11	Paid in capital recieved from Parent, ESELCO, INC., during 1989	857,515
12	Paid in capital received from Parent. ESELCO. INC., during 1990	416,309
13	Paid in capital received from Parent, ESELCO, INC., during 1993	1,580,000
14	Paid in capital received from Parent, ESELCO, INC.. during 1994	517,605
15	Issuance of Restricted Stock from Parent, ESELCO, INC., during 1996	878,220
16	Federal and State taxes on N.Q. Stock Options 2003 & 2004	31,634
17		
18	Subtotal	5,194,683
19		
20		
21		
22		
23	Account 209 \$2,672,020	
24	Account 211 6,068,457	
25		
26	\$8,740,477	
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40	TOTAL	8,740,477

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

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

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

Line No.	Class and Series of Obligation, Coupon Rate (For new issue, give commission Authorization numbers and dates) (a)	Principal Amount Of Debt issued (b)	Total expense. Premium or Discount (c)
1	Account 221 - Long-Term Debt		
2			
3	Energy Thrift Notes 7.5% - 8.0%	10,000,000	
4			
5			
6	Account 223 - Long-Term Debt		
7			
8	Wisconsin Energy Corporation 6.886%	20,000,000	
9			
10			
11			
12			
13			
14			
15			
16			
17	Subtotal	30,000,000	
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33	TOTAL	30,000,000	

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

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

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

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD		Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
						1
						2
010186	123108			2,106,000	174,304	3
						4
						5
						6
						7
06/01/02	05/31/12			14,500,000	1,024,293	8
						9
						10
						11
						12
						13
						14
						15
						16
				16,606,000	1,198,597	17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
				16,606,000	1,198,597	33

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**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 member, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.
3. A substitute page, designed to meet a particular need of a company, may be used as long as the data is consistent and meets the requirements of the above instructions. For electronic reporting purposes complete Line 27 and provide the substitute Page in the context of a footnote.

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 117)	4,824,069
2		
3		
4	Taxable Income Not Reported on Books	
5	Contributions in Aid of Construction	184,184
6		
7		
8		
9	Deductions Recorded on Books Not Deducted for Return	
10	Net Federal Income Tax Expense	2,417,609
11	EPA Writeoffs	237,600
12	Michigan Single Business Tax Adjustments/WI Franchise Tax	38,200
13	Property Tax Adjustment	22,924
14	Income Recorded on Books Not Included in Return	
15		
16		
17		
18		
19	Deductions on Return Not Charged Against Book Income	
20	Depreciation	-1,479,537
21	Business Meals and Life Insurance Expense	-228,200
22	Net Employee Benefits and Deferred Compensation	-1,045,704
23	Miscellaneous Deferred Expenses	-534,410
24	ATC Investments	-4,310,000
25		
26		
27	Federal Tax Net Income	126,735
28	Show Computation of Tax:	
29	Federal Income Tax Expense \$ 126,735 @ 35%	44,557
30	Rounding	-3
31	Total Federal Income Tax Expense	44,354
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR**

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

Line No.	Kind of Tax (See instruction 5) (a)	BALANCE AT BEGINNING OF YEAR		Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)
		Taxes Accrued (Account 236) (b)	Prepaid Taxes (Include in Account 165) (c)			
1	FEDERAL					
2	2000	3,000				-3,000
3	2001	3,000				
4	2002	3,000				
5	2003	-720,872		16,121	-719,809	-12,058
6	2004			44,354	178,300	-13,858
7	SUBTOTAL	-711,872		60,475	-541,509	-28,916
8						
9	FICA			334,237	334,237	
10	UNEMPLOYMENT	1,358		2,793	4,078	
11	SUBTOTAL	1,358		337,030	338,315	
12						
13	STATE OF MICHIGAN					
14	2003	-3,078		4,086	45,000	43,992
15	2004			249,100	225,000	-45,535
16	SUBTOTAL	-3,078		253,186	270,000	-1,543
17						
18	UNEMPLOYMENT	344		1,436	1,755	
19	SUBTOTAL	344		1,436	1,755	
20						
21	LOCAL					
22	2003	534,160			534,160	
23	2004			1,275,808	730,586	
24						
25	SUBTOTAL	534,160		1,275,808	1,264,746	
26						
27	STATE OF WISCONSIN					
28	Income Tax					
29	2003	-52,101		-12,055		64,156
30	2004			64,100	50,000	-65,331
31	SUBTOTAL	-52,101		52,045	50,000	-1,175
32						
33						
34	STATE OF MINNESOTA					
35	Income Tax					
36	2004				5,000	
37						
38						
39						
40						
41	TOTAL	-231,189		1,979,980	1,388,307	-31,634

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

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

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				Line No.
(Taxes accrued Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	Electric (Account 408.1, 409.1) (i)	Extraordinary Items (Account 409.3) (j)	Adjustments to Ret. Earnings (Account 439) (k)	Other (l)	
						1
						2
3,000						3
3,000						4
3,000		16,121				5
-147,804		287,593			-243,239	6
-138,804		303,714			-243,239	7
						8
					334,237	9
73					2,793	10
73					337,030	11
						12
						13
		4,086				14
-21,435		261,300			-12,200	15
-21,435		265,386			-12,200	16
						17
25					1,436	18
25					1,436	19
						20
						21
						22
545,222		1,275,808				23
						24
545,222		1,275,808				25
						26
						27
						28
		-12,055				29
-51,231		64,100				30
-51,231		52,045				31
						32
						33
						34
						35
-5,000						36
						37
						38
						39
						40
328,850		1,896,953			83,027	41



Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

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

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

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Deferred for Year		Allocations to Current Year's Income		Adjustments (g)
			Account No. (c)	Amount (d)	Account No. (e)	Amount (f)	
1	Electric Utility						
2	3%	58			411.4	5	
3	4%	542			411.4	542	
4	7%						
5	10%	278,558			411.4	37,692	
6							
7	JDITC-ATC	132,991			411.5	24,685	
8	TOTAL	412,149				62,924	
9	Other (List separately and show 3%, 4%, 7%, 10% and TOTAL)						
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							
45							
46							
47							
48							

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

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

Balance at End of Year (h)	Average Period of Allocation to Income (i)	ADJUSTMENT EXPLANATION	Line No.
			1
53			2
			3
			4
240,866			5
			6
108,306			7
349,225			8
			9
			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
			45
			46
			47
			48

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**OTHER DEFERRED CREDITS (Account 253)**

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

Line No.	Description and Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1	Directors Deferred Comp.					
2	Fees	201,116	131	19,387		181,729
3	Earnings	591,718	131	42,059	123,092	672,751
4	Policy Loans	292,355	131		20,886	313,241
5						
6	Accrued Pension Cost	4,932,546	131	7,821,649	7,110,842	4,221,739
7						
8	Accrued OPEB Liability	1,990,262	131	202,507	291,205	2,078,969
9						
10	Accrued SERP Liability	489,730	131	57,441	43,000	475,289
11						
12	Current PSCR Refunds	-262,370	131	125,761	1,281,884	893,753
13	Current PSCR Interest	-29,388	131	26,033	62,008	6,587
14	Prior PSCR Refunds-Net		131	334,775	11,176	-323,599
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						
45						
46						
47	TOTAL	8,205,969		8,629,612	8,944,093	8,520,450

Name of Respondent Edison Sault Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282)					
1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization					
2. For other (Specify), include deferrals relating to other income and deductions.					
Line No.	Account  (a)	Balance at Beginning of Year  (b)	CHANGES DURING YEAR		
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)	
1	Account 282				
2	Electric	174,341	16,038	34,025	
3	Gas				
4	ATC Property	167,954			
5	TOTAL (Enter Total of lines 2 thru 4)	342,295	16,038	34,025	
6					
7					
8					
9	TOTAL Account 282 (Enter Total of lines 5 thru	342,295	16,038	34,025	
10	Classification of TOTAL				
11	Federal Income Tax	342,295	16,038	34,025	
12	State Income Tax				
13	Local Income Tax				

NOTES

Name of Respondent Edison Sault Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/25/2005		Year/Period of Report End of 2004/Q4	
ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282) (Continued)							
3. Use footnotes as required.							
CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits		Credits			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
							1
						156,354	2
							3
	716					167,238	4
	716					323,592	5
							6
							7
							8
	716					323,592	9
							10
	716					323,592	11
							12
							13

NOTES (Continued)

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

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

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

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	Property Taxes	242,410	254,143	252,288
4	ACRS	5,785,857	680,337	73,111
5	EPA Costs	143,220		83,160
6	Prior Plant in Service Flow Th	262,413		
7	ATC Property	3,032,534		
8	Pension Adjustment	-1,060,000		
9	TOTAL Electric (Total of lines 3 thru 8)	8,406,434	934,480	408,559
10	Gas			
11				
12				
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)			
18				
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	8,406,434	934,480	408,559
20	Classification of TOTAL			
21	Federal Income Tax	8,406,434	934,480	408,559
22	State Income Tax			
23	Local Income Tax			

NOTES

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

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

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

4. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits		Credits			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
						244,265	1
						6,393,083	2
						60,060	3
		192	108,000			154,413	4
1,540,952	7,596					4,565,890	5
				211	1,060,000		6
1,540,952	7,596		108,000		1,060,000	11,417,711	7
							8
							9
							10
							11
							12
							13
							14
							15
							16
							17
							18
1,540,952	7,596		108,000		1,060,000	11,417,711	19
							20
1,540,952	7,596		108,000		1,060,000	11,417,711	21
							22
							23

NOTES (Continued)

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**OTHER REGULATORY LIABILITIES (Account 254)**

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

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning of Current Quarter/Year (b)	DEBITS		Credits (e)	Balance at End of Current Quarter/Year (f)
			Account Credited (c)	Amount (d)		
1	Rate Adjustment on Accum. Deferred Taxes on the	49,231	191	36,000		13,231
2	Balance Sheet at rates other than 35%					
3						
4	Deferred Taxes on Unamortized ITC	114,872	191	84,000		30,872
5						
6						
7						
8						
9						
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	TOTAL	164,103		120,000		44,103



Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**ELECTRIC OPERATING REVENUES (Account 400)**

1. The following instructions generally apply to the annual version of these pages. Do not report quarterly data in columns (c), (e), (f), and (g). Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages.
2. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
3. 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.
4. If increases or decreases from previous period (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.

Line No.	Title of Account (a)	Operating Revenues Year to Date Quarterly/Annual (b)	Operating Revenues Previous year (no Quarterly) (c)
1	Sales of Electricity		
2	(440) Residential Sales	10,587,499	10,456,103
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)	16,129,282	15,979,090
5	Large (or Ind.) (See Instr. 4)	8,476,802	7,899,054
6	(444) Public Street and Highway Lighting	264,368	260,790
7	(445) Other Sales to Public Authorities	491,843	477,530
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers	35,949,794	35,072,567
11	(447) Sales for Resale	7,417,589	7,079,624
12	TOTAL Sales of Electricity	43,367,383	42,152,191
13	(Less) (449.1) Provision for Rate Refunds		
14	TOTAL Revenues Net of Prov. for Refunds	43,367,383	42,152,191
15	Other Operating Revenues		
16	(450) Forfeited Discounts	115,970	102,668
17	(451) Miscellaneous Service Revenues	20,441	36,240
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property	92,645	92,337
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues		
22			
23			
24			
25			
26	TOTAL Other Operating Revenues	229,056	231,245
27	TOTAL Electric Operating Revenues	43,596,439	42,383,436

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**ELECTRIC OPERATING REVENUES (Account 400)**

5. Commercial and industrial Sales, Account 442 may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 Kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)
6. See pages 108-109, Important Changes During Period, for important new territory added and important rate increase or decreases.
7. For Lines 2 4 5 and 6, see Page 304 for amounts relating to unbilled revenue by accounts.
8. Include unmetered sales. Provide details of such Sales in a footnote.

