

MICHIGAN PUBLIC SERVICE COMMISSION

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

This form is authorized by 1919 PA 419, as amended, being MCL 460.55 et seq.; and 1969 PA 306, as amended, being MCL 24.201 et seq. Filing of this form is mandatory. Failure to complete and submit this form will place you violation of state law.

| | | | | | | | | | | |
|--|---|---|---|-------------------------------------|------------------------|-------------------------------------|------------------------|---|--|--|
| Report submitted for year ending: December 31, 2018 | | | | | | | | | | |
| Present name of respondent: Upper Michigan Energy Resources Corporation | | | | | | | | | | |
| Address of principal place of business: 231 West Michigan Street, Milwaukee, WI 53203 | | | | | | | | | | |
| Utility representative to whom inquires regarding this report may be directed: <table><tr><td>Name: Scott J. Maas</td><td>Title: Controller - Corporate Services</td></tr><tr><td colspan="2">Address: 700 North Adams Street, P. O. Box 19001</td></tr><tr><td>City: Green Bay</td><td>State: WI</td><td>Zip: 54307-9001</td></tr><tr><td colspan="3">Telephone, Including Area Code: (920) 433-1421</td></tr></table> | Name: Scott J. Maas | Title: Controller - Corporate Services | Address: 700 North Adams Street, P. O. Box 19001 | | City: Green Bay | State: WI | Zip: 54307-9001 | Telephone, Including Area Code: (920) 433-1421 | | |
| Name: Scott J. Maas | Title: Controller - Corporate Services | | | | | | | | | |
| Address: 700 North Adams Street, P. O. Box 19001 | | | | | | | | | | |
| City: Green Bay | State: WI | Zip: 54307-9001 | | | | | | | | |
| Telephone, Including Area Code: (920) 433-1421 | | | | | | | | | | |
| 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: <table><tr><td><input type="checkbox"/></td><td>]</td><td>were forwarded to the Commission</td></tr><tr><td><input type="checkbox"/></td><td>]</td><td>will be forwarded to the Commission</td></tr><tr><td colspan="3"><u>on or about</u></td></tr></table> | <input type="checkbox"/> |] | were forwarded to the Commission | <input type="checkbox"/> |] | will be forwarded to the Commission | <u>on or about</u> | | | |
| <input type="checkbox"/> |] | were forwarded to the Commission | | | | | | | | |
| <input type="checkbox"/> |] | will be forwarded to the Commission | | | | | | | | |
| <u>on or about</u> | | | | | | | | | | |
| Annual reports to stockholders: <table><tr><td><input type="checkbox"/></td><td>]</td><td>are published</td></tr><tr><td><input checked="" type="checkbox"/></td><td>]</td><td>are not published</td></tr></table> | <input type="checkbox"/> |] | are published | <input checked="" type="checkbox"/> |] | are not published | | | | |
| <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 (Heather Cantin) at (517) 284-8266 or cantinh@michigan.gov OR forward correspondence to:

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



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

Tel: +1 414 271 3000
Fax: +1 414 347 6200
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Michigan Gas Utilities Corporation:

We have audited the accompanying financial statements of Michigan Gas Utilities Corporation (the "Company"), which comprise the balance sheet — regulatory basis as of December 31, 2018, and the related statements of income — regulatory basis, retained earnings — regulatory basis, and cash flows — regulatory basis for the year then ended, included on pages 110 through 123 of the accompanying Michigan Public Service Commission Form P-522, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting requirements of the Michigan Public Service Commission as set forth in its applicable Uniform System of Accounts and published accounting releases; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the regulatory-basis financial statements referred to above present fairly, in all material respects, the assets, liabilities, and proprietary capital of Michigan Gas Utilities Corporation as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with the accounting requirements of the Michigan Public Service Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

Basis of Accounting

As discussed in Note B to the financial statements, these financial statements were prepared in accordance with the accounting requirements of the Michigan Public Service Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Restricted Use

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

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, slightly slanted style.

April 30, 2019

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

GENERAL INFORMATION

I. Purpose:

By authority conferred upon the Michigan Public Service Commission by 1919 PA 419, as amended, being MCL 460.55 et seq. and 1969 PA 306, as amended, being MCL 24.201 et seq., this form is a regulatory support requirement. It is designed to collect financial and operational information from public utilities, licensees and others subject to the jurisdiction of the Michigan Public Service Commission. This report is a nonconfidential public use form.

II. Who Must Submit:

Each major and nonmajor gas company, as classified by the Commission's Uniform System of Accounts must submit this form.

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

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

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

III. What and Where to Submit:

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

Michigan Public Service Commission (Financial Analysis & Audit Division)
Financial Analysis and Customer Choice Section
4300 W. Saginaw Hwy.
Lansing, MI 48917

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

(b) Submit immediately upon publication, one (1) copy of the latest annual report to
Michigan Public Service Commission (Financial Analysis & Audit Division)
Financial Analysis and Customer Choice Section
4300 W. Saginaw Hwy
Lansing, MI 48917

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

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

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

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

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

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

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

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

Michigan Public Service Commission (Financial Analysis & Audit Division)
 Financial Analysis and Customer Choice Section
 4300 W. Saginaw Hwy.
 Lansing, MI 48917

IV. When to Submit

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

GENERAL INSTRUCTIONS

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

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

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

Michigan Public Service Commission (Financial Analysis & Audit Division)
Financial Analysis and Customer Choice Section
4300 W. Saginaw Hwy
Lansing, MI 48917
- IX. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement (8 1/2 x 11 inch size) to the page being supplemented. Provide the appropriate identification information, including the title(s) of the page and page number supplemented.
- X. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.
- XI. Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why the different figures were used.
- XII. Respondents may submit computer printed schedules (reduced to 8 1/2 x 11 inch size) instead of preprinted schedules if they are in substantially the same format.
- XIII. A copy of the FERC Annual Report Form is acceptable to substitute for the same schedules of this report.

DEFINITIONS

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

MPSC FORM P-521

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

| IDENTIFICATION | | |
|---|--|---|
| 01 Exact Legal Name of Respondent Upper Michigan Energy Resources Corporation | 02 Year of Report December 31, 2018 | |
| 03 Previous Name and Date of Change (if name changed during year) | | |
| 04 Address of Principal Business Office at End of Year (Street, City, St., Zip) 231 West Michigan Street, Milwaukee, WI 53203 | | |
| 05 Name of Contact Person Scott J. Maas | 06 Title of Contact Person Controller - Corporate Services | |
| 07 Address of Contact Person (Street, City, St., Zip) 700 North Adams Street, P.O. Box 19001, Green Bay, Wisconsin 54307-9001 | | |
| 08 Telephone of Contact Person, Including Area Code: (920) 433-1421 | 09 This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | 10 Date of Report (Mo, Da, Yr) April 29, 2019 |
| ATTESTATION | | |
| The undersigned officer certifies that he/she has examined the accompanying report; that to the best of his/her knowledge, information, and belief, all statements of fact contained in the accompanying report are true and the accompanying report is a correct statement of the business and affairs of the above named respondent in respect to each and every matter set forth therein during the period from and including January 1 and including December 31 of the year of the report. | | |
| 01 Name Scott J. Lauber | 03 Signature  | 04 Date Signed (Mo, Da, Yr) April 29, 2019 |
| 02 Title Executive Vice President, CFO and Treasurer | | |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4/29/2019 | Year of Report December 31, 2018 |
| LIST OF SCHEDULES (Electric Utility) | | | |
| 1. Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none", "not applicable", or "NA". | | 2. The "M" prefix below denotes those pages where the information requested by the MPSC differs from that requested by FERC. Each of these pages also contains the "M" designation on the page itself. | |
| Title of Schedule (a) | Reference Page No. (b) | Remarks (c) | |
| GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS | | | |
| General Information | 101 | | |
| Control Over Respondent & Other Associated Companies | M 102 | None | |
| Corporations Controlled by Respondent | 103 | | |
| Officers and Employees | M 104 | | |
| Directors | 105 | | |
| Security Holders and Voting Powers | M 106-107 | | |
| Important Changes During the Year | 108-109 | | |
| Comparative Balance Sheet | M 110-113 | | |
| Statement of Income for the Year | M 114-117 | Page 116 - None | |
| Statement of Retained Earnings for the Year | M 118-119 | | |
| Statement of Cash Flows | 120-121 | | |
| Notes to Financial Statements | 122-123 | | |
| BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits) | | | |
| Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization, and Depletion | 200-201 | | |
| Nuclear Fuel Materials | 202-203 | None | |
| Electric Plant in Service | M 204-211 | | |
| Electric Plant Leased to Others | 213 | None | |
| Electric Plant Held for Future Use | 214 | | |
| Construction Work in Progress - Electric | M 216 | None | |
| Construction Overheads - Electric | 217 | | |
| General Description of Construction Overhead Procedure | M 218 | | |
| Accumulated Provision for Depreciation of Electric Utility Plant | M 219 | | |
| Nonutility Property | M 221 | None | |
| Investment in Subsidiary Companies | 224-225 | | |
| Material and Supply | 227 | | |
| Allowances | 228-229 | None | |
| Extraordinary Property Losses | 230B | | |
| Unrecovered Plant and Regulatory Study Costs | 230B | None | |
| Other Regulatory Assets | M 232 | | |
| Miscellaneous Deferred Debits | M 233 | | |
| Accumulated Deferred Income Taxes (Account 190) | 234A-B | | |
| BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Credits) | | | |
| Capital Stock | 250-251 | | |
| Capital Stock Subscribed, Capital Stock Liability for Conversion Premium on Capital Stock, and Installments Received on Capital Stock | 252 | None | |
| | | | |