MEGAWATT HOURS SOLD		AVG.NO. CUSTOMERS PER MONTH		Line No.
Year to Date Quarterly/Annual (d)	Amount Previous year (no Quarterly) (e)	Current Year (no Quarterly) (f)	Previous Year (no Quarterly) (g)	
				1
168,632	170,484	18,676	18,536	2
				3
243,378	247,462	3,583	3,521	4
208,895	199,981	5	4	5
2,436	2,448	38	38	6
49,708	45,268	3	3	7
				8
				9
673,049	665,643	22,305	22,102	10
200,265	199,934	2	2	11
873,314	865,577	22,307	22,104	12
				13
873,314	865,577	22,307	22,104	14

Line 12, column (b) includes \$ 2.184 of unbilled revenues.

Line 12, column (d) includes 25 MWH relating to unbilled revenues

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

### SALES OF ELECTRICITY BY RATE SCHEDULES

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

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	440 Residential	167,304	10,436,891	18,676	8,958	0.0624
2	R-1 - Residential	1,308	149,222			0.1141
3	O/L - Protective Lights					
4	Total:	168,612	10,586,113	18,676	9,028	0.0628
5						
6	442 Commercial & Industrial					
7	G-1 - General Service	107,705	7,930,810	3,494	30,826	0.0736
8	L/G - Large General	128,846	7,758,847	89	1,447,708	0.0602
9	H/A - Heating & Air Conditionig	6,823	438,826			0.0643
10	Industrial	208,892	8,476,802	5	41,778,400	0.0406
11						
12						
13						
14	Total	452,266	24,605,285	3,588	126,050	0.0544
15						
16	444 Street Lighting	2,442	264,369	38	64,263	0.1083
17	Total	2,442	264,369	38	64,263	0.1083
18						
19	445 Other Public Authorities					
20	Cloverland Electric Coop	47,325	396,912	1	47,325,000	0.0084
21	Other Public Authorities	2,383	94,931	3	794,333	0.0398
22	Total	49,708	491,843	4	12,427,000	0.0099
23						
24						
25	Unbilled Revenue					
26	R-1 - Residential	19	1,386			0.0729
27	G-1 - General Service	6	798			0.1330
28	Total	25	2,184			0.0874
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL Billed	673,028	35,947,610	22,306	30,173	0.0534
42	Total Unbilled Rev.(See Instr. 6)	25	2,184	0	0	0.0874
43	TOTAL	673,053	35,949,794	22,306	30,174	0.0534

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**SALES FOR RESALE (Account 447)**

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

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	Cloverland Electric Coop	RQ	FERC 10			
2	Cloverland Electric Coop	RQ	FERC 15	15.3		
3						
4						
5						
6	Cloverland Electric Coop	OS	FERC 15			
7	Wisconsin Electric Power	OS	FERC 96			
8						
9	*1-g Alloc. of Edison Hydro Generation					
10	*2-j Transmission, Ancillary, and Losses					
11						
12						
13						
14						
	Subtotal RQ			0	0	0
	Subtotal non-RQ			0	0	0
	Total			0	0	0

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**SALES FOR RESALE (Account 447) (Continued)**

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

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

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

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

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

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

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

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

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

MegaWatt Hours Sold (g)	REVENUE			Total (\$ (h+i+j) (k)	Line No.
	Demand Charges (\$) (h)	Energy Charges (\$) (i)	Other Charges (\$) (j)		
65,173		1,513,312		1,513,312	1
130,531	1,434,117	3,268,657	1,099,145	5,801,919	2
					3
					4
					5
30		371		371	6
4,531		101,987		101,987	7
					8
					9
					10
					11
					12
					13
					14
195,704	1,434,117	4,781,969	1,099,145	7,315,231	
4,561	0	102,358	0	102,358	
200,265	1,434,117	4,884,327	1,099,145	7,417,589	

Name of Respondent Edison Sault Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo. Da. Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
ELECTRIC OPERATION AND MAINTENANCE EXPENSES					
If the amount for previous year is not derived from previously reported figures, explain in footnote.					
Line No.	Account (a)	Amount for Current Year (b)	Amount 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	(509) Allowances				
13	TOTAL Operation (Enter Total of Lines 4 thru 12)				
14	Maintenance				
15	(510) Maintenance Supervision and Engineering				
16	(511) Maintenance of Structures				
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	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)				
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-Nuc. Power (Entr tot lines 33 & 40)				
42	C. Hydraulic Power Generation				
43	Operation				
44	(535) Operation Supervision and Engineering	21,701	20,566		
45	(536) Water for Power	910,066	793,392		
46	(537) Hydraulic Expenses	88,894	203,396		
47	(538) Electric Expenses	150,282	179,503		
48	(539) Miscellaneous Hydraulic Power Generation Expenses	96,494	97,091		
49	(540) Rents				
50	TOTAL Operation (Enter Total of Lines 44 thru 49)	1,267,437	1,293,948		

Name of Respondent Edison Sault Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)					
If the amount for previous year is not derived from previously reported figures, explain in footnote.					
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)		
51	C. Hydraulic Power Generation (Continued)				
52	Maintenance				
53	(541) Maintenance Supervision and Engineering	58,852	55,348		
54	(542) Maintenance of Structures	126,202	149,371		
55	(543) Maintenance of Reservoirs, Dams, and Waterways	385,834	64,704		
56	(544) Maintenance of Electric Plant	232,668	202,399		
57	(545) Maintenance of Miscellaneous Hydraulic Plant	30,481	28,879		
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)	834,037	500,701		
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)	2,101,474	1,794,649		
60	D. Other Power Generation				
61	Operation				
62	(546) Operation Supervision and Engineering	18,217	15,020		
63	(547) Fuel	11,560	170,831		
64	(548) Generation Expenses				
65	(549) Miscellaneous Other Power Generation Expenses	15,399	14,318		
66	(550) Rents				
67	TOTAL Operation (Enter Total of lines 62 thru 66)	45,176	200,169		
68	Maintenance				
69	(551) Maintenance Supervision and Engineering	7,894	6,633		
70	(552) Maintenance of Structures				
71	(553) Maintenance of Generating and Electric Plant	8,090	11,187		
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	357			
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	16,341	17,820		
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	61,517	217,989		
75	E. Other Power Supply Expenses				
76	(555) Purchased Power	22,136,640	22,126,676		
77	(556) System Control and Load Dispatching				
78	(557) Other Expenses				
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	22,136,640	22,126,676		
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	24,299,631	24,139,314		
81	2. TRANSMISSION EXPENSES				
82	Operation				
83	(560) Operation Supervision and Engineering				
84	(561) Load Dispatching				
85	(562) Station Expenses				
86	(563) Overhead Lines Expenses				
87	(564) Underground Lines Expenses				
88	(565) Transmission of Electricity by Others	3,352,104	1,871,685		
89	(566) Miscellaneous Transmission Expenses				
90	(567) Rents				
91	TOTAL Operation (Enter Total of lines 83 thru 90)	3,352,104	1,871,685		
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 (Enter Total of lines 93 thru 98)				
100	TOTAL Transmission Expenses (Enter Total of lines 91 and 99)	3,352,104	1,871,685		
101	3. DISTRIBUTION EXPENSES				
102	Operation				
103	(580) Operation Supervision and Engineering	80,620	75,096		

Name of Respondent Edison Sault Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)				
If the amount for previous year is not derived from previously reported figures, explain in footnote.				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
104	3. DISTRIBUTION Expenses (Continued)			
105	(581) Load Dispatching	127,490	123,492	
106	(582) Station Expenses	82,720	70,110	
107	(583) Overhead Line Expenses	55,079	-45,539	
108	(584) Underground Line Expenses	1,954	6,132	
109	(585) Street Lighting and Signal System Expenses	78,516	78,915	
110	(586) Meter Expenses	66,690	103,844	
111	(587) Customer Installations Expenses	43,434	54,571	
112	(588) Miscellaneous Expenses	121,798	86,374	
113	(589) Rents			
114	TOTAL Operation (Enter Total of lines 103 thru 113)	658,301	552,995	
115	Maintenance			
116	(590) Maintenance Supervision and Engineering	95,242	84,267	
117	(591) Maintenance of Structures	121	1,460	
118	(592) Maintenance of Station Equipment	62,280	82,105	
119	(593) Maintenance of Overhead Lines	1,070,307	1,017,576	
120	(594) Maintenance of Underground Lines	185,030	177,198	
121	(595) Maintenance of Line Transformers	18,209	20,166	
122	(596) Maintenance of Street Lighting and Signal Systems	5,028	2,013	
123	(597) Maintenance of Meters	2,729	4,720	
124	(598) Maintenance of Miscellaneous Distribution Plant		250	
125	TOTAL Maintenance (Enter Total of lines 116 thru 124)	1,438,946	1,389,755	
126	TOTAL Distribution Exp (Enter Total of lines 114 and 125)	2,097,247	1,942,750	
127	4. CUSTOMER ACCOUNTS EXPENSES			
128	Operation			
129	(901) Supervision	113,839	106,463	
130	(902) Meter Reading Expenses	252,865	236,075	
131	(903) Customer Records and Collection Expenses	555,066	531,823	
132	(904) Uncollectible Accounts	185,595	78,658	
133	(905) Miscellaneous Customer Accounts Expenses	64,731	56,051	
134	TOTAL Customer Accounts Expenses (Total of lines 129 thru 133)	1,172,096	1,009,070	
135	5. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES			
136	Operation			
137	(907) Supervision	3,127	2,999	
138	(908) Customer Assistance Expenses	19,003	18,513	
139	(909) Informational and Instructional Expenses	4,752	6,768	
140	(910) Miscellaneous Customer Service and Informational Expenses			
141	TOTAL Cust. Service and Information. Exp. (Total lines 137 thru 140)	26,882	28,280	
142	6. SALES EXPENSES			
143	Operation			
144	(911) Supervision			
145	(912) Demonstrating and Selling Expenses			
146	(913) Advertising Expenses			
147	(916) Miscellaneous Sales Expenses			
148	TOTAL Sales Expenses (Enter Total of lines 144 thru 147)			
149	7. ADMINISTRATIVE AND GENERAL EXPENSES			
150	Operation			
151	(920) Administrative and General Salaries	1,141,411	1,113,613	
152	(921) Office Supplies and Expenses	231,820	223,920	
153	(Less) (922) Administrative Expenses Transferred-Credit	485,600	475,100	



Name of Respondent Edison Sault Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)					
If the amount for previous year is not derived from previously reported figures, explain in footnote.					
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)		
154	7. ADMINISTRATIVE AND GENERAL EXPENSES (Continued)				
155	(923) Outside Services Employed	315,132	393,357		
156	(924) Property Insurance	94,540	115,449		
157	(925) Injuries and Damages	392,713	323,891		
158	(926) Employee Pensions and Benefits	1,940,929	1,968,345		
159	(927) Franchise Requirements				
160	(928) Regulatory Commission Expenses	74,894	70,474		
161	(929) (Less) Duplicate Charges-Cr.	180,007	164,840		
162	(930.1) General Advertising Expenses	21,551	42,893		
163	(930.2) Miscellaneous General Expenses	47,980	80,968		
164	(931) Rents	2,223	3,505		
165	TOTAL Operation (Enter Total of lines 151 thru 164)	3,597,586	3,696,475		
166	Maintenance				
167	(935) Maintenance of General Plant	23,487	37,360		
168	TOTAL Admin & General Expenses (Total of lines 165 thru 167)	3,621,073	3,733,835		
169	TOTAL Elec Op and Maint Expn (Tot 80, 100, 126, 134, 141, 148, 168)	34,569,033	32,724,934		

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**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 projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

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

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

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

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

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

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

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

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	Cloverland Electric Coop	RQ		N/A	N/A	N/A
2						
3						
4	U.S. Corps. of Engineers	LU		N/A	N/A	N/A
5						
6	Consumers Energy Company	RQ	WR	20	20	20
7						
8	Wisconsin Electric Pwr. Co.		FERC 50	20	20	20
9	Wisconsin Electric Pwr. Co.	RQ	FERC 96	39	54	50
10						
11						
12						
13						
14						
	Total					

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

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

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

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

MegaWatt Hours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges (\$) (j)	Energy Charges (\$) (k)	Other Charges (\$) (l)	Total (j+k+l) of Settlement (\$) (m)	
45				-3,786		-3,786	1
							2
							3
160,198				1,323,036		1,323,036	4
							5
171,654			2,892,000	2,587,739		5,479,739	6
							7
175,680			1,560,000	3,952,800		5,512,800	8
205,753			2,362,963	7,461,888		9,824,851	9
							10
							11
							12
							13
							14
713,330			6,814,963	15,321,677		22,136,640	

Name of Respondent Edison Sault Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/25/2005		Year/Period of Report End of 2004/Q4		
TRANSMISSION OF ELECTRICITY BY OTHERS (Account 565) (Including transactions referred to as "wheeling")								
<p>1. Report all transmission, i.e. wheeling or electricity provided by other electric utilities, cooperatives, municipalities, other public authorities, qualifying facilities, and others for the quarter.</p> <p>2. In column (a) report each company or public authority that provided transmission service. Provide the full name of the company, abbreviate if necessary, but do not truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation with the transmission service provider. Use additional columns as necessary to report all companies or public authorities that provided transmission service for the quarter reported.</p> <p>3. In column (b) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNS - Firm Network Transmission Service for Self, LFP - Long-Term Firm Point-to-Point Transmission Reservations. OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point-to-Point Transmission Reservations. NF - Non-Firm Transmission Service, and OS - Other Transmission Service. See General Instructions for definitions of statistical classifications.</p> <p>4. Report in column (c) and (d) the total megawatt hours received and delivered by the provider of the transmission service.</p> <p>5. Report in column (e), (f) and (g) expenses as shown on bills or vouchers rendered to the respondent. In column (e) report the demand charges and in column (f) energy charges related to the amount of energy transferred. On column (g) report the total of all other charges on bills or vouchers rendered to the respondent, including any out of period adjustments. Explain in a footnote all components of the amount shown in column (g). Report in column (h) the total charge shown on bills rendered to the respondent. If no monetary settlement was made, enter zero in column (h). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.</p> <p>6. Enter "TOTAL" in column (a) as the last line.</p> <p>7. Footnote entries and provide explanations following all required data.</p>								
Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	TRANSFER OF ENERGY		EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS			
			Megawatt-hours Received (c)	Megawatt-hours Delivered (d)	Demand Charges (\$) (e)	Energy Charges (\$) (f)	Other Charges (\$) (g)	Total Cost of Transmission (\$) (h)
1	American Trans.Co./MISO						3,352,104	3,352,104
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
	TOTAL						3,352,104	3,352,104

Name of Respondent Edison Saut Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (ELECTRIC)				
Line No.	Description (a)	Amount (b)		
1	Industry Association Dues	43,500		
2	Nuclear Power Research Expenses			
3	Other Experimental and General Research Expenses			
4	Pub & Dist Info to Stkhldrs...expn servicing outstanding Securities			
5	Oth Expn >=5,000 show purpose, recipient, amount. Group if < \$5,000			
6	Society of Military Engineers	835		
7	Operation Action UP	1,000		
8	Chamber of Commerce	2,645		
9				
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				
45				
46	TOTAL	47,980		

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Account 403, 404, 405)**  
(Except amortization of acquisition adjustments)

- Report in section A for the year the amounts for : (b) Depreciation Expense (Account 403; (c) Depreciation Expense for Asset Retirement Costs (Account 403.1; (d) Amortization of Limited-Term Electric Plant (Account 404); and (e) Amortization of Other Electric Plant (Account 405).
- Report in Section 8 the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute charges and whether any changes have been made in the basis or rates used from the preceding report year.
- 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 included in any sub-account used.  
In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional Classifications and showing composite total. Indicate at the bottom of section C the manner in which column 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.
- 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)	Depreciation Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization of Limited Term Electric Plant (Account 404) (d)	Amortization of Other Electric Plant (Acc 405) (e)	Total (f)
1	Intangible Plant		411			411
2	Steam Production Plant					
3	Nuclear Production Plant					
4	Hydraulic Production Plant-Conventional	578,510				578,510
5	Hydraulic Production Plant-Pumped Storage					
6	Other Production Plant	26,868				26,868
7	Transmission Plant					
8	Distribution Plant	1,781,337				1,781,337
9	General Plant	278,324				278,324
10	Common Plant-Electric					
11	<b>TOTAL</b>	2,665,039	411			2,665,450

**B. Basis for Amortization Charges**

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**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 format 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 (Furnish name of regulatory commission or body the docket or case number and a description of the case) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expense for Current Year (b) + (c) (d)	Deferred in Account 182.3 at Beginning of Year (e)
1	MICHIGAN PUBLIC SERVICE COMMISSION				
2	U-13914 2004 PSCR Plan		1,411	1,411	
3	U-14271 2005 PSCR Plan		703	703	
4	U-13563-R 2003 PSCR Reconciliation Plan		4,155	4,155	
5	U-14231 Generation Planning Matter		423	423	
6	U-14391 Enbridge Energy Matter		903	903	
7	U-13975 Tree Vegetation Report		526	526	
8	Communications Systems Matter		3,735	3,735	
9	U-12270 Performance Standards Order		314	314	
10	Miscellaneous Matters		6,856	6,856	
11	MPSC Assessment	43,718		43,718	
12					
13	FEDERAL ENERGY REGULATORY COMMISSION				
14					
15	FERC Assessment	6,611		6,611	
16	FERC Financing Order		5,539	5,539	
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					
45					
46	TOTAL	50,329	24,555	74,894	

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**REGULATORY COMMISSION EXPENSES (Continued)**

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

EXPENSES INCURRED DURING YEAR				AMORTIZED DURING YEAR			
CURRENTLY CHARGED TO			Deferred to Account 182.3 (i)	Contra Account (j)	Amount (k)	Deferred in Account 182.3 End of Year (l)	Line No.
Department (f)	Account No. (g)	Amount (h)					
							1
		1,411					2
		703					3
		4,155					4
		423					5
		903					6
		526					7
		3,735					8
		314					9
		6,856					10
		43,718					11
							12
							13
							14
		6,611					15
		5,539					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
							45
		74,894					46



Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**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	206,265		
4	Transmission			
5	Distribution	453,961		
6	Customer Accounts	693,529		
7	Customer Service and Informational	14,061		
8	Sales			
9	Administrative and General	1,491,905		
10	TOTAL Operation (Enter Total of lines 3 thru 9)	2,859,721		
11	Maintenance			
12	Production	366,559		
13	Transmission			
14	Distribution	671,909		
15	Administrative and General			
16	TOTAL Maint. (Total of lines 12 thru 15)	1,038,468		
17	Total Operation and Maintenance			
18	Production (Enter Total of lines 3 and 12)	572,824		
19	Transmission (Enter Total of lines 4 and 13)			
20	Distribution (Enter Total of lines 5 and 14)	1,125,870		
21	Customer Accounts (Transcribe from line 6)	693,529		
22	Customer Service and Informational (Transcribe from line 7)	14,061		
23	Sales (Transcribe from line 8)			
24	Administrative and General (Enter Total of lines 9 and 15)	1,491,905		
25	TOTAL Oper. and Maint. (Total of lines 18 thru 24)	3,898,189	249,058	4,147,247
26	Gas			
27	Operation			
28	Production-Manufactured Gas			
29	Production-Nat. Gas (Including Expl. and Dev.)			
30	Other Gas Supply			
31	Storage, LNG Terminating and Processing			
32	Transmission			
33	Distribution			
34	Customer Accounts			
35	Customer Service and Informational			
36	Sales			
37	Administrative and General			
38	TOTAL Operation (Enter Total of lines 28 thru 37)			
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)			

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**DISTRIBUTION OF SALARIES AND WAGES (Continued)**

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Total Operation and Maintenance			
49	Production-Manufactured Gas (Enter Total of lines 28 and 40)			
50	Production-Natural Gas (Including Expl. and Dev.) (Total lines 29,			
51	Other Gas Supply (Enter Total of lines 30 and 42)			
52	Storage, LNG Terminating and Processing (Total of lines 31 thru			
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 and 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, and 61)	3,898,189	249,058	4,147,247
63	Utility Plant			
64	Construction (By Utility Departments)			
65	Electric Plant	298,081	47,724	345,805
66	Gas Plant			
67	Other (provide details in footnote):			
68	TOTAL Construction (Total of lines 65 thru 67)	298,081	47,724	345,805
69	Plant Removal (By Utility Departments)			
70	Electric Plant	29,587	307	29,894
71	Gas Plant			
72	Other (provide details in footnote):			
73	TOTAL Plant Removal (Total of lines 70 thru 72)	29,587	307	29,894
74	Other Accounts (Specify, provide details in footnote):			
75	Merchandise & Jobbing	333,292	6,057	339,349
76	Accrued Vacation	-58,380		-58,380
77	Temporary Facilities	2,237	24	2,261
78	Stores	91,415	-91,415	
79	Clearing Accounts	155,082	-155,082	
80	Accrued Expenses	56,673	-56,673	
81	Transfer to Subsidiaries	8,176		8,176
82				
83				
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	588,495	-297,089	291,406
96	TOTAL SALARIES AND WAGES	4,814,352		4,814,352

PURCHASES AND SALES OF ANCILLARY SERVICES	
1	
2	
3	
4	
5	
6	
7	
8	
9	
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	
45	
46	
47	
48	
49	
50	
51	
52	
53	
54	
55	
56	
57	
58	
59	
60	
61	
62	
63	
64	
65	
66	
67	
68	
69	
70	
71	
72	
73	
74	
75	
76	
77	
78	
79	
80	
81	
82	
83	
84	
85	
86	
87	
88	
89	
90	
91	
92	
93	
94	
95	
96	
97	
98	
99	
100	

In columns for usage, report usage-related billing determinant and the unit of measure.