| | | | |
|---|---|---|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4/29/2019 | Year of Report December 31, 2018 |
| LIST OF SCHEDULES (Electric Utility) (Continued) | | | |
| Title of Schedule (a) | Reference Page No. (b) | Remarks (c) | |
| BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits) (Continued) | | | |
| Other Paid-in Capital | 253 | | |
| Discount on Capital Stock | 254 | None | |
| Capital Stock Expense | 254 | None | |
| Long Term Debt | 256-257 | | |
| Reconciliation of Reported Net Income with Taxable Income for Federal Income Tax | M 261A-B | Page 261B - None | |
| Calculation of Federal Income Tax | | | |
| Taxes Accrued, Prepaid and Charged During Year | M 262-263 | | |
| Distribution of Taxes Charged | M 262-263 | | |
| Accumulated Deferred Income Taxes - Accelerated Amortization Property | M 272-273 | None | |
| Accumulated Deferred Income Taxes - Other Property | M 274-275 | | |
| Accumulated Deferred Income Taxes - Other | M 276A-B | | |
| Other Regulatory Liabilities | M 278 | | |
| INCOME ACCOUNT SUPPORTING SCHEDULES | | | |
| Electric Operating Revenues | M 300-301 | | |
| Sales of Electricity by Rate Schedules | 304 | | |
| Sales for Resale | 310-311 | None | |
| Electric Operation and Maintenance Expenses | 320-323 | | |
| Number of Electric Department Employees | 323 | None | |
| Purchased Power | 326-327 | | |
| Transmission of Electricity for Others | 328-330 | None | |
| Transmission of Electricity by Others | 332 | | |
| Miscellaneous General Expenses - Electric | M 335 | | |
| Depreciation and Amortization of Electric Plant | M 336-337 | Page 337 - None | |
| Particulars Concerning Certain Income Deduction and Interest Charges Accounts | 340 | | |
| COMMON SECTION | | | |
| Regulatory Commission Expenses | 350-351 | | |
| Research, Development and Demonstration Activities | 352-353 | None | |
| Distribution of Salaries and Wages | 354-355 | | |
| Common Utility Plant and Expenses | 356 | | |
| ELECTRICAL PLANT STATISTICAL DATA | | | |
| Monthly Transmission System Peak Load | M 400 | Not Applicable | |
| Electric Energy Account | 401 | | |
| Monthly Peaks and Output | 401 | | |
| Steam-Electric Generating Plant Statistics (Large Plants) | 402-403 | None | |
| Hydroelectric Generating Plant Statistics (Large Plants) | 406-407 | None | |
| Pumped Storage Generating Plant Statistics (Large Plants) | 408-409 | None | |
| Generating Plant Statistics (Other Plants) | 410-411 | None | |

| | | | |
|--|---|---|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4/29/2019 | Year of Report December 31, 2018 |
| LIST OF SCHEDULES (Electric Utility) (Continued) | | | |
| Title of Schedule (a) | Reference Page No. (b) | Remarks (c) | |
| ELECTRIC PLANT STATISTICAL DATA (Continued) | | | |
| Transmission Lines Statistics | 422-423 | None | |
| Transmission Lines Added During Year | 424-425 | None | |
| Substations | 426-427 | | |
| Electric Distribution Meters and Line Transformers | 429 | | |
| Environmental Protection Facilities | 430 | Filing Not Required | |
| Environmental Protection Expenses | 431 | Filing Not Required | |
| Renewable Energy Resources | 432 | None | |
| Renewable Energy Resource Expenses | 433 | None | |
| Footnote Data | 450 | | |
| Stockholders' Report | -- | | |
| MPSC SCHEDULES | | | |
| Reconciliation of Deferred Income Tax Expenses | 117A-B | | |
| Operating Loss Carry Forward | 117C | None | |
| Plant Acquisition Adjustments and Accumulated Provision for Amortization of Plant Acquisition Adjustments | 215 | None | |
| Construction Work in Progress and Completed Construction Not Classified - Electric | 216 | | |
| Accumulated Provision for Depreciation and Amortization of Nonutility Property | 221 | None | |
| Investments | 222-223 | None | |
| Notes & Accounts Receivable Summary for Balance Sheet | 226A | | |
| Accumulated Provision for Uncollectible Accounts - Credit Receivables From Associated Companies | 226A 226B | | |
| Production Fuel and Oil Stocks | 227A-B | None | |
| Miscellaneous Current and Accrued Assets | 230A | | |
| Preliminary Survey and Investigation Charges | 231A-B | | |
| Deferred Losses from Disposition of Utility Plant | 235A-B | None | |
| Unamortized Loss and Gain on Reacquired Debt | 237A-B | None | |
| Securities Issued or Assumed and Securities Refunded or Retired During the Year | 255 | | |
| Notes Payable | 260A | None | |
| Payables to Associated Companies | 260B | | |
| Investment Tax Credit Generated and Utilized | 264-265 | Pages Eliminated by MPSC | |
| Miscellaneous Current and Accrued Assets | 268 | | |
| Customer Advances for Construction | 268 | | |
| Deferred Gains from Disposition of Utility Plant | 270A-B | None | |
| Accumulated Deferred Income Taxes - Temporary | 277 | None | |
| Gain or Loss on Disposition of Property | 280A-B | None | |
| Income from Utility Plant Leased to Others | 281 | None | |
| Particulars Concerning Certain Other Income Accounts | 282 | | |
| Electric Operation and Maintenance Expenses (Nonmajor) | 320N-324N | Not Applicable | |
| Number of Electric Department Employees | 324N | Not Applicable | |
| Sales to Railroad & Railways and Interdepartmental Sales | 331A | | |
| Rent From Electric Property & Interdepartmental Rents | 331A | | |
| Sales of Water and Water Power | 331B | None | |
| Misc. Service Revenues & Other Electric Revenues | 331B | | |
| Lease Rentals Charged | 333A-D | Page 333C-D - None | |
| Expenditures for Certain Civic, Political and Related Activities | 341 | | |

| | | | |
|--|---|---|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4/29/2019 | Year of Report December 31, 2018 |
|--|---|---|-------------------------------------|

LIST OF SCHEDULES (Electric Utility) (Continued)

| Title of Schedule (a) | Reference Page No. (b) | Remarks (c) |
|--|------------------------------|----------------|
| MPSC SCHEDULES (Continued) | | |
| Extraordinary Items | 342 | None |
| Charges for Outside Professional and Other Consultative Services | 357 | |
| Summary of Costs Billed to Associated Companies | 358-359 | |
| Summary of Costs Billed from Associated Companies | 360-361 | |
| Monthly Transmission System Peak Load | 400 | Not Applicable |
| Changes Made or Scheduled to be Made in Generating Plant Capacities | 412 | |
| Steam-Electric Generating Plants | 413A-B | None |
| Hydroelectric Generating Plants | 414-415 | None |
| Pumped Storage Generating Plants | 416-418 | None |
| Internal Combustion Engine and Gas Turbine Generating Plants | 420-421 | None |

| | | | |
|--|---|---|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4/29/2019 | Year of Report December 31, 2018 |
| 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>Scott J. Lauber Executive Vice President, CFO and Treasurer 231 West Michigan Street Milwaukee, WI 53203</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 the fact and give the type of organization and date organized.</p> <p>Upper Michigan Energy Resources Corporation was incorporated in Michigan on September 29, 2016.</p> | | | |
| <p>3. If at any time during the year the property of respondent was held by receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date which possession by receivership or trustee ceased.</p> <p>Not applicable.</p> | | | |
| <p>4. State the classes of utility or other services furnished by respondent during the year in each State in which the respondent operated.</p> <p>Upper Michigan Energy Resources Corporation is an electric and gas utility that supplies and distributes electric power and natural gas in its franchised service territory in the Upper Peninsula of 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 date when such independent accountant was initially engaged: _____</p> <p>2. <input checked="" type="checkbox"/> No</p> | | | |

| | | | | | |
|--|--|---|-------------------------------------|---|--|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4/29/2019 | Year of Report December 31, 2018 | | |
| CONTROL OVER RESPONDENT & OTHER ASSOCIATED COMPANIES | | | | | |
| <p>1. If any corporation, business trust, or similar organization or combination of such organization jointly held control over respondent at the end of year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficiaries for whom trust was maintained, and purpose of the trust.</p> <p>2. List any entities which respondent did not control either directly or indirectly and which did not control respondent, but which were associated companies at any time during the year.</p> <p>3. Provide an Organization Chart for the entire business network to include all corporations, business trusts, or similar organization or combination of such organizations whether the entities held control or not. Include any associated companies with the respondent at any time during the year. In addition to this visual representation, provide an explanation or narrative you believe to be useful to accurately describe the Organizational Chart.</p> | | | | | |
| <p>1. Upper Michigan Energy Resources Corporation is a wholly owned subsidiary of WEC Energy Group, Inc.</p> <p>2. Associated companies include:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>American Transmission Company LLC ATC Development Manager, Inc. ATC Holdco LLC ATC Holding LLC ATC Management, Inc. Bishop Hill Energy III Holdings LLC Bishop Hill Energy III LLC Bluewater Gas Storage, LLC Bluewater National Gas Holding, LLC BGS Kimball Gas Storage, LLC Coyote Ridge Wind, LLC Elm Road Generating Station Supercritical, LLC Elm Road Services, LLC Integrays Holding, Inc. Michigan Gas Utilities Corporation Minnesota Energy Resources Corporation North Shore Gas Company Penvest, Inc. Peoples Energy, LLC Peoples Energy Neighborhood Development, LLC Peoples Energy Ventures, LLC Peoples Gas Neighborhood Development Corp. Peoples Technology, LLC Port Washington Generation Station, LLC SSS Holdings, LLC</p> </td> <td style="width: 50%; vertical-align: top;"> <p>State Energy Services, LLC The Peoples Gas Light & Coke Company Upstream Wind Energy Holdings, LLC Upstream Wind Energy LLC W.E. Power, LLC WEC Business Services LLC WEC Infrastructure LLC WEC Investments LLC We Energies Foundation, Inc. WEXCO of Delaware, Inc. Wisconsin Electric Power Company Wisconsin Energy Capital Corporation Wisconsin Energy Services, LLC Wisconsin Gas LLC Wisconsin Public Service Corporation Wisconsin Public Service Foundation, Inc. Wisconsin River Power Company Wispark LLC Wisvest LLC WPS Community Foundation, Inc. WPS Investments, LLC WPS Power Development, LLC * WPS Vision, Inc.</p> </td> </tr> </table> <p>* WPS Power Development, LLC is the parent company of our non-regulated power generation subsidiaries.</p> | | | | <p>American Transmission Company LLC ATC Development Manager, Inc. ATC Holdco LLC ATC Holding LLC ATC Management, Inc. Bishop Hill Energy III Holdings LLC Bishop Hill Energy III LLC Bluewater Gas Storage, LLC Bluewater National Gas Holding, LLC BGS Kimball Gas Storage, LLC Coyote Ridge Wind, LLC Elm Road Generating Station Supercritical, LLC Elm Road Services, LLC Integrays Holding, Inc. Michigan Gas Utilities Corporation Minnesota Energy Resources Corporation North Shore Gas Company Penvest, Inc. Peoples Energy, LLC Peoples Energy Neighborhood Development, LLC Peoples Energy Ventures, LLC Peoples Gas Neighborhood Development Corp. Peoples Technology, LLC Port Washington Generation Station, LLC SSS Holdings, LLC</p> | <p>State Energy Services, LLC The Peoples Gas Light & Coke Company Upstream Wind Energy Holdings, LLC Upstream Wind Energy LLC W.E. Power, LLC WEC Business Services LLC WEC Infrastructure LLC WEC Investments LLC We Energies Foundation, Inc. WEXCO of Delaware, Inc. Wisconsin Electric Power Company Wisconsin Energy Capital Corporation Wisconsin Energy Services, LLC Wisconsin Gas LLC Wisconsin Public Service Corporation Wisconsin Public Service Foundation, Inc. Wisconsin River Power Company Wispark LLC Wisvest LLC WPS Community Foundation, Inc. WPS Investments, LLC WPS Power Development, LLC * WPS Vision, Inc.</p> |
| <p>American Transmission Company LLC ATC Development Manager, Inc. ATC Holdco LLC ATC Holding LLC ATC Management, Inc. Bishop Hill Energy III Holdings LLC Bishop Hill Energy III LLC Bluewater Gas Storage, LLC Bluewater National Gas Holding, LLC BGS Kimball Gas Storage, LLC Coyote Ridge Wind, LLC Elm Road Generating Station Supercritical, LLC Elm Road Services, LLC Integrays Holding, Inc. Michigan Gas Utilities Corporation Minnesota Energy Resources Corporation North Shore Gas Company Penvest, Inc. Peoples Energy, LLC Peoples Energy Neighborhood Development, LLC Peoples Energy Ventures, LLC Peoples Gas Neighborhood Development Corp. Peoples Technology, LLC Port Washington Generation Station, LLC SSS Holdings, LLC</p> | <p>State Energy Services, LLC The Peoples Gas Light & Coke Company Upstream Wind Energy Holdings, LLC Upstream Wind Energy LLC W.E. Power, LLC WEC Business Services LLC WEC Infrastructure LLC WEC Investments LLC We Energies Foundation, Inc. WEXCO of Delaware, Inc. Wisconsin Electric Power Company Wisconsin Energy Capital Corporation Wisconsin Energy Services, LLC Wisconsin Gas LLC Wisconsin Public Service Corporation Wisconsin Public Service Foundation, Inc. Wisconsin River Power Company Wispark LLC Wisvest LLC WPS Community Foundation, Inc. WPS Investments, LLC WPS Power Development, LLC * WPS Vision, Inc.</p> | | | | |

| | | | |
|--|---|---|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4/29/2019 | Year of Report December 31, 2018 |
| CONTROL OVER RESPONDENT & OTHER ASSOCIATED COMPANIES | | | |
| <p>1. If any corporation, business trust, or similar organization or combination of such organization jointly held control over respondent at the end of year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficiaries for whom trust was maintained, and purpose of the trust.</p> <p>2. List any entities which respondent did not control either directly or indirectly and which did not control respondent, but which were associated companies at any time during the year.</p> <p>3. Provide an Organization Chart for the entire business network to include all corporations, business trusts, or similar organization or combination of such organizations whether the entities held control or not. Include any associated companies with the respondent at any time during the year. In addition to this visual representation, provide an explanation or narrative you believe to be useful to accurately describe the Organizational Chart.</p> | | | |
| <p>3. WEC Energy Group, Inc. Subsidiaries (Exhibit 21.1 to the 2018 SEC Form 10-K):</p> <p>ATC Holding LLC American Transmission Company LLC ATC Development Manager, Inc. ATC Holdco, LLC ATC Management Inc.</p> <p>Bluewater Natural Gas Holding, LLC BGS Kimball Gas Storage, LLC Bluewater Gas Storage, LLC</p> <p>Integrays Holding, Inc. Michigan Gas Utilities Corporation Minnesota Enegy Resources Corporation Peoples Energy, LLC North Shore Gas Company Peoples Energy Ventures, LLC The Peoples Gas Light and Coke Company</p> <p>Wisconsin Public Service Corporation Wisconsin River Power Company Wisconsin Valley Improvement Company</p> <p>WPS Power Development, LLC WPS Visions, Inc.</p> <p>Upper Michigan Energy Resources Corporation W.E. Power, LLC Elm Road Generating Station Supercritical, LLC Elm Road Services, LLC Port Washington Generation Station, LLC</p> <p>WEC Business Services LLC WEC Infrastructure LLC Bishop Hill Enegy III Holdings, LLC Bishop Hill Energy III LLC Coyote Ridge Wind, LLC</p> <p>WEC Investments, LLC Wisconsin Electric Power Company Wisconsin Energy Capital Corporation Wisconsin Gas LLC Wispark LLC Wisvest LLC</p> <p>* Omits the names of certain subsidiaries, which if considered in the aggregate as a single subsidiary, would not constitute a "significant subsidiary" as of December 31, 2018. Indirectly owned subsidiaries are listed under the subsidiaries through which WEC Energy Group, Inc. holds ownership.</p> | | | |

| | | | |
|---|---|---|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4/29/2019 | Year of Report December 31, 2018 |
|---|---|---|-------------------------------------|

OFFICERS AND EMPLOYEES

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

| Line | Name and Title (a) | Base Wages (b) | Other Compensation (c) | Type of Other Compensation (d) | Total Compensation (e) |
|------|--|-------------------|---------------------------|-----------------------------------|---------------------------|
| 1 | J. Kevin Fletcher (1) President | 303 | 476 | A | 779 |
| 2 | J. Patrick Keyes (1) President | 1,642 | 2,551 | A | 4,193 |
| 3 | Scott J. Lauber (2) EVP, CFO, and Treasurer | 2,701 | 4,477 | A | 7,178 |
| 4 | James A. Schubilske (2) VP and Treasurer | 1,049 | 978 | A | 2,027 |
| 5 | Margaret C. Kelsey EVP, General Counsel, and Corporate Secretary | 1,751 | 2,538 | A | 4,289 |