- [illegible]

Name of Respondent Edison Sault Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo. Da. Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
<b>ELECTRIC ENERGY ACCOUNT</b>					
Report below the information called for concerning the disposition of electric energy generated, purchased, exchanged and wheeled during the year.					
Line No.	Item (a)	MegaWatt Hours (b)	Line No.	Item (a)	MegaWatt Hours (b)
1	<b>SOURCES OF ENERGY</b>		21	<b>DISPOSITION OF ENERGY</b>	
2	Generation (Excluding Station Use):		22	Sales to Ultimate Consumers (Including Interdepartmental Sales)	673,049
3	Steam		23	Requirements Sales for Resale (See instruction 4, page 311.)	195,704
4	Nuclear		24	Non-Requirements Sales for Resale (See instruction 4, page 311.)	4,561
5	Hydro-Conventional	201,505	25	Energy Furnished Without Charge	
6	Hydro-Pumped Storage		26	Energy Used by the Company (Electric Dept Only, Excluding Station Use)	2,008
7	Other	-72	27	Total Energy Losses	39,441
8	Less Energy for Pumping		28	TOTAL (Enter Total of Lines 22 Through 27) (MUST EQUAL LINE 20)	914,763
9	Net Generation (Enter Total of lines 3 through 8)	201,433			
10	Purchases	713,330			
11	Power Exchanges:				
12	Received				
13	Delivered				
14	Net Exchanges (Line 12 minus line 13)				
15	Transmission For Other (Wheeling)				
16	Received				
17	Delivered				
18	Net Transmission for Other (Line 16 minus line 17)				
19	Transmission By Others Losses				
20	TOTAL (Enter Total of lines 9, 10, 14, 18 and 19)	914,763			

Name of Respondent Edison Sault Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4	
<b>MONTHLY PEAKS AND OUTPUT</b>						
<p>(1) Report the monthly peak load and energy output. If the respondent has two or more power which are not physically integrated, furnish the required information for each non- integrated system.</p> <p>(2) Report on line 2 by month the system's output in Megawatt hours for each month.</p> <p>(3) Report on line 3 by month the non-requirements sales for resale. Include in the monthly amounts any energy losses associated with the sales.</p> <p>(4) Report on line 4 by month the system's monthly maximum megawatt load (60 minute integration) associated with the system.</p> <p>(5) Report on lines 5 and 6 the specified information for each monthly peak load reported on line 4.</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 Instr. 4) (d)	Day of Month (e)	Hour (f)
29	January	89,176		147	0	1000
30	February	76,692		134	26	1900
31	March	75,165		123	4	2000
32	April	70,428		121	11	1100
33	May	75,128	321	123	26	1000
34	June	70,397	758	120	24	900
35	July	75,405	516	125	1	1200
36	August	74,229	1,020	124	29	1400
37	September	73,026	1,047	123	28	1300
38	October	77,039	627	127	3	800
39	November	75,119	270	127	5	1900
40	December	82,959	2	147	23	1900
41	TOTAL	914,763	4,561			

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

### 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. 0 Plant Name: Edison Sault Hydro (b)	FERC Licensed Project No. 0 Plant Name: (c)
1	Kind of Plant (Run-of-River or Storage)	Run-of-River	
2	Plant Construction type (Conventional or Outdoor)	Conventional	
3	Year Originally Constructed	1901	
4	Year Last Unit was Installed	1916	
5	Total installed cap (Gen name plate Rating in MW)	40.71	0.00
6	Net Peak Demand on Plant-Megawatts (60 minutes)	36	0
7	Plant Hours Connect to Load	8,784	0
8	Net Plant Capability (in megawatts)		
9	(a) Under Most Favorable Oper Conditions	36	0
10	(b) Under the Most Adverse Oper Conditions	0	0
11	Average Number of Employees	11	0
12	Net Generation Exclusive of Plant Use - Kwh	201,505,477	0
13	Cost of Plant		
14	Land and Land Rights	63,532	0
15	Structures and Improvements	908,439	0
16	Reservoirs, Dams, and Waterways	3,785,511	0
17	Equipment Costs	9,847,828	0
18	Roads, Railroads, and Bridges	0	0
19	Asset Retirement Costs	0	0
20	TOTAL cost (Total of 14 thru 19)	14,605,310	0
21	Cost per KW of Installed Capacity (line 20 / 5)	358.7647	0.0000
22	Production Expenses		
23	Operation Supervision and Engineering	21,701	0
24	Water for Power	910,066	0
25	Hydraulic Expenses	88,894	0
26	Electric Expenses	150,282	0
27	Misc Hydraulic Power Generation Expenses	96,494	0
28	Rents	0	0
29	Maintenance Supervision and Engineering	58,852	0
30	Maintenance of Structures	126,202	0
31	Maintenance of Reservoirs, Dams, and Waterways	385,834	0
32	Maintenance of Electric Plant	232,668	0
33	Maintenance of Misc Hydraulic Plant	30,481	0
34	Total Production Expenses (total 23 thru 33)	2,101,474	0
35	Expenses per net KWh	0.0104	0.0000

Name of Respondent Edison Saut Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
--	---	--	---

**GENERATING PLANT STATISTICS (Small Plants)**

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

Line No.	Name of Plant (a)	Year Orig. Const. (b)	Installed Capacity Name Plate Rating (In MW) (c)	Net Peak Demand MW (60 min.) (d)	Net Generation Excluding Plant Use (e)	Cost of Plant (f)
1	INTERNAL COMBUSTION					
2						
3						
4	Manistique	1960	4.80	4.3	-72	584,582
5						
6						
7						
8						
9						
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						
45						
46						

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**GENERATING PLANT STATISTICS (Small Plants) (Continued)**

3. List plants appropriately under subheadings for steam, hydro, nuclear, internal combustion and gas turbine plants. For nuclear, see instruction 1\*, Page 403. 4. If net peak demand for 60 minutes is not available, give the which is available, specifying period. 5. If any plant is equipped with combinations of steam, hydro internal combustion or gas turbine equipment, report each as a separate plant. However, if the exhaust heat from the gas turbine is utilized in a steam turbine regenerative feed water cycle, or for preheated combustion air in a boiler, report as one plant.

Plant Cost (Incl Asset Retire. Costs) Per MW (g)	Operation Exc'l. Fuel (h)	Production Expenses		Kind of Fuel (k)	Fuel Costs (in cents (per Million Btu) (l)	Line No.
		Fuel (i)	Maintenance (j)			
						1
						2
						3
121,788	33,616	11,560	16,341	oil		4
						5
						6
						7
						8
						9
						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
						45
						46



Name of Respondent Edison Sault Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
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 10 MVA except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.</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>					
Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVA)		
			Primary (c)	Secondary (d)	Tertiary (e)
1					
2	Valley	Distribution	69.00	13.00	
3	Manistique	Distribution	69.00	13.00	
4	East Portage (Sault)	Distribution	69.00	13.00	
5	Straits Sub (St. Ignace)	Distribution	69.00	13.00	
6	St. Ignace	Distribution	69.00	13.00	
7	Three Mile Road (Sault)	Distribution	69.00	13.00	
8					
9	Rexton	Distribution	69.00	4.00	
10	9 Substations at Various Locations	Distribution	69.00	13.00	
11	Nahma, Curtis, Glen Jenks, Trout Lake, Tone Roa				
12	Pine Grove, Rockview, Kinross-1, Kinross-2				
13					
14	East Portage (Sault)	Generation/Transmiss	69.00	4.00	
15	Magazine St. (Sault)	Generation/Transmiss	69.00	13.00	
16	Manistique	Generation/Transmiss	69.00	4.00	
17					
18					
19					
20					
21					
22					
23	Note: All substations are unattended				
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40	Total				

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report End of 2004/Q4
---	---	--	---

**SUBSTATIONS (Continued)**

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

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

Capacity of Substation (In Service) (In MVA) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVA) (k)	
						1
10	1	4	None			2
10	1		None			3
15	2		None			4
10	1		None			5
15	1		None			6
10	1		None			7
						8
.4	2		None			9
33	14	11	None			10
						11
						12
						13
30	2		None			14
10	1		None			15
8	1		None			16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
						35
						36
						37
						38
						39
151.4	27	15				40

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) 04/25/2005	Year/Period of Report 2004/Q4
Edison Sault Electric Company			
FOOTNOTE DATA			

**Schedule Page: 118 Line No.: 1 Column: d**

STATEMENT OF RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 2003

1.	Balance - Beginning of Year	\$20,313,776
2.	Balance Transferred from Income (Account 216)	4,477,579
3.	Total Dividends Declared-Common Stock	<u>(2,000,000)</u>
4.	Balance - End of Year	\$22,791,355

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Edison Sault Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/25/2005	2004/Q4
FOOTNOTE DATA			

Schedule Page: 120 Line No.: 88 Column:

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2003

1.	Net Income	\$ 4,477,579
2.	Depreciation and Depletion	2,652,852
3.	Amortization of Utility and Non-Utility Plant	2,745
4.	Deferred Income Taxes (Net)	4,346,978
5.	Investment Tax Credit Adjustment (Net)	(64,236)
6.	Net (Increase) Decrease in Receivables	(591,919)
7.	Net (Increase) Decrease in Inventory	180,729
8.	Net Increase (Decrease) in Payable and Accrued Expenses	(3,380,289)
9.	Net (Increase) Decrease in Other Regulatory Assets	345,600
10.	Net Increase (Decrease) in Other Regulatory Liabilities	(120,000)
11.	Other: Net (Increase) Decrease in Prepayments	(91,582)
12.	Other: Net (Increase) Decrease in Other Investments	(723,349)
13.	Other: Net (Increase) Decrease in Misc. Deferred Debits and Other Deferred Credits	(1,506,358)
14.	Other: Net (Increase) Decrease in Other Non-Current Liabilities	<u>16,833</u>
15.	Total of Lines 1 through 14	\$ <u>5,545,583</u>
16.	Gross Additions to Utility Plant	(3,014,000)
17.	Other: Customer Advances	<u>23,573</u>
18.	Cash Outflows for Plant (Total of Lines 16 through 17)	(2,990,427)
19.	Net Decrease in Short-Term Debt	1,300,000
20.	Retirement of Long-Term Debt	(532,000)
21.	Other: Advances from Associated Companies	(1,000,000)
22.	Dividends on Common Stock	<u>(2,000,000)</u>
23.	Total of Lines 19 through 22	(2,232,000)
24.	Total of Lines 15, 18 and 23	323,156
25.	Cash and Cash Equivalents at Beginning of Year	<u>302,500</u>
26.	Cash and Cash Equivalents at End of Year	\$ <u>625,656</u>

Name of Respondent Edison Sault Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year/Period of Report 2004/Q4
FOOTNOTE DATA			

Schedule Page: 262 Line No.: 2 Column: f

FEDERAL INCOME TAX		
2000	\$ (3,000)	(1)
2003	3,000	(1)
2003	(15,058)	(2)
2004	(13,858)	(2)

STATE OF MICHIGAN		
2003	\$ 43,992	(2)
2004	(45,535)	(2)

WISCONSIN INCOME TAX		
2003	\$ 64,156	(2)
2004	(65,331)	(2)

(1) Transfer of Closed Year End Balance

(2) Transfer of Prior Yrs. Overpayment to Current Year & Transfer to Paid-In-Capital

Schedule Page: 262 Line No.: 5 Column: i

TAXES:

	408.1	409.1	408.2	409.2	Other*
Federal		\$ 16,121 287,593		\$ (243,239)	\$ 334,237 2,793
Michigan	\$ 4,086 261,300		\$ (12,200)		1,436
Local	1,275,808				
Wisconsin		(12,055) 64,100			
Total	\$ 1,541,194	\$ 355,759	\$ (12,200)	\$ (243,239)	\$ 338,466

\* Payroll Taxes Charged Direct

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) 04/25/2005	Year/Period of Report 2004/Q4
Edison Sault Electric Company			
FOOTNOTE DATA			

**Schedule Page: 332 Line No.: 1 Column: a**

1a -- Edison Sault Electric Company is a partial owner of ATC. These charges are a combination of both ATC and MISO (Midwest Independent System Operator) charges.