Footnote Data

- 1 J. Kevin Fletcher was appointed President, effective September 15, 2018, to succeed J. Patrick Keyes; Kevin was Executive VP - Customer Service and Operations until September 14, 2018.
- 2 Scott J. Lauber was appointed Executive VP, Chief Financial Officer, and Treasurer effective October 23, 2018, to succeed James A. Schubilske (was Treasurer until October 8, 2018).
- 3
- 4

Compensation Type Codes:

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

| | | | |
|--------------------|---|---|-------------------------------------|
| 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) 4/29/2019 | Year of Report December 31, 2018 |
|--------------------|---|---|-------------------------------------|

DIRECTORS

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

| Name and Title of Director (a) | Principal Business Address (b) | # of Directors Meetings During Yr (c) | Fees During Yr (d) |
|--|---|--|-----------------------|
| 1 J. Kevin Fletcher President | 231 West Michigan Street Milwaukee, WI 53203 | 7 | None |
| 2 Margaret C. Kelsey Executive VP, Corporate Secretary, and General Counsel | 231 West Michigan Street Milwaukee, WI 53203 | 6 | None |
| 3 Scott J. Lauber Executive VP, CFO, and Treasurer | 231 West Michigan Street Milwaukee, WI 53203 | 7 | None |
| 4 Tom Metcalfe | 231 West Michigan Street Milwaukee, WI 53203 | 5 | None |
| 5 Allen L. Leverett (resigned effective 01/09/2018) | | 0 | None |
| 6 J. Patrick Keyes (resigned effective 09/14/2018) | | 2 | None |

Footnote Data

Number of Directors meetings includes in person meetings and unanimous consent actions.

We do not have an Executive Committee.

| | | | |
|--|---|---|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4/29/2019 | Year of Report December 31, 2018 |
|--|---|---|-------------------------------------|

SECURITY HOLDERS AND VOTING POWERS

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

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

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

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

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

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

Stock books are not closed prior to the end of the year.

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

Total: 2,000

By Proxy: 0

Meeting conducted by unanimous consent of the sole shareholder on May 15, 2018.

3. Give the date and place of such meeting:

Directors were elected May 15, 2018, via unanimous consent of the sole shareholder, WEC Energy Group, Inc., in lieu of an annual meeting.

| | | | |
|---|---|---|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4/29/2019 | Year of Report December 31, 2018 |
|---|---|---|-------------------------------------|

SECURITY HOLDERS AND VOTING POWERS (Continued)

| Line | Name (Title) and Address of Security Holder (a) | VOTING SECURITIES | | | |
|------|--|-------------------------------|---------------------|------------------------|--------------|
| | | Number of votes as of (date): | | | |
| | | Total Votes (b) | Common Stock (c) | Preferred Stock (d) | Other (e) |
| 4 | TOTAL votes all voting securities | | 2,000 | - | - |
| 5 | TOTAL number of security holders | | 1 | - | - |
| 6 | TOTAL votes of security holders listed below | | 2,000 | - | - |
| 7 | WEC Energy Group, Inc. | | 2,000 | | |
| 8 | 231 West Michigan Street | | | | |
| 9 | Milwaukee, WI 53203 | | | - | - |
| 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 | | | | | |

RESPONSE/NOTES TO INSTRUCTION #
2 Not applicable

3 Not applicable
4 Not applicable

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4/29/2019 | Year of Report December 31, 2018 |
| IMPORTANT CHANGES DURING THE YEAR | | | |
| <p>Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none", "not acceptable" or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.</p> <p>1. Changes in and important additions to franchise rights: Describe the actual consideration given therefor and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.</p> <p>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.</p> <p>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.</p> <p>4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents and other conditions. State name of Commission authorizing lease and give reference to such authorization.</p> <p>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</p> | | <p>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.</p> <p>6. Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the obligation was assumed and amount of the obligation. Give reference to Commission authorization if any was required.</p> <p>7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.</p> <p>8. State the estimated annual effect and nature of any important wage scale changes during the year.</p> <p>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.</p> <p>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.</p> <p>11. Estimated increase or decrease in annual revenues due to important rate changes: State effective date and approximate amount of increase or decrease of each revenue classification. State the number of customers affected.</p> <p>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 attached to this page.</p> | |
| | | | |

| | | | |
|---|---|---|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4/29/2019 | Year of Report December 31, 2018 |
| IMPORTANT CHANGES DURING THE YEAR (Continued) | | | |
| <p>See listing of Acronyms Used in This Report at Page 123.1. In this report, when we refer to "us," "we," or "ours," we are referring to U MERC.</p> <p>1. None.</p> <p>2. None.</p> <p>3. None.</p> <p>4. None.</p> <p>5. None.</p> <p>6. At December 31, 2018, we had \$50,000,000 of long term notes payable to WEC Energy Group due October 1, 2027; \$50,000,000 of long term notes payable to WEC Energy Group due July 1, 2048; \$50,000,000 of long term of long term notes payable to WEC Energy Group due November 1, 2028; and, \$42,501,837 of short term notes payable to WEC Energy Group.</p> <p>7. There have been no changes to the Articles of Incorporation (filed September 20, 2016).</p> <p>8. None.</p> <p>9. See Condensed Notes to Financial Statements, Note 9, Commitments and Contingencies on Page 123.</p> <p>10. No material transactions to report.</p> <p>11. Reserved.</p> <p>12. Not applicable.</p> <p>13. Director Changes: <i>Susan H. Martin</i> stepped down effective December 31, 2017, and was succeeded by Margaret C. Kelsey effective January 1, 2018. <i>Allen L. Leverett</i> resigned effective January 9, 2018. <i>J. Patrick Keyes</i> resigned effective September 14, 2018. <i>Tom Metcalfe</i> was appointed effective September 15, 2018.</p> <p>Officer Changes: <i>Susan H. Martin</i> stepped down as Corporate Secretary and General Counsel effective December 31, 2017, and as EVP effective April 2, 2018. <i>Margaret C. Kelsey</i> was appointed EVP, Corporate Secretary and General Counsel effective January 1, 2018. <i>J. Patrick Keyes</i> resigned as President effective September 14, 2018. <i>J. Kevin Fletcher</i> was promoted from EVP-Customer Service & Operations to President effective September 15, 2018. <i>James A. Schubilske</i> stepped down as Vice President and Treasurer effective October 8, 2018. <i>Scott J. Lauber</i> was appointed the additional role of Treasurer effective October 23, 2018.</p> <p>14. Not applicable.</p> | | | |

| Name of Respondent | | This Report Is: | Date of Report | Year of Report |
|---|--|--|----------------------------------|----------------------------|
| Upper Michigan Energy Resources Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) 4/29/2019 | December 31, 2018 |
| COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) | | | | |
| Line No. | Title of Account (a) | Ref. Page No. (b) | Balance at Beginning of Year (c) | Balance at End of Year (d) |
| 1 | UTILITY PLANT | | | |
| 2 | Utility Plant (101-106, 114, 118) | 200-201 | 184,282,460 | 197,521,984 |
| 3 | Construction Work in Progress (107) | 200-201 | 53,065,625 | 201,393,171 |
| 4 | TOTAL Utility Plant (Enter Total of lines 2 and 3) | | 237,348,085 | 398,915,155 |
| 5 | (Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115, 119) | | 73,859,537 | 76,456,708 |
| 6 | Net Utility Plant (Enter Total of line 4 less 5) | | 163,488,548 | 322,458,447 |
| 7 | Nuclear Fuel (120.1-120.4, 120.6) | | | |
| 8 | (Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5) | | | |
| 9 | Net Nuclear Fuel (Enter Total of line 7 less 8) | | | |
| 10 | Net Utility Plant (Enter Total of lines 6 and 9) | | 163,488,548 | 322,458,447 |
| 11 | Utility Plant Adjustments (116) | 122-123 | | |
| 12 | Gas Stored-Base Gas (117.1) | 220 | | |
| 13 | System Balancing Gas (117.2) | 220 | | |
| 14 | Gas Stored in Reservoirs and Pipelines-Noncurrent (117.3) | 220 | | |
| 15 | Gas Owed to System Gas (117.4) | 220 | | |
| 16 | OTHER PROPERTY AND INVESTMENTS | | | |
| 17 | Nonutility Property (121) | 221 | | |
| 18 | (Less) Accum. Prov. for Depr. and Amort. (122) | 221 | | |
| 19 | Investments in Associated Companies (123) | 222-223 | | |
| 20 | Investments in Subsidiary Companies (123.1) | 224-225 | | |
| 21 | (For cost of Account 123.1 See Footnote Page 224, line 42) | | | |
| 22 | Noncurrent Portion of Allowances | --- | | |
| 23 | Other Investments (124) | | | |
| 24 | Sinking Funds (125) | | | |
| 25 | Depreciation Fund (126) | | | |
| 26 | Amortization Fund - Federal (127) | | | |
| 27 | Other Funds (128) | | | |
| 28 | LT Portion of Derivative Assets (175) | | | |
| 29 | LT Portion of Derivative Assets - Hedges (176) | | | |
| 30 | TOTAL Other Property and Investments (Total of lines 17 thru 29) | | | |
| 31 | CURRENT AND ACCRUED ASSETS | | | |
| 32 | Cash (131) | --- | 94,282 | 59,423 |
| 33 | Special Deposits (132-134) | --- | | |
| 34 | Working Fund (135) | --- | | |
| | | 222-223 | | |
| 35 | Notes Receivable (141) | 228A | | |
| 36 | Customer Accounts Receivable (142) | 228A | 7,341,598 | 7,071,015 |
| 37 | Other Accounts Receivable (143) | 228A | 16,827,997 | 29,405,569 |
| 38 | (Less) Accum. Prov. for Uncoll. Acct.-Credit (144) | 228A | 434,183 | 443,583 |
| 39 | Notes Receivable from Associated Companies (145) | 228B | | |
| 40 | Accounts Receivable from Associated Companies (146) | 228B | 9,248,400 | 7,408,224 |
| 41 | Fuel Stock (151) | 228C | | |
| 42 | Fuel Stock Expenses Undistributed (152) | 228C | | |
| 43 | Residuals (Elec) and Extracted Products (Gas) (153) | 228C | | |
| 44 | Plant Materials and Operating Supplies (154) | 228C | | 6,590 |
| 45 | Merchandise (155) | 228C | | |
| 46 | Other Materials and Supplies (156) | 228C | | |
| 47 | Nuclear Material Held for Sale (157) | 228C | | |

| | | | |
|--|---|---|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Month, Day, Year) 4/29/2019 | Year of Report December 31, 2018 |
|--|---|---|-------------------------------------|

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

| Line No. | Title of Account (a) | Ref. Page No. (b) | Balance at Beginning of Year (c) | Balance at End of Year (d) |
|----------|--|----------------------|-------------------------------------|-------------------------------|
| 49 | Allowances (158.1 and 158.2) | --- | | |
| 50 | (Less) Noncurrent Portion of Allowances | --- | | |
| 51 | Stores Expense Undistributed (163) | 227C | | |
| 52 | Gas Stored Underground-Current (164.1) | 220 | | |
| 53 | Liquefied Natural Gas Stored and Held for Processing (164.2-164.3) | 220 | | |
| 54 | Prepayments (165) | 226,230 | 711,343 | 206,190 |
| 55 | Advances for Gas (166-167) | 229 | | |
| 56 | Interest and Dividends Receivable (171) | --- | | |
| 57 | Rents receivable (172) | --- | | |
| 58 | Accrued Utility Revenues (173) | --- | 4,005,988 | 3,305,789 |
| 59 | Miscellaneous Current and Accrued Assets (174) | --- | | 193,738 |
| 60 | Derivative Instrument Assets (175) | | | |
| 61 | (Less) LT Portion of Derivative Instrument Assets (175) | | | |
| 62 | Derivative Instrument Assets - Hedges (176) | | | |
| 63 | (Less) Derivative Instrument Assets - Hedges (176) | | | |
| 64 | TOTAL Current and Accrued Assets (Enter Total of lines 32 thru 63) | | 37,795,425 | 47,212,955 |
| 65 | DEFERRED DEBITS | | | |
| 66 | Unamortized Debt Expenses (181) | --- | | |
| 67 | Extraordinary Property Losses (182.1) | 230 | | |
| 68 | Unrecovered Plant & Regulatory Study Costs (182.2) | 230 | | |
| 69 | Other Regulatory Assets (182.3) | 232 | 8,587,666 | 10,452,156 |
| 70 | Prelim. Survey & Invest. Charges (Electric) (183) | --- | 40,573 | 209 |
| 71 | Prelim. Survey & Invest. Charges (Gas) (183.1, 183.2) | 231 | | 863 |
| 72 | Clearing Accounts (184) | --- | | |
| 73 | Temporary Facilities | --- | | |
| 74 | Miscellaneous Deferred Debits (186) | 233 | 161,436 | 320,760 |
| 75 | Def. Losses from Disposition of Utility Plant (187) | --- | | |
| 76 | Research, Devel. and Demonstration Expend. (188) | 352-353 | | |
| 77 | Unamortized Loss on Reacquired Debt (189) | --- | | |
| 78 | Accumulated Deferred Income Taxes (190) | 234-235 | 4,883,895 | 5,874,022 |
| 79 | Unrecovered Purchased Gas Costs (191) | --- | | |
| 80 | TOTAL Deferred Debits (Enter Total of lines 66 thru 79) | | 13,673,570 | 16,648,010 |
| 81 | TOTAL Assets and Other Debits (Enter Total of lines 10 - 15, 30, 64 and 80) | | 214,957,543 | 386,319,412 |

| Name of Respondent | | This Report Is: | Date of Report | Year of Report |
|---|--|--|-------------------------------------|-------------------------------|
| Upper Michigan Energy Resources Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Month, Day, Year) 4/29/2019 | December 31, 2018 |
| COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) | | | | |
| Line No. | Title of Account (a) | Ref. Page No. (b) | Balance at Beginning of Year (c) | Balance at End of Year (d) |
| 1 | PROPRIETARY CAPITAL | | | |
| 2 | Common Stock Issued (201) | 250-251 | | 20 |
| 3 | Preferred Stock Issued (204) | 250-251 | | |
| 4 | Capital Stock Subscribed (202, 205) | 252 | | |
| 5 | Stock Liability for Conversion (203, 206) | 252 | | |
| 6 | Premium on Capital Stock (207) | 252 | | |
| 7 | Other Paid-In Capital (208-211) | 253 | 42,079,165 | 112,931,688 |
| 8 | Installments received on Capital Stock (212) | 252 | | |
| 9 | (Less) Discount on Capital Stock (213) | 254 | | |
| 10 | (Less) Capital Stock Expense (214) | 254 | | |
| 11 | Retained Earnings (215, 215.1, 216) | 118-119 | 7,619,595 | 20,156,385 |
| 12 | Unappropriated Undistributed Subsidiary Earnings (216.1) | 118-119 | | |
| 13 | (Less) Reacquired Capital Stock (217) | 250-251 | | |
| 14 | Accumulated Other Comprehensive Income (219) | 117 | | |
| 15 | TOTAL Proprietary Capital (Enter Total of lines 2 thru 14) | | 49,698,760 | 133,088,093 |
| 16 | LONG-TERM DEBT | | | |
| 17 | Bonds (221) | 256-257 | | |
| 18 | (Less) Reacquired Bonds (222) | 256-257 | | |
| 19 | Advances from Associated Companies (223) | 256-257 | 50,000,000 | 150,000,000 |
| 20 | Other Long-Term Debt (224) | 256-257 | | |
| 21 | Unamortized Premium on Long-Term Debt (225) | 258-259 | | |
| 22 | (Less) Unamortized Discount on Long-Term Debt-Debit (226) | 258-259 | | |
| 23 | (Less) Current Portion of Long-Term Debt | | | |
| 24 | TOTAL Long-Term Debt (Enter Total of lines 17 thru 23) | | 50,000,000 | 150,000,000 |
| 25 | OTHER NONCURRENT LIABILITIES | | | |
| 26 | Obligations Under Capital Leases-Noncurrent (227) | --- | | |
| 27 | Accumulated Prov. for Property Insurance (228.1) | --- | | |
| 28 | Accumulated Prov. for Injuries and Damages (228.2) | --- | | |
| 29 | Accumulated Prov. for Pensions and Benefits (228.3) | --- | | |
| 30 | Accumulated Misc. Operating Provisions (228.4) | --- | | 87,000 |
| 31 | Accumulated Provision for Rate Refunds (229) | --- | | |
| 32 | LT Portion of Derivative Instrument Liabilities | | | |
| 33 | LT Portion of Derivative Instrument Liabilities - Hedges | | | |
| 34 | Asset Retirement Obligations (230) | | | |
| 35 | TOTAL Other Noncurrent Liabilities | | | 87,000 |
| 36 | CURRENT AND ACCRUED LIABILITIES | | | |
| 37 | Current Portion of Long-Term Debt | | | |
| 38 | Notes Payable (231) | 260A | | |
| 39 | Accounts Payable (232) | --- | 409,792 | 986,887 |
| 40 | Notes Payable to Associated Companies (233) | 260A | 38,101,837 | 42,501,837 |
| 41 | Accounts Payable to Associated Companies (234) | 260A | 36,181,418 | 15,915,428 |
| 42 | Customer Deposits (235) | --- | 5,760 | 5,510 |
| 43 | Taxes Accrued (236) | 262-263 | 1,935,979 | 3,441,380 |
| 44 | Interest Accrued (237) | --- | | |
| 45 | Dividends Declared (238) | --- | | |
| 46 | Matured Long-Term Debt (239) | --- | | |

| | | | |
|--|--|---|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report is (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Month, Day, Year) 4/29/2019 | Year of Report December 31, 2018 |
|--|--|---|-------------------------------------|