1f -- Charges for network transmission services and associated ancillary services. Transmission charges of purchased power suppliers have been included in account 555.

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) 04/25/2005	Year/Period of Report 2004/Q4
Edison Sault Electric Company			
FOOTNOTE DATA			

**Schedule Page: 398 Line No.: 3 Column: b**

- 1a -- Edison Sault Electric Company is a partial owner of ATC. These charges are a combination of both ATC and MISO (Midwest Independent System Operator) charges.
- 1f -- Charges for network transmission services and associated ancillary services. Transmission charges of purchased power suppliers have been included in account 555.

# INDEX

<u>Schedule</u>	<u>Page No.</u>
Accrued and prepaid taxes .....	262-263
Accumulated Deferred Income Taxes .....	234
	272-277
Accumulated provisions for depreciation of	
common utility plant .....	356
utility plant .....	219
utility plant (summary) .....	200-201
Advances	
from associated companies .....	256-257
Allowances .....	228-229
Amortization	
miscellaneous .....	340
of nuclear fuel .....	202-203
Appropriations of Retained Earnings .....	118-119
Associated Companies	
advances from .....	256-257
corporations controlled by respondent .....	103
control over respondent .....	102
interest on debt to .....	256-257
Attestation .....	1
Balance sheet	
comparative .....	110-113
notes to .....	122-123
Bonds .....	256-257
Capital Stock .....	251
expense .....	254
premiums .....	252
reacquired .....	251
subscribed .....	252
Cash flows, statement of .....	120-121
Changes	
important during year .....	108-109
Construction	
work in progress - common utility plant .....	356
work in progress - electric .....	216
work in progress - other utility departments .....	200-201
Control	
corporations controlled by respondent .....	103
over respondent .....	102
Corporation	
controlled by .....	103
incorporated .....	101
CPA, background information on .....	101
CPA Certification, this report form .....	i-11



# INDEX (continued)

Schedule	Page No.
Deferred	
credits, other .....	269
debits, miscellaneous .....	233
income taxes accumulated - accelerated	
amortization property .....	272-273
income taxes accumulated - other property .....	274-275
income taxes accumulated - other .....	276-277
income taxes accumulated - pollution control facilities .....	234
Definitions, this report form .....	111
Depreciation and amortization	
of common utility plant .....	356
of electric plant .....	219
	336-337
Directors .....	105
Discount - premium on long-term debt .....	256-257
Distribution of salaries and wages .....	354-355
Dividend appropriations .....	118-119
Earnings, Retained .....	118-119
Electric energy account .....	401
Expenses	
electric operation and maintenance .....	320-323
electric operation and maintenance, summary .....	323
unamortized debt .....	256
Extraordinary property losses .....	230
Filing requirements, this report form	
General information .....	101
Instructions for filing the FERC Form 1 .....	i-iv
Generating plant statistics	
hydroelectric (large) .....	406-407
pumped storage (large) .....	408-409
small plants .....	410-411
steam-electric (large) .....	402-403
Hydro-electric generating plant statistics .....	406-407
Identification .....	101
Important changes during year .....	108-109
Income	
statement of, by departments .....	114-117
statement of, for the year (see also revenues) .....	114-117
deductions, miscellaneous amortization .....	340
deductions, other income deduction .....	340
deductions, other interest charges .....	340
Incorporation information .....	101

# INDEX (continued)

Schedule	Page No.
Interest	
charges, paid on long-term debt, advances, etc .....	256-257
Investments	
nonutility property .....	221
subsidiary companies .....	224-235
Investment tax credits, accumulated deferred .....	266-267
Law, excerpts applicable to this report form .....	iv
List of schedules, this report form .....	2-4
Long-term debt .....	256-257
Losses-Extraordinary property .....	230
Materials and supplies .....	227
Miscellaneous general expenses .....	335
Notes	
to balance sheet .....	122-123
to statement of changes in financial position .....	122-123
to statement of income .....	122-123
to statement of retained earnings .....	122-123
Nonutility property .....	221
Nuclear fuel materials .....	202-203
Nuclear generating plant, statistics .....	402-403
Officers and officers' salaries .....	104
Operating	
expenses-electric .....	320-323
expenses-electric (summary) .....	323
Other	
paid-in capital .....	253
donations received from stockholders .....	253
gains on resale or cancellation of reacquired	
capital stock .....	253
miscellaneous paid-in capital .....	253
reduction in par or stated value of capital stock .....	253
regulatory assets .....	232
regulatory liabilities .....	278
Peaks, monthly, and output .....	401
Plant, Common utility	
accumulated provision for depreciation .....	356
acquisition adjustments .....	356
allocated to utility departments .....	356
completed construction not classified .....	356
construction work in progress .....	356
expenses .....	356
held for future use .....	356
in service .....	356
leased to others .....	356
Plant data .....	336-337
	401-429

# INDEX (continued)

Schedule	Page No.
Plant - electric	
accumulated provision for depreciation .....	219
construction work in progress .....	216
held for future use .....	214
in service .....	204-207
leased to others .....	213
Plant - utility and accumulated provisions for depreciation	
amortization and depletion (summary) .....	201
Pollution control facilities, accumulated deferred	
income taxes .....	234
Power Exchanges .....	326-327
Premium and discount on long-term debt .....	256
Premium on capital stock .....	251
Prepaid taxes .....	262-263
Property - losses, extraordinary .....	230
Pumped storage generating plant statistics .....	408-409
Purchased power (including power exchanges) .....	326-327
Reacquired capital stock .....	250
Reacquired long-term debt .....	256-257
Receivers' certificates .....	256-257
Reconciliation of reported net income with taxable income	
from Federal income taxes .....	261
Regulatory commission expenses deferred .....	233
Regulatory commission expenses for year .....	350-351
Research, development and demonstration activities .....	352-353
Retained Earnings	
amortization reserve Federal .....	119
appropriated .....	118-119
statement of, for the year .....	118-119
unappropriated .....	118-119
Revenues - electric operating .....	300-301
Salaries and wages	
directors fees .....	105
distribution of .....	354-355
officers' .....	104
Sales of electricity by rate schedules .....	304
Sales - for resale .....	310-311
Salvage - nuclear fuel .....	202-203
Schedules, this report form .....	2-4
Securities	
exchange registration .....	250-251
Statement of Cash Flows .....	120-121
Statement of income for the year .....	114-117
Statement of retained earnings for the year .....	118-119
Steam-electric generating plant statistics .....	402-403
Substations .....	426
Supplies - materials and .....	227

# INDEX (continued)

<u>Schedule</u>	<u>Page No.</u>
Taxes	
accrued and prepaid .....	262-263
charged during year .....	262-263
on income, deferred and accumulated .....	234
	272-277
reconciliation of net income with taxable income for .....	261
Transformers, line - electric .....	429
Transmission	
lines added during year .....	424-425
lines statistics .....	422-423
of electricity for others .....	328-330
of electricity by others .....	332
Unamortized	
debt discount .....	256-257
debt expense .....	256-257
premium on debt .....	256-257
Unrecovered Plant and Regulatory Study Costs .....	230

Name of Respondent Edison Sault Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/05	Year of Report Dec. 31, 2004
LIST OF SCHEDULES (Electric Utility) (Continued)			
Title of Schedule (a)	Reference Page No. (b)	Remarks (c)	
<b>MPSC SCHEDULES</b>			
Security Holders and Voting Powers	M 106 - 107	107 NA	
Reconciliation of Deferred Income Tax Expense	117 A-B		
Operating Loss Carry Forward	117 C	NA	
Plant Acquisition Adjustments and Accumulated Provision for Amortization of Plant Acquisition Adjustments	215	NA	
Construction Work in Progress and Completed Construction Not Classified - Electric	216	NA	
Construction Overheads - Electric	217		
General Description of Construction Overhead Procedure	M 218		
Accumulated Provision for Depreciation & Amortization of Non-utility Property	M 221		
Investments	222 - 223		
Notes & Accounts Receivable Summary for Balance Sheet	226 A		
Accumulated Provision for Uncollectible Accounts - Credit	226 A		
Receivables From Associated Companies	226 B		
Production Fuel and Oil Stocks	227 A - B	227 B NA	
Miscellaneous Current & Accrued Assets	230 A	NA	
Preliminary Survey and Investigation Charges	231 A - B	NA	
Deferred Losses from Disposition of Utility Plant	235 A - B	NA	
Unamortized Loss and Gain on Reacquired Debt	237 A - B	NA	
Capital Stock Subscribed, Capital Stock Liability for Conversion, Premium on Capital Stock, and Installments Received on Capital Stock	252		
Securities Issued or Assumed and Securities Refunded or Retired During the Year	255		
Notes Payable	260 A	NA	
Payables to Associated Companies	260 B		
Investment Tax Credits Generated and Utilized	264 - 265	NA	
Miscellaneous Current & Accrued Liabilities	268		
Customer Advances for Construction	268		
Deferred Gains from Disposition of Utility Plant	270 A - B	NA	
Accumulated Deferred Income Taxes - Temporary	277	NA	
Gain or Loss on Disposition of Property	280 A - B	280 B NA	
Income from Utility Plant Leased to Others	281	NA	
Particulars Concerning Certain Other Income Accounts	282		
Electric Operation and Maintenance Expenses (Non-major)	320N - 324N	NA	
Number of Electric Department Employees	324N	NA	
Sales to Railroads & Railways and Interdepartmental Sales	331 A	NA	
Rent From Electric Property & Interdepartmental Rents	331 A		
Sales of Water and Water Power	331 B	NA	
Miscellaneous Service Revenues and Other Electric Revenues	331 B		
Lease Rentals Charges	333 A - D	C & D NA	
Regulatory Commission Expenses	340		
Expenditures for Certain Civic, Political, and Related Activities	341	NA	
Extraordinary Items	342	NA	
Charges for Outside Professional and Other Consultative Services	357		
Summary of Costs Billed to Associated Companies	358 - 359		
Summary of Costs Billed from Associated Companies	360 - 361		
Changes Made or Scheduled to be Made in Generating Plant Capacities	412	NA	
Steam-Electric Generating Plants	413 A - B	NA	
Hydroelectric Generating Plants	414 - 415		
Pumped Storage Generating Plants	416 - 418	NA	
Internal Combustion Engine and Gas Turbine Generating Plants	420 - 421	NA	
Electric Distribution Meters and Line Transformers	429		

Name of Respondent	This Report Is:	Date of Report	Year of Report
Edison Sault Electric Company	(1) <input checked="" type="checkbox"/> An Original	(Mo, Da, Yr)	
	(2) <input type="checkbox"/> A Resubmission	04/25/2005	Dec. 31, 2004

# SECURITY HOLDERS AND VOTING POWERS

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

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

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

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

4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities of 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 pro rata basis.