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)

| Line No. | Title of Account (a) | Ref. Page No. (b) | Balance at Beginning of Year (c) | Balance at End of Year (d) |
|----------|---|----------------------|-------------------------------------|-------------------------------|
| 47 | Matured Interest (240) | | | |
| 48 | Tax Collections Payable (241) | | 58,535 | |
| 49 | Misc. Current and Accrued Liabilities (242) | | 836,541 | 307,839 |
| 50 | Obligations Under Capital Leases-Current (243) | | | |
| 51 | Derivative Instrument Liabilities (244) | | | |
| 52 | (Less) LT Portion of Derivative Instrument Liabilities | | | |
| 53 | Derivative Instrument Liabilities - Hedges (245) | | | |
| 54 | (Less) LT Portion of Derivative Instrument Liabilities - Hedges | | | |
| 55 | Federal Income Taxes Accrued for Prior Years (246) | | | |
| 56 | State and Local Taxes Accrued for Prior Years (246.1) | | | |
| 57 | Federal Income Taxes Accrued for Prior Years - Adjustments (247) | | | |
| 58 | State and Local Taxes Accrued for Prior Years - Adjustments (247.1) | | | |
| 59 | TOTAL Current and Accrued Liabilities (Enter total of lines 37 thru 58) | | 77,529,862 | 63,158,881 |
| 60 | DEFERRED CREDITS | | | |
| 61 | Customer Advances for Construction (252) | | 160,895 | 209,565 |
| 62 | Accumulated Deferred Investment Tax Credits (255) | | | |
| 63 | Deferred Gains from Disposition of Utility Plt. (256) | | | |
| 64 | Other Deferred Credits (253) | | | |
| 65 | Other Regulatory Liabilities (254) | | 15,067,592 | 15,586,967 |
| 66 | Unamortized Gain on Reacquired Debt (257) | | | |
| 67 | Accumulated Deferred Income Taxes - Accelerated Amortization (281) | | | |
| 68 | Accumulated Deferred Income Taxes - Other Property (282) | | 18,691,548 | 20,331,276 |
| 69 | Accumulated Deferred Income Taxes - Other (283) | | 3,808,886 | 3,857,630 |
| 70 | TOTAL Deferred Credits (Enter Total of lines 61 thru 69) | | 37,728,921 | 39,985,438 |
| 71 | TOTAL Liabilities and Other Credits (Enter total of lines 15, 24, 35, 59 and 70) | | 214,957,543 | 386,319,412 |

| | | | |
|--|---|---|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Month, Day, Year) 4/29/2019 | Year of Report December 31, 2018 |
|--|---|---|-------------------------------------|

STATEMENT OF INCOME FOR THE YEAR

- | | |
|--|--|
| <p>1. Report amounts for accounts 412 and 413, <i>Revenue and Expenses from Utility Plant Leased to Others</i>, in another utility column (l, k, m, o) in a similar manner to a utility department. Spread the amount(s) over lines 02 thru 24 as appropriate. Include these amounts in columns (c) and (d) totals.</p> <p>2. Report amounts in account 414, <i>Other Utility Operating Income</i>, in the same manner as accounts 412 and 413 above.</p> <p>3. Report data for lines 7, 9 and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1, and 407.2.</p> <p>4. Use page 122 for Important notes regarding the statement of income or any account thereof.</p> | <p>5. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power and gas purchases</p> <p>6. Give concise explanations concerning significant amounts of any refunds made or received during the year</p> |
|--|--|

| Line No. | Account (a) | (Ref.) Page No. (b) | TOTAL | |
|----------|---|---------------------------|---------------------|----------------------|
| | | | Current Year (c) | Previous Year (d) |
| 1 | UTILITY OPERATING INCOME | | | |
| 2 | Operating Revenues (400) | 300-301 | 76,515,747 | 75,886,497 |
| 3 | Operating Expenses | | | |
| 4 | Operation Expenses (401) | 320-325 | 55,610,630 | 56,612,349 |
| 5 | Maintenance Expenses (402) | 320-325 | 2,331,611 | 2,836,292 |
| 6 | Depreciation Expenses (403) | 336-338 | 4,656,510 | 4,364,200 |
| 7 | Depreciation Expense for Asset Retirement Costs (403.1) | | | |
| 8 | Amort. & Depl. Of Utility Plant (404-405) | 336-338 | 43,661 | |
| 9 | Amort. Of Utility Plant Acq. Adj. (406) | 336-338 | | 13,300 |
| 10 | Amort. Of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1) | | | (47,128) |
| 11 | Amort. Of Conversion Expenses (407.2) | | | |
| 12 | Regulatory Debits (407.3) | | 539,372 | |
| 13 | (Less) Regulatory Credits (407.4) | | 7,560 | |
| 14 | Taxes Other Than Income Taxes (408.1) | 262-263 | 2,899,721 | 2,920,450 |
| 15 | Income Taxes - Federal (409.1) | 262-263 | 4,035,478 | 2,423,313 |
| 16 | Income Taxes - Other (409.1) | 262-263 | 1,234,983 | 420,511 |
| 17 | Provision for Deferred Income Taxes (410.1) | 234,272-277 | 149,628,201 | 8,197,333 |
| 18 | (Less) Provision for Deferred Income Taxes Cr. (411.1) | 234,272-277 | 152,531,850 | 7,685,877 |
| 19 | Investment Tax Credit Adj. - Net (411.4) | 266 | | |
| 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) | | 68,440,757 | 70,054,743 |
| 26 | Net Utility Operating Income (Enter Total of line 2 less 25) (Carry forward to page 117, line 27) | | 8,074,990 | 5,831,754 |

| | | | |
|--|---|---|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4/29/2019 | Year of Report December 31, 2018 |
|--|---|---|-------------------------------------|

STATEMENT OF INCOME FOR THE YEAR (Continued)

resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expenses accounts.

7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be attached at page 122.

8. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the

basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.

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

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

| ELECTRIC UTILITY | | GAS UTILITY | | OTHER UTILITY | | Line No. |
|------------------|-------------------|------------------|-------------------|------------------|-------------------|----------|
| Current Year (e) | Previous Year (f) | Current Year (g) | Previous Year (h) | Current Year (i) | Previous Year (j) | |
| | | | | | | 1 |
| 72,535,953 | 72,000,338 | 3,979,794 | 3,886,159 | | | 2 |
| | | | | | | 3 |
| 52,190,207 | 53,258,857 | 3,420,423 | 3,353,492 | | | 4 |
| 2,211,419 | 2,743,828 | 120,192 | 92,464 | | | 5 |
| 4,486,068 | 4,198,313 | 170,442 | 165,887 | | | 6 |
| | | | | | | 7 |
| 41,609 | | 2,052 | | | | 8 |
| | 13,300 | | | | | 9 |
| | (47,128) | | | | | 10 |
| | | | | | | 11 |
| 539,372 | | | | | | 12 |
| 7,560 | | | | | | 13 |
| 2,096,593 | 2,912,446 | 803,128 | 8,004 | | | 14 |
| 4,306,166 | 2,336,541 | (270,688) | 86,772 | | | 15 |
| 1,256,599 | 404,686 | (21,616) | 15,825 | | | 16 |
| 146,226,391 | 8,147,322 | 3,401,810 | 50,011 | | | 17 |
| 149,282,675 | 7,612,398 | 3,249,175 | 73,479 | | | 18 |
| | | | | | | 19 |
| | | | | | | 20 |
| | | | | | | 21 |
| | | | | | | 22 |
| | | | | | | 23 |
| | | | | | | 24 |
| 64,064,189 | 66,355,767 | 4,376,568 | 3,698,976 | | | 25 |
| 8,471,764 | 5,644,571 | (396,744) | 187,183 | | | 26 |

| Name of Respondent | | This Report is: | Date of Report | Year of Report |
|--|--|--|---------------------------------|----------------------|
| Upper Michigan Energy Resources Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Month, Day, Year) 4/29/2019 | December 31, 2018 |
| STATEMENT OF INCOME PER THE YEAR (Continued) | | | | |
| Line No. | Account (a) | (Ref.) Page No. (b) | TOTAL | |
| | | | Current Year (c) | Previous Year (d) |
| 27 | Net Utility Operating Income (Carried forward from Page 114) | - | 8,074,990 | 5,831,754 |
| 28 | Other Income and Deductions | | | |
| 29 | Other Income | | | |
| 30 | Nonutility Operating Income | | | |
| 31 | Revenue From Merchandising, Jobbing and Contract Work (415) | | | |
| 32 | (Less Costs and Exp. Of Merchandising, Job & Contract Work (416) | | | |
| 33 | Revenue From Non Utility 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) | | | |
| 38 | Allowance for Other Funds Used During Construction (419.1) | | 5,447,521 | 185,324 |
| 39 | Miscellaneous Nonoperating Income (421) | | 707,456 | 844,753 |
| 40 | Gain on Disposition of Property (421.1) | | | |
| 41 | TOTAL Other Income (Enter Total of lines 31 thru 40) | | 6,154,977 | 1,030,077 |
| 42 | Other Income Deductions | | | |
| 43 | Loss on Disposition of Property (421.2) | | | |
| 44 | Miscellaneous Amortization (425) | 340 | | |
| 45 | Donations (426.1) | 340 | | 32 |
| 46 | Life Insurance (426.2) | | | |
| 47 | Penalties (426.3) | | | |
| 48 | Expenditures for Certain Civic, Polititcal, and Related Activities (426.4) | | 2,517 | 8,059 |
| 49 | Other Deductions (426.5) | | 1,498 | 3,951 |
| 50 | TOTAL Other Income Deductions (Total of lines 43 thru 49) | | 4,015 | 12,042 |
| 51 | Taxes Applic. To Other Income and Deductions | | | |
| 52 | Taxes Other Than Income Taxes (408.2) | 262-263 | 201 | 557 |
| 53 | Income Taxes -- Federal (409.2) | 262-263 | (1,647,043) | 71,998 |
| 54 | Income Taxes -- Other (409.2) | 262-263 | (395,187) | 13,130 |
| 55 | Provision for Deferred Inc. Taxes (410.2) | 234,272-277 | 2,886,154 | 328,386 |
| 56 | (Less) Provision for Deferred Income Taxes --Cr. (411.2) | 234,272-277 | 1,045,748 | |
| 57 | Investment Tax Credit Adj. -- Net (411.5) | | | |
| 58 | (Less) Investment Tax Credits (420) | | | |
| 59 | TOTAL Taxes on Other Inc. and Ded. (Total of 52 thru 58) | | (201,623) | 414,071 |
| 60 | Net Other Income and Deductions (Enter Total of lines 41, 50, 59) | | 6,352,585 | 603,964 |
| 61 | Interest Charges | | | |
| 62 | Interest on Long-Term Debt (427) | | | |
| 63 | Amort. Of Debt Disc. And Expenses (428) | 258-259 | | |
| 64 | Amortization of Loss on Reacquired Debt (428.1) | | | |
| 65 | (Less) Amort. Of Premium on Debt-Credit (429) | 258-259 | | |
| 66 | (Less) Amortization of Gain on Reacquired Debt-Credit (429.1) | | | |
| 67 | Interest on Debt to Assoc. Companies (430) | 340 | 629,737 | |
| 68 | Other Interest Expenses (431) | 340 | 3,606,552 | 419,700 |
| 69 | (Less) Allowance for Borrowed Funds Used During Construction-Cr.(432) | | 2,345,504 | 79,616 |
| 70 | Net Interest Charges (Enter Total of lines 62 thru 69) | | 1,890,785 | 340,084 |
| 71 | Income Before Extraordinary items (Enter Total of lines 27, 60 and 70) | | 12,536,790 | 6,095,634 |
| 72 | Extraordinary Items | | | |
| 73 | Extraordinary Income (434) | | | |
| 74 | (Less) Extraordinary Deductions (435) | | | |
| 75 | Net Extraordinary Items (Enter Total of line 73 less line 74) | | | |
| 76 | Income Taxes--Federal and Other (409.3) | 262-263 | | |
| 77 | Extraordinary Items After Taxes (Enter Total of line 75 less line 76) | | | |
| 78 | Net Income (Enter Total of Lines 71 and 77) | | 12,536,790 | 6,095,634 |

(This page intentionally left blank)

| | | | |
|--|---|---|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4/29/2019 | Year of Report December 31, 2018 |
| RECONCILIATION OF DEFERRED INCOME TAX EXPENSE | | | |
| 1. Report on this page the charges to accounts 410, 411 and 420 reported in the contra accounts 190, 281, 282, 283 and 284. | | In the event the deferred income tax expenses reported on pages 114-117 do not directly reconcile with the amounts found on these pages, then provide the additional information requested in instruction #3, on a separate page. | |
| 2. The charges to the subaccounts of 410 and 411 found on pages 114-117 should agree with the subaccount totals reported on these pages. | | | |
| Line No. | | Electric Utility | Gas Utility |
| 1 | Debits to Account 410 from: | | |
| 2 | Account 190 | 1,501,150 | 113,941 |
| 3 | Account 281 | | |
| 4 | Account 282 | 143,355,907 | 3,219,093 |
| 5 | Account 283 | 1,369,334 | 68,776 |
| 6 | Account 284 | | |
| 7 | Reconciling Adjustments | | |
| 8 | TOTAL Account 410.1 (on pages 114-115 line 17) | 146,226,391 | 3,401,810 |
| 9 | TOTAL Account 410.2 (on page 117 line 55) | | |
| 10 | Credits to Account 411 from: | | |
| 11 | Account 190 | 2,632,162 | 101,946 |
| 12 | Account 281 | | |
| 13 | Account 282 | 143,261,495 | 2,838,283 |
| 14 | Account 283 | 3,389,018 | 308,946 |
| 15 | Account 284 | | |
| 16 | Reconciling Adjustments | | |
| 17 | TOTAL Account 411.1 (on page 114-115 line 18) | 149,282,675 | 3,249,175 |
| 18 | TOTAL Account 411.2 (on page 117 line 56) | | |
| 19 | Net ITC Adjustment: | | |
| 20 | ITC Utilized for the Year DR | | |
| 21 | ITC Amortized for the Year CR | | |
| 22 | ITC Adjustments: | | |
| 23 | Adjust last year's estimate to actual per filed return | | |
| 24 | Other (specify) | | |
| 25 | Net Reconciling Adjustments Account 411.4* | 0 | 0 |
| 26 | Net Reconciling Adjustments Account 411.5** | | |
| 27 | Net Reconciling Adjustments Account 420*** | | |

* on pages 114-15 line 19

** on page 117 line 57

*** on page 117 line 58

| | | | |
|---|---|---|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4/29/2019 | Year of Report December 31, 2018 |
|---|---|---|-------------------------------------|

RECONCILIATION OF DEFERRED INCOME TAX EXPENSE

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

| Other Utility | Total Utility | Other Income | Total Company | Line No. |
|---------------|--------------------|------------------|---------------|----------------------------------|
| | 1,615,091 | 843,979 | 2,459,070 | 1 2 3 |
| | 146,575,000 | | 146,575,000 | 4 |
| | 1,438,110 | 2,042,175 | 3,480,285 | 5 6 7 |
| 0 | 149,628,201 | | | 8 |
| | | 2,886,154 | | 9 |
| | 2,734,108 | 843,979 | 3,578,087 | 10 11 12 |
| | 146,099,778 | | 146,099,778 | 13 |
| | 3,697,964 | 201,769 | 3,899,733 | 14 15 16 |
| 0 | 152,531,850 | | | 17 |
| | | 1,045,748 | | 18 |
| | | | | 19 20 21 22 23 24 |
| 0 | 0 | 0 | | 25 |
| | | 0 | | 26 |
| | | 0 | | 27 |

| | | | |
|---|---|---|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4/29/2019 | Year of Report December 31, 2018 |
|---|---|---|-------------------------------------|

STATEMENT OF RETAINED EARNINGS FOR THE YEAR

1. Report all changes in appropriate retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.

2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).

3. State the purpose and amount for each reservation or appropriation of retained earnings.

4. List first account 439, *Adjustments to Retained Earnings*, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit, items in that order.

5. Show dividends for each class and series of capital stock.

6. Show separately the state and federal income tax effect of items shown in account 439, *Adjustments to Retained Earnings*.

7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.

8. If any notes appearing in the report to stockholders are applicable to this statement, attach them at page 122.

| Line No. | Item (a) | Contra Primary Account Affected (b) | Amount (c) |
|----------|--|--|---------------|
| | UNAPPROPRIATED RETAINED EARNINGS (Account 216) | | |
| 1 | Balance - Beginning of Year | | 7,619,595 |
| 2 | Changes (<i>Identify by prescribed retained earnings accounts</i>) | | |
| 3 | Adjustments to Retained Earnings (Account 439) | | |
| 4 | Credit: | | |
| 5 | Credit: | | |
| 6 | Credit: | | |
| 7 | TOTAL Credits to Retained Earnings (Acct. 439) | | |
| 8 | Transfers from WPS | | |
| 9 | | | |
| 10 | | | |
| 11 | | | |
| 12 | | | |
| 13 | TOTAL Debits to Retained Earnings (Acct. 439) | | |
| 14 | Balance Transferred from Income (Account 433 Less Account 418.1) | | 12,536,790 |
| 15 | Appropriations of Retained Earnings (Account 436) | | |
| 16 | Change in Amortization Reserve-Federal | 215.1 | |
| 17 | | | |
| 18 | | | |
| 19 | | | |
| 20 | | | |
| 21 | TOTAL Appropriations of Retained Earnings (Account 436) | | |
| 22 | Dividends Declared - Preferred Stock (Account 437) | | |
| 23 | | | |
| 24 | | | |
| 25 | | | |
| 26 | | | |
| 27 | | | |
| 28 | TOTAL Dividends Declared - Preferred Stock (Account 437) | | |