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

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

3. Give the date and place of such meeting:

## VOTING SECURITIES

		Number of votes as of (date): December 31, 2004			
Line No.	Name (Title) and Address of Security Holder	Total Votes	Common Stock	Preferred Stock	OTHER
	(a)	(b)	(c)	(d)	(e)
4	TOTAL votes of all voting securities	673,929	673,929		
5	TOTAL number of security holders	1	1		
6	TOTAL votes of security holders listed below	673,929	673,929		
7	Wisconsin Energy Corporation (Parent)	673,929	673,929		
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					

Name of Respondent	This Report Is:	Date of Report	Year of Report
Edison Sault Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/28/2005	Dec. 31, 2004

# 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.

2. The charges to the subaccounts of 410 and 411 found on pages 114-117 should agree with the subaccount totals on this page. In the event the deferred income tax expenses reported on pages 114-117 do not directly reconcile with the amounts found on this page, then provide the additional information requested in instruction #3, on a separate page.

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 this page.

(b) Identify all contra accounts (other than accounts 190 and 281-284).

(c) Identify the company's regulatory authority to utilize a contra accounts other than accounts 190 or 281-284 for the recording of deferred income tax expense(s).

Line No.		ELECTRIC UTILITY	GAS UTILITY
1	Debits to Account 410 from:		
2	Account 190	615,924	
3	Account 281	=	
4	Account 282	16,038	
5	Account 283	966,932	
6	Account 284		
7	Reconciling Adjustments		
8	TOTAL Account 410.1 (on pages 114-115, line 14)	\$ 1,798,894	\$ -
9	TOTAL Account 410.2 (on page 117, line 45)		
10	Credits to Account 411 from:		
11	Account 190	408,679	
12	Account 281		
13	Account 282	34,025	
14	Account 283	408,559	
15	Account 284		
16	Reconciling Adjustments		
17	TOTAL Account 411.1 (on pages 114-115, line 15)	\$ 850,663	\$ -
18	TOTAL Account 411.2 (on page 117, line 45)		
19	Net ITC Adjustment		
20	ITC Utilized for the Year - Debits		
21	ITC Amortized for the Year - Credits	38,239	
22	ITC Adjustments:		
23	Adjust last year's estimate to actual per filed return	-	
24	Other (specify)	-	
25	Net Reconciling Adjustments Account #11.4 (on pages 114-115, line 16)	\$ 38,239	\$ -
26	Net Reconciling Adjustments Account #11.5 (on page 117, line 47)		
27	Net Reconciling Adjustments Account #20 (on page 117, line 48)		

Name of Respondent	This Report Is:	Date of Report	Year of Report
Edison Sault Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/25/2005	Dec. 31, 2004

RECONCILIATION OF DEFERRED INCOME TAX EXPENSE (Continued)

OTHER UTILITY	TOTAL UTILITY	OTHER INCOME	TOTAL COMPANY	Line No.
	815,924	14,721	830,645	1
	16,038		16,038	2
	966,932	1,509,500	2,475,432	3
				4
				5
				6
\$ -	\$ 1,798,894			7
		\$ 1,523,221		8
				9
	408,079	43,082	451,161	10
	34,025	716	34,741	11
	408,559	7,596	416,155	12
				13
				14
				15
\$ -	\$ 850,663			16
		\$ 51,394		17
				18
				19
	38,239	24,685	\$ 62,924	20
				21
				22
				23
				24
\$ -	\$ 38,239	\$ 24,685		25
		\$ -		26
		\$ -		27



Name of Respondent Edison Sault Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/05	Year of Report December 31, 2004
---	--	---	--	-------------------------------------

CONSTRUCTION OVERHEADS - ELECTRIC		
<p>1. List in column (a) the kinds of overheads according to the rates used by the respondent. Charges for outside professional services for the engineering fees and management or supervision fees capitalized should be shown as separate items.</p> <p>2. On page 218 furnish information concerning construction overheads.</p> <p>3. A respondent should not report "none" to this page if no overhead apportionments are made, but rather</p>		<p>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.</p> <p>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.</p>

Line No.	Item (a)	Amount (b)
1	Administrative and General Overheads	
2	Salaries and Office Supplies	377,800
3	Outside Services	1,945
4	Injuries and Damages	31,400
5	Employee Benefits	271,700
6	Pensions	101,355
7		
8		
9		
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	TOTAL	784,200

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year of Report December 31, 2004
---	---	--	-------------------------------------

**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.

**A & G SALARIES AND EXPENSES:**  
Employees whose time is charged to A & G accounts annually review the amount of time applicable to construction. This is the amount that is applied to construction work orders. In addition, the ratio of this time to total A & G payroll is applied to A & G expenses to determine the amount of A & G expenses to be applied to construction work orders.

**OUTSIDE SERVICES:**  
Applicable to charges associated with the pension and thrift savings plans which are payroll related. The amount applied is based on the ratio of construction payroll to total payroll.

**INJURIES AND DAMAGES AND EMPLOYEE BENEFITS:**  
In order to charge construction with liability hospitalization, and life insurance as well as funded pension cost the ratio of construction payroll to total payroll is applied to these accounts and charged to construction work orders.

**ALLOWANCE FOR FUNDS:**  
Charged to all projects that exceed \$ 50,000 and where on-site construction is required for a period of six months or more. Edison Sault Electric had no AFUEC in 2004.

Name of Respondent	This Report Is:	Date of Report	Year of Report
Edison Sault Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/25/2005	Dec. 31, 2004

**NONUTILITY PROPERTY (Account 121)**

1. Give a brief description and state the location of non utility property included in Account 121.
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.
3. Furnish particulars (details) concerning sales, purchases, or transfers of Nonutility Property during the year.
4. List separately all property previously devoted to public service and give date of transfer to Account 121. Nonutility Property.
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, (line 44), or (2) other nonutility property (line 45).

Line No.	Description and Location (a)	Balance at Beg. of Year (b)	Purch., Sales, Transfers, etc. (c)	Balance at End of Year (d)
1	138 kv Right of Way (Per 1976 FPC Audit)	7,159		7,159
2	10 Small Land Parcels	3,656		3,656
3	Land Parcel - St. Ignace	1,653		1,653
4	Easement - Sault Division	1,400		1,400
5	Minor Land Parcels	268		268
6	Dafter Land Parcels	40,221	(7,175)	41,046
7	LSSU Stadium Box	14,000		14,000
8				
9				
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	TOTAL	\$76,357	(\$7,175)	\$69,182

**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	11,670
2	Accruals for Year, Charged to	
3	(417) Income from Nonutility Operations	
4	(418) Nonoperating Rental Income	
5	Other Accounts (Specify):	
6	(425) Amortization Expense NonUtility Property	\$2,340
7	TOTAL Accruals for Year (Enter Total of Lines 2 thru 6)	2,340
8	Net Charges for Plant Retired:	
9	Book Cost of Plant Retired	
10	Cost of Removal	
11	Salvage (Credit)	
12	TOTAL Net Charges (Enter Total of Lines 9 thru 11)	--
13	Other Debit or Credit Items (Describe):	
14		
15	Balance, End of Year (Enter Total of Lines 1, 7, 12, and 14)	14,010

Name of Respondent Edison Sault Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year of Report December 31, 2004
---	--	---	--	-------------------------------------

INVESTMENTS (Accounts 123, 124, 136)

1. Report below investments in Accounts 123, Investments in Associated Companies, 124, Other Investments, and 136 Temporary Cash Investments.

2. Provide a subheading for each account and list thereunder the information called for:

(a) Investment in Securities - List and describe each security owned, giving name of user, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant to authorization by the Board of Directors, and included in Account 124, Other Investments), state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, Temporary Cash Investments, also may be grouped by classes.

(b) Investment Advances - Report separately for each person or company the amounts of loans of investment advances which are properly includable in Account 123. Advances subject to current repayment should be included in Accounts 145 and 146. With respect to each advance, show whether the advance is a note or an open account.

Line No.	Description of Investment	Book Cost at Beginning of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference.)	Purchases or Additions During Year
(a)	(b)	(c)	
1	Account 124		
2			
3	Cash Surrender Value of Life Insurance Policies	771,633	55,575
4			
5			
6			
7	ATC - Other Investments	18,294,795	6,976,938
8			
9	TOTAL	19,066,428	7,032,513
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	TOTAL	19,066,428	7,032,513

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year of Report December 31, 2004		
INVESTMENTS (Accounts 123, 124, 136) (Continued)					
<p>Each note should be listed giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees. Exclude amounts reported on page 229.</p> <p>3. For any securities, notes or accounts that were pledged designate with an asterisk such securities, notes, or accounts and in a footnote state the name of pledgee and purpose of the pledge.</p> <p>4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.</p> <p>5. Report in column (g) interest and dividend revenues from investments including such revenues from securities disposed of during the year.</p> <p>6. In column (h) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (g).</p>					
Sales or Other Dispositions During Year (c)	Principal Amount or No. of Shares at End of Year (e)	Book Cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference.) (f)	Revenues for Year (g)	Gain or Loss from Investment Disposed of (h)	Line No.
273,950		553,258			1
					2
					3
					4
					5
2,835,287		22,436,446			6
					7
					8
3,109,237		22,989,704			9
					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
3,109,237	0	22,989,704	0	0	42

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year of Report December 31, 2004
---	---	--	-------------------------------------

### 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)	\$ 3,600,863	\$ 3,418,096
3	Other Accounts Receivable (Account 143)* (Disclose any capital stock subscriptions received)	869,146	541,989
4	TOTAL	\$ 4,470,009	\$ 3,960,085
5	Less: Accumulated Provision for Uncollectible Accounts-Cr. (Account 144)	32,000	32,000
6	TOTAL, Less Accumulated Provision for Uncollectible Accounts	\$4,438,009	\$ 3,928,085
7			
8	*Account 143-Receivables from Directors, Officers, and Employees	\$ 13,617	\$ 8,916
9			
10			
11			
12			
13			
14			

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

- Report below the information called for concerning this accumulated provision.
- Explain any important adjustments of subaccounts
- 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	\$ 32,000				\$ 32,000
2	Prov for uncollectibles for current year	195,595				195,595
3	Accounts written off	(235,802)				(235,802)
4	Coll. Of accounts written off					
5	Adjustments (explain): Recoveries	30,207				30,207
6	Balance end of year	\$ 32,000				\$ 32,000
7						
8						
9						
10						
11						

Name of Respondent	This Report Is:	Date of Report	Year of Report
Edison Sault Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/25/2005	Dec. 31, 2004

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

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

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

Line No.	Particulars (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)
			Debits (c)	Credits (d)		
1	Account 146					
2	Northern Tree Service	1,749	23,139	21,394	1,554	--
3	Wisconsin Electric	41,043	25,225	65,698	570	--
4	Wisconsin Energy	1,669		1,669	--	--
5						
6						
7						
8						
9						
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	TOTAL	44,461	48,414	88,751	4,124	--

Name of Respondent Edison Sault Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year of Report December 31, 2004
PRODUCTION FUEL AND OIL STOCKS (Included in Account 151)				
<p>1. Report below the information called for concerning production fuel and oil stock.</p> <p>2. Show quantities in tons of 2000 lb. Barrels (42 gals.) or Mct., whichever unit of quantity is applicable.</p> <p>3. Each kind of coal or oil should be shown separately.</p> <p>4. If the respondent obtained any of its fuel from its own coal mines or oil or gas lands or leases or from affiliated companies, a statement should be submitted showing the quantity of such fuel so obtained, the quantity used and quantity on hand, and cost of the fuel classified as to the nature of the costs and expenses incurred with appropriate adjustment for the inventories at beginning and end of year.</p>				
Line No.	Item (a)	Total Cost (b)	KINDS OF FUEL AND OIL	
			Quantity (c)	Cost (d)
1	On hand beginning of year	14,972	282	14,972
2	Received during year	9,082	171	9,082
3	TOTAL	24,054	453	24,054
4				
5	Used during year (specify department)			
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17	Diesel Fuel Used	11,560	246	11,560
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37	Sold or transferred			
38				
39	TOTAL DISPOSED OF	11,560	246	11,560
40	BALANCE END OF YEAR	12,494	207	12,494



Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year of Report December 31, 2004
---	---	--	-------------------------------------

**CAPITAL STOCK SUBSCRIBED, CAPITAL STOCK LIABILITY FOR CONVERSION, PREMIUM ON  
CAPITAL STOCK AND INSTALLMENTS RECEIVED ON CAPITAL STOCK**  
(Accounts 202 & 205, 203 & 206, 207, 212)

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

Line No.	Name of Account & Description of Item (a)	Number of Shares (b)	Amount (c)
1	Account 207-Premium on Capital Stock		
2			
3	Premium on Common Stock issued in connection with		
4	conversion of 12,000 shares of 4-3/4% convertible		
5	Preferred Stock on April 24, 1963.	17,391	213,040
6			
7	Premium on Common Stock issued in connection with		
8	conversion of 5,000 shares of 4-3/4% convertible		
9	Preferred Stock on December 8, 1964.	7,246	88,770
10			
11	Premium on Common Stock issued in connection with		
12	conversion of 14,000 shares of 5-3/4% convertible		
13	Preferred Stock on December 8, 1964.	16,666	266,670
14			
15	Premium on Common Stock issued in connection with		
16	conversion of 1,000 shares of 4-3/4% convertible		
17	Preferred Stock on April 13, 1966.	1,449	17,755
18			
19	Premium on Common Stock issued in connection with		
20	conversion of 6,000 shares of 4-3/4% convertible		
21	Preferred Stock on April 24, 1973.	12,500	87,500
22			
23	Premium on Common Stock issued in connection with		
24	conversion of 14,000 shares of 5-3/4% convertible		
25	Preferred Stock on July 31, 1985.	28,700	206,500
26			
27	Premium on Common Stock issued in connection with		
28	the Dividend Reinvestment and Common Stock Purchase		
29	Plan during:		
30	1980	4,993	24,390
31	1981	20,545	86,129
32	1982	23,142	102,403
33	1983	28,231	188,440
34	1984	14,504	119,856
35	1988	15,749	319,045
36			
37			
38			
39			
40	TOTAL	191,116	1,720,498

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year of Report December 31, 2004
---	---	--	-------------------------------------

SECURITIES ISSUED OR ASSUMED AND SECURITIES REFUNDED OR RETIRED  
 DURING THE YEAR

1. Furnish a supplemental statement giving a brief description of security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses. Identify as to Commission authorization numbers and dates.

2. Furnish particulars (details) showing fully the accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gains or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.

3. Include in the identification of each class and series of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance of redemption price and name of the principal underwriting firm through which the security transactions were consummated.

4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 16 of the Uniform System of Accounts, give references to the Commission authorization for the different accounting and state the accounting method.

5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as particulars (details) of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discounts, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.

Retire Long-term Debt:

Dr. 021 Long-term Debt	\$	132,000
Various Rate Energy Thrift		
Notes (7.5% - 8%)		
Cr. 131 Cash	\$	132,000

Retire Long-Term Debt:

Dr. 223 Long-Term Debt (6.886%)	1,000,000	
Cr. 131 Cash		1,000,000

Name of Respondent		This Report Is:		Date of Report	Year of Report	
Edison Sault Electric Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr) 04/25/2005	Dec. 31, 2004	

**PAYABLES TO ASSOCIATED COMPANIES\* (Accounts 233, 234)**

1. Report particulars of notes and accounts payable to associated companies at end of year.  
2. Provide separate totals for Accounts 233, Notes Payable to Associated Companies, and 234, Accounts Payable to Associated Companies, in addition to a total for the combined accounts.  
3. List each note separately and state the purpose for which issued. Show also in column (a) date of note, maturity and interest rate.  
4. Include in column (f) the amount of any interest expense during the year on notes or accounts that were paid before the end of the year.  
5. If collateral has been pledged as security to the payment of any note or account, describe such collateral.  
\* See definition on page 226B

Line No.	Particulars (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)
			Debits (c)	Credits (d)		
1						
2						
3	WEC (Parent Company)					
4						
5	Long-Term Notes Payable					
6	(Interest Rate 6.886%)	14,500,000	1,000,000	--	13,500,000	1,024,292
7						
8	Long-Term Notes Payable					
9	Current Portion	1,000,000	--	--	1,000,000	--
10						
11	Short-Term Notes Payable					
12	Daily Negotiated Rate	1,900,000	4,619,809	3,719,809	2,499,990	92,017
13	TOTAL Accounts 223, 231 & 233	\$ 16,800,000	\$ 5,619,809	\$ 3,719,809	\$ 16,909,000	\$ 1,116,309
14						
15						
16						
17						
18	WEC (Parent Company):					
19	Intercompany Transactions	20,436	171,308	174,932	24,060	
20	Interest Short-Term Notes	5,022	84,950	92,017	12,199	
21	Interest Long-Term Notes	266,833	1,041,508	1,024,292	249,617	
22	Dividend Payable	--	2,000,000	2,000,000	--	
23	Total	292,301	3,297,666	3,291,241	285,976	
24						
25	Northern Tree Svc. (Sub of Parent):					
26	Intercompany Transactions	--	--	--	--	
27	Services	29,750	303,721	307,017	28,046	
28	Total	29,750	303,721	307,017	28,046	
29						
30	Wisconsin Electric (Sub of Parent):					
31	Purchased Power Costs	1,243,398	15,219,218	15,558,490	1,282,670	
32	Transmission of Electricity by Others	--	116,922	349,579	88,657	
33	Intercompany Transactions	212,152	1,909,669	1,076,932	11,585	
34	Construction	--	--	--	--	
35	Total	1,455,550	16,938,309	16,985,001	1,382,912	
36						
37	TOTAL ACCOUNT 234	1,777,601	20,545,196	20,383,259	1,615,664	
38						
39						
40						
41						
42	TOTAL	\$ 18,577,601	\$ 26,165,005	\$ 26,103,068	\$ 18,515,664	\$ 1,116,309

Name of Respondent Edison Sault Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year of Report December 31, 2004
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	Accrued Professional Fees	75,000		
2	Various Payroll Deduction Plans	348,704		
3	Unclaimed Property	2,288		
4	Renewable Energy	10,189		
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20	TOTAL	436,181		

CUSTOMER ADVANCES FOR CONSTRUCTION (Account 252)		
Line No.	List advances by department (a)	Balance End of Year (b)
21	Electric:	
22	Residential	291,457
23	Commercial	391,858
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40	TOTAL	693,315

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) 4/25/05	Year of Report Dec. 31, 20 <u>04</u>
Edison Sault Electric Co.			

**GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2)**

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

Line No.	Description of Property (a)	Original Cost of Related Property (b)	Date Journal Entry Approved (When Required) (c)	Account 421.1 (d)	Account 421.2 (e)
1	Gain on disposition of property:				
2	Sale of Non-Utility Real Property	\$7,175	N/A	\$6,507	
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17	Total Gain	\$7,175		\$6,507	

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/23/2005	Year of Report December 31, 2004
---	---	--	-------------------------------------

**PARTICULARS CONCERNING CERTAIN OTHER INCOME ACCOUNTS (415, 416, 417, 417.1, 418, 418.1, 419, 421)**

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 operations 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	Account 416 - Merchandising, Jobbing, and	
2	Contract Work.	
3	Expense: Cost of Merchandise	23
4		
5		
6		
7	Account 419 - Interest and Dividend Income	
8	Early Sales Tax Payment Credit	3,202
9		
10		
11	Account 421 - Other Income	
12	American Transmission Company	3,752,235
13	Miscellaneous - Other Income	2,049
14	Gain on Sale of Real Estate	6,507
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	<b>TOTAL</b>	<b>3,764,018</b>

Name of Respondent Edison Sault Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/29/2005	Year of Report December 31, 2004
---	--	---	--	--	-------------------------------------

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 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 (fifteen cents) (e)
1				N/A	
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					

RENT FROM ELECTRIC 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 represents profit or return on property, depreciation and taxes, give particulars and the basis of apportionment of such charges to Accounts 454 or 455.</p> <p>4. Designate if 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	Various Pole Attachments		89,645
17	Various Property Rentals		3,000
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			\$ 92,645

Name of Respondent Edison Sault Electric Company		This Report Is; (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year of Report December 31, 2004
SALES OF WATER AND WATER POWER (Account 453)				
1. Report below the information called for concerning revenues derived during the year from sales to others of water or water power. 2. In column (c) show the name of the power development of the respondent supplying the water or water power sold. 3. Designate associated companies.				
Line No.	Name of Purchaser (a)	Purpose for Which Water Was Used (b)	Power Plant Development Supplying Water or Water Power (c)	Amount of Revenue for Year (d)
1			N/A	
2				
3				
4				
5				
6				
7				
8				
9				
10	Total			-
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	Reconnect Fees			17,776
12	Net Income from Temporary Facilities Charges			2,664
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30	Total			20,441



Name of Respondent Edison Sault Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year of Report December 31, 2004
LEASE RENTALS CHARGED				
<p>1. For purposes of this schedule a "lease" is defined as a contract or other agreement by which one party (lessor) conveys an intangible right or land or other tangible property and equipment to another (lessee) for a specified period of one year or more for rent.</p> <p>2. Report below, for leases with annual charges of \$25,000 or more, but less than \$250,000 the data called for in columns a, b (description only), f, g, and j.</p> <p>3. For leases having annual charges of \$250,000 or more, report the data called for in all the columns below.</p> <p>4. The annual charges referred to in Instruction 2 and 3 include the basic lease payment and other payments to or on behalf of the lessor such as taxes, depreciation, assumed interest or dividends on the lessor's securities, cost of replacements** and other expenditures with respect to leased property. The expenses paid by lessee are to be itemized in column (e) below.</p> <p>5. Leases of construction equipment in connection with construction work in progress are not required to be reported herein. Continuous, master or open-end leases for EDP or office equipment, automobile fleets and other equipment that is short-lived and replaced under terms of the lease or for pole rentals shall report only the data called for in columns a, b (description only), f, g, and j, unless the lessee has the option to purchase the property.</p> <p>6. In column (a) report the name of the lessor. List lessors which are associated companies * (describing association) first, followed by non-associated lessors.</p> <p>7. In column (b) for each leasing arrangement, report in order, classified by generating station, transmission line, distribution system, large substation, or other operating unit or system, followed by any other leasing arrangements not covered under the preceding classifications:</p>				
A. LEASE RENTALS CHARGED TO ELECTRIC OPERATING EXPENSES				
Line No.	Name of Lessor (a)	Basic Details of Lease (b)	Terminal Dates of Lease, Primary (P) or Renewal (R) (c)	
1	United States of America	Lease of any surplus water available to the United States in the St. Marys River, Sault Ste. Marie, Michigan, which is not required for the operations of facilities owned by the United States	12/31/2050	
2				
3				
4				
5				
6				
7				
8				
9				
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				

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year of Report December 31, 2004
---	---	--	-------------------------------------

LEASE RENTALS CHARGED (Continued)

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

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

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

\* See definition on page 226(B).

A. LEASE RENTALS CHARGED TO ELECTRIC OPERATING EXPENSES

Original Cost (O) or Fair Market Value (F) of Property (d)	Expenses to be Paid by Lessee Itemize (e)	AMOUNT OF RENT - CURRENT TERM				Account Charged (j)	Remaining Annual Charges Under Lease Est. if Not Known (k)	Line No.			
		Current Year		Accumulated to Date							
		Lessor (f)	Other (g)	Lessor (h)	Other (i)						
N/A	None	910,066		14,381,860			100,000 min	1			
								2			
								3			
								4			
								5			
								6			
								7			
								8			
								9			
								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			

Name of Respondent Edison Sault Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/23/2005	Year of Report December 31, 2004
---	---	--	-------------------------------------

**PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS**

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

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

(b) **Miscellaneous Income Deductions**—Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2, Life Insurance; 426.3, Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than 5% of each account total for the year (or \$ 1,000, whichever is greater) may be grouped by classes within the above accounts.

(c) **Interest on Debt to Associated Companies**

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

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

Line No.	Item (a)	Amount (b)
1	ACCOUNT 426 - MISCELLANEOUS INCOME DEDUCTIONS	
2		
3	DONATIONS-426.1	
4	Habitat for Humanity	2,100
5	Soo Theater Project	40,000
6	Parking Garage Project	2,500
7	United Way	10,924
8	Mackinac Straits Hospital	2,200
9	Miscellaneous (Under \$ 1,000)	6,047
10	Chippewa County Fair	5,421
11	MI Colleges	2,350
12	Chamber of Commerce	2,250
13	EUP Historian Consortium/SJC Memorial	2,000
14		
15	OTHER DEDUCTIONS-426.1	
16		
17	Business Gifts	1,878
18	Sport Teams	5,088
19		
20		
21	Total 426.1	83,756
22		
23	PSCR Refund Interest-426.2	6,442
24	Life Insurance-426.3	117,174
25	Income Deductions-Other-426.5	1,475
26	Life Insurance/Loan Insurance-426.6	16,867
27		
28		
29	TOTAL ACCOUNT 426	106,639
30		
31	ACCOUNT 430	
32	Interest WEC Short-Term Debt (5.239% to 6.460%)	92,017
33	Interest WEC Long-Term Debt (6.886%)	1,024,292
34		
35	TOTAL ACCOUNT 430	1,116,309
36		
37	ACCOUNT 431	
38	Cost Dep Interest (Residential 7%, Commercial 7%)	16,080
39	Energy Thrift Note Interest (7.5% to 8%)	174,304
40	Miscellaneous Interest Expense	861
41		
42	TOTAL ACCOUNT 431	191,245
43		
44		

Name of Respondent Edison Sault Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/25/2005	Year of Report December 31, 2004
CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES				
<p>1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounting to more than \$25,000, including payments for legislative services, except those which should be reported in Account 426.4. Expenditures for Certain Civic, Political and Related Activities.)</p> <p>(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.</p> <p>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.</p> <p>3. Designate with an asterisk associated companies.</p>				
Line No.	Paid to (Name and Address) (a)	Description of Service Rendered (b)	Account Charged (c)	Amount (d)
1	Bickinson Wright, PLLC			
2	Lansing, MI 48933	Legal Services	923	\$ 25,472
3				
4				
5	The Fishman Group	Legal Services	923	68,517
6	Bloomfield Hills, MI 48304			
7				
8				
9	Novak Engineering, Inc.	Engineering Services	923	117,752
10	Jackson, MI 49201			
11				
12				
13	Professional Computer Systems	Software Installation	107	33,545
14	Dennison, IA 51442			
15				
16				
17	Trimedia Consultants	Engineering Services	923	112,419
18	Marquette, MI 49855			
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36	TOTAL			\$ 362,705

Name of Respondent	This Report Is:	Date of Report	Year of Report
Edison Sault Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/25/2005	 Dec. 31, 2004

**SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES**

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

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	Northern Tree Service, Inc.	Sub of Parent	Administrative & General:	923	\$ 5,700
2			Overheads		
3					
4	Wisconsin Electric Company	Parent Company	Transmission Redispatch	565	11,122
5					
6					
7	Wisconsin Electric Company	Parent Company	Purchased Power	555	14,103
8					
9					
10			Total		30,925
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					
TOTAL					\$ 30,925

Name of Respondent	This Report Is:	Date of Report	Year of Report
Edison Sault Electric Company	(1) <input checked="" type="checkbox"/> An Original	(Mo, Da, Yr)	
	(2) <input type="checkbox"/> A Resubmission	04/25/2005	Dec. 31, 2004

SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)

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

Account Number (f)	Amount Classified to Non-operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
	SC	146	\$ 14,283	\$ 19,983	Cost	1
						2
						3
	O			11,122	Cost	4
						5
						6
	O			14,103	Cost	7
						8
						9
	O		\$ 14,283	\$ 45,208	Total	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
	SC		\$14,283	\$45,208		

Name of Respondent	This Report Is:	Date of Report	Year of Report
Edison Sault Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/25/2005	Dec. 31, 2004

**SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES**

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

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	Wisconsin Energy Corporation	Parent Company	Short-Term/Long-Term Debt Transactions		-
2			Interest on Above Notes		
3			Dividend to Parent		
4					
5					
6			Allocation of Charges	923	174,932
7					
8			<b>Total</b>		\$ 174,932
9					
10	Northern Tree Service, Inc.	Sub Of Parent	Tree Trimming Services	593	307,817
11					
12			Radio Tower Rent	583	4,200
13					
14			<b>Total</b>		\$ 311,217
15					
16	Wisconsin Electric	Sub Of Parent	Allocation Costs	Various G & M Expenses	1,076,932
17					
18					
19			Purchased Power Costs	555	10,351,755
20					
21			Trans Elec of Others	565	349,579
22					
23			<b>Total</b>		\$ 16,778,266
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
<b>TOTAL</b>					\$ 17,264,915

Name of Respondent	This Report Is:	Date of Report	Year of Report
Edison Sault Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/25/2005	Dec. 31, 2004

SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES (Continued)

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

Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
430	1,116,310	233	5,719,809	5,719,809	Cost	1
				1,116,310	Cost	2
			2,000,000	2,000,000	Cost	3
					Cost	4
				174,932	Cost	5
					Cost	6
	\$ 1,116,310		\$ 7,719,809	\$ 9,011,051	Total	7
				307,017	Cost	8
				4,200	Cost	9
					Cost	10
	\$ -		\$ -	\$ 311,217	Total	11
			-	1,076,932	Cost	12
			-		Cost	13
			-	15,351,755	Cost	14
			-	349,579	Cost	15
	\$ -		\$ -	\$ 16,778,266	Total	16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
						35
						36
						37
	\$ 1,116,310		\$ 7,719,809	\$ 26,100,534		



Name of Respondent Edison Sault Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/25/2005		Year of Report December 31, 2004	
HYDROELECTRIC GENERATING PLANTS							
<p>1. Report on this page Hyrdo 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, Nonutility Property.</p> <p>4. Designate any plant or portion thereof for which the responsibility is not the sole owner. If such property is leased from another company, give name of lessor, date and term of lease, and annual rent. For any generating plant, other than a leased plant, or portion thereof, for which the respondent is not the sole owner but which respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (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.</p> <p>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.</p> <p>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.</p>							
Line No.	Name of Plant	Location	Name of Stream	Water Wheels (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 units by appropriate footnote.)			
				Attended or Unattended	Type of Unit	Year Installed	Gross Static Head with Pond Full
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Edison Sault	Sault Ste. Marie,	St. Marys	Attended	F - Horiz.	1901 - 1920	18.0
2	Electric Company	Michigan	River				
3				Attended	F - Horiz.	1915	18.0
4				Attended	F - Horiz.	1916	18.0
5				Attended	F - Horiz.	1916	18.0
6				Attended	F - Horiz.	1916	18.0
7				Attended	F - Horiz.	1916	18.0
8			Total AC Units				
9							
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							

Name of Respondent Edison Sault Electric Company			This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission			Date of Report (Mo, Da, Yr) 04/25/2005		Year of Report December 31, 2004		
HYDROELECTRIC GENERATING PLANTS (Continued)										
<p>1. Report on this page Hydr 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, Nonutility Property.</p> <p>4. Designate any plant or portion thereof for which the responsibility is not the sole owner. If such property is leased from another company, give name of lessor, date and term of lease, and annual rent. For any generating plant, other than a leased plant, or portion thereof, for which the respondent is not the sole owner but which respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (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.</p> <p>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.</p> <p>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.</p>										
Water Wheels (Continued)			Generators						Total Installed Generating Capacity  (Name Plate Ratings in MW)	Line No.
Design Head	RPM	Maximum Hp. Capacity of Unit at Design Head	Year Installed	Voltage	Phase	Frequency or d.c.	Name Plate Rating of Unit (in MW)	No. of Units in Plant		
(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
18.0	180	600	1962	4,400	3	60	0.585	38	23.23	1
18.0	180	675	1963	4,400	3	60	0.585	6	3.51	2
18.0	180	725	1963	4,400	3	60	0.585	10	5.85	3
18.0	180	725	1916	4,000	3	60	0.480	4	1.92	4
18.0	180	750	1916	4,000	3	60	0.480	11	5.28	5
18.0	180	750	1916	4,400	3	60	0.480	4	1.92	6
								73	46.71	7
										8
										9
										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