| Name of Respondent | This Report Is: | Date of Report | Year of Report |
|---|--|--|-------------------|
| Upper Michigan Energy Resources Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) 4/29/2019 | December 31, 2018 |
| STATEMENT OF RETAINED EARNINGS FOR THE YEAR (Continued) | | | |
| Line No. | Item (a) | Contra Primary Account Affected (b) | Amount (c) |
| 29 | Dividends Declared - Common Stock (Account 438) | | |
| 30 | Dividends Declared on Common Stock | 238 | |
| 31 | Dividends of Deferred Comp Fixed Stock | | |
| 32 | Dividends Tax on Dividends of Deferred Comp Fixed Stock | | |
| 33 | Dividends Declared on Restricted Stock | | |
| 34 | Deferred Tax on Dividends of Restricted Stock | | |
| 35 | TOTAL Dividends Declared - Common Stock (Account 438) | | |
| 36 | Transfers from Account 216.1, Unappropriated Undistributed Subsidiary Earnings | 216.1 | |
| 37 | Balance - End of Year (<i>Enter Total of lines 1 thru 36</i>) | | 20,156,385 |
| APPROPRIATED RETAINED EARNINGS (Account 215) | | | |
| State balance and purpose of each appropriated earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year. | | | |
| 38 | | | |
| 39 | | | |
| 40 | | | |
| 41 | | | |
| 42 | | | |
| 43 | TOTAL Appropriated Retained Earnings (Account 215) | | |
| APPROPRIATED RETAINED EARNINGS - AMORTIZATION RESERVE, FEDERAL (Account 215.1) | | | |
| State below the total amount set aside through appropriations of retained earnings, as of the end of the year, in compliance with the provisions of Federally granted hydroelectric project licenses held by the respondent. If any reductions or changes other than the normal annual credits hereto have been made during the year, explain such items in a footnote. | | | |
| 44 | TOTAL Appropriated Retained Earnings-Amortization Reserve, Federal (Acct. 215.1) | | |
| 45 | TOTAL Appropriated Retained Earnings (Accounts 215 & 215.1) | | |
| 46 | TOTAL Retained Earnings (Accounts 215, 215.1 & 216) | | 20,156,385 |
| UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1) | | | |
| 47 | Balance - Beginning of Year (Debit or Credit) | | |
| 48 | Equity in Earnings for Year (Credit) (Account 418.1) | | |
| 49 | (Less) Dividends Received (Debit) | | |
| 50 | Transfers to Account 216 | | |
| 51 | Balance - End of Year (<i>Enter Total of lines 47 thru 50</i>) | | |

| | | | |
|--|---|---|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4/29/2019 | Year of Report December 31, 2018 |
|--|---|---|-------------------------------------|

STATEMENT OF CASH FLOWS

- | | |
|--|--|
| <p>1 If the notes to the cash flow statement in the respondents annual stockholders report are applicable to this statement, such notes should be attached to page 122. Information about noncash investing and financing activities should be provided on page 122. Provide also on page 122 a reconciliation between "Cash and Cash Equivalents at the End of Year" with related amounts on the balance sheet.</p> | <p>2. Under "Other" specify significant amounts and group others.</p> <p>3. Operating Activities--Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on page 122 the amounts of interest paid (net of amounts capitalized) and income taxes paid.</p> |
|--|--|

| Line No. | DESCRIPTION (See Instructions for Explanation of Codes) (a) | Amounts (b) |
|----------|--|----------------|
| 1 | Net Cash Flow from Operating Activities: | |
| 2 | Net Income (Line 72(c) on page 117) | 12,536,790 |
| 3 | Noncash Charges (Credits) to Income: | |
| 4 | Depreciation and Depletion | 4,656,510 |
| 5 | Amortization of Other | 43,661 |
| 6 | | |
| 7 | | |
| 8 | Deferred Income Taxes (Net) | (1,063,243) |
| 9 | Investment Tax Credit Adjustments (Net) | |
| 10 | Net (Increase) Decrease in Receivables | 2,265,398 |
| 11 | Net (Increase) Decrease in Inventory | (6,756) |
| 12 | Net (Increase) Decrease in Allowances Inventory | |
| 13 | Net Increase (Decrease) in Payables and Accrued Expenses | (23,210,527) |
| 14 | Net (Increase) Decrease in Other Regulatory Assets | 195,571 |
| 15 | Net Increase (Decrease) in Other Regulatory Liabilities | 360,812 |
| 16 | (Less) Allowance for Other Funds Used During Construction | 5,447,521 |
| 17 | (Less) Undistributed Earnings from Subsidiary Companies | |
| 18 | Other: Increase in Other Current Assets | 1,011,615 |
| 19 | Other: Decrease in Other Current Liabilities | 1,418,763 |
| 20 | Other (provide details in footnote): | (505,948) |
| 21 | | |
| 22 | Net Cash Provided by (Used in) Operating Activities (Total of Lines 2 thru 20) | (7,744,875) |
| 23 | | |
| 24 | Cash Flows from Investment Activities: | |
| 25 | Construction and Acquisition of Plant (including land): | |
| 26 | Gross Additions to Utility Plants (less nuclear fuel) | (156,851,209) |
| 27 | Gross Additions to Nuclear Fuel | |
| 28 | Gross Additions to Common Utility Plant | (350,118) |
| 29 | Gross Additions to Nonutility Plant | |
| 30 | (Less) Allowance for Other Funds Used During Construction | (5,447,521) |
| 31 | Other: Allowance for Borrowed Funds Used During Construction | 2,345,504 |
| 32 | | |
| 33 | | |
| 34 | Cash Outflows for Plant (Total of lines 26 thru 33) | (149,408,302) |
| 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 Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4/29/2019 | Year of Report December 31, 2018 |
|---|---|---|-------------------------------------|
| STATEMENT OF CASH FLOWS (Continued) | | | |
| 4. Investing Activities Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed on page 122. Do not include on this statement the dollar amount of leases capitalized per USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on page 122. | | 5. Codes used: (a) Net proceeds or payments. (b) Bonds, debentures and other long-term debt. (c) Include commercial paper. (d) Identify separately such items as investments, fixed assets, intangibles, etc. | |
| | | 6. Enter on page 122 clarifications and explanations. | |
| Line No. | DESCRIPTION (See Instructions No. 5 for Explanation of Codes) (a) | Amounts (b) | |
| 46 | Loans Made or Purchased | | |
| 47 | Collections on Loans | | |
| 48 | | | |
| 49 | Net (Increase) Decrease in Receivables | | |
| 50 | Net (Increase) Decrease in Inventory | | |
| 51 | Net (Increase) Decrease in Allowances Held for Speculation | | |
| 52 | Net Increase (Decrease) in Payables and Accrued Expenses | | |
| 53 | Other Investing | | (17,781,682) |
| 54 | | | |
| 55 | | | |
| 56 | | | |
| 57 | Net Cash Provided by (Used in) Investment Activities (Total of lines 34 thru 55) | | (167,189,984) |
| 58 | | | |
| 59 | Cash Flows from Financing Activities | | |
| 60 | Proceeds from Issuance of: | | |
| 61 | Long-Term Debt (b) | | 100,000,000 |
| 62 | Preferred Stock | | |
| 63 | Common Stock | | |
| 64 | Other: Equity Contribution from Parent | | 70,500,000 |
| 65 | | | |
| 66 | Net Increase in Short-Term Debt (c) | | |
| 67 | Other: | | |
| 68 | | | |
| 69 | | | |
| 70 | Cash Provided by Outside Sources (Total of lines 61 thru 69) | | 170,500,000 |
| 71 | | | |
| 72 | Payments for Retirement of: | | |
| 73 | Long-Term Debt (b) | | |
| 74 | Preferred Stock | | |
| 75 | Common Stock | | |
| 76 | Other: Equity Adjustments to Parent | | 4,400,000 |
| 77 | | | |
| 78 | Net Decrease in Short-Term Debt (c) | | |
| 79 | | | |
| 80 | Dividends on Preferred Stock | | |
| 81 | Dividends on Common Stock | | |
| 82 | Net Cash Provided by (Used in) Financing Activities (Total of lines 70 thru 81) | | 174,900,000 |
| 83 | | | |
| 84 | | | |
| 85 | Net Increase (Decrease) in Cash and Cash Equivalents (Total of lines 22, 57 and 83) | | (34,859) |
| 86 | | | |
| 87 | | | |
| 88 | Cash and Cash Equivalents at Beginning of Year | | 94,282 |
| 89 | | | |
| 90 | Cash and Cash Equivalents at End of Year | | 59,423 |

| | | | |
|---|---|---|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4/29/2019 | Year of Report December 31, 2018 |
|---|---|---|-------------------------------------|

FOOTNOTE DATE

| Page Number (a) | Item Number (b) | Column Number (c) | Comments (d) |
|--------------------|--------------------|----------------------|---|
| 120 | 20 | b | <p>Other Operating</p> <p>Net change in other deferred assets and liabilities \$ (119,825)</p> <p>Net pension and postretirement benefits (365,426)</p> <p>Other operating (20,697)</p> <p>TOTAL \$ (505,948)</p> |
| 121 | 53 | b | <p>Other Investing</p> <p>Cost of removal \$ (1,194,087)</p> <p>AFUDC - borrowed (2,345,504)</p> <p>Payment for ATC's construction costs that will be reimbursed (12,725,765)</p> <p>Other investing (1,516,326)</p> <p>TOTAL \$ (17,781,682)</p> |

| | | | |
|---|---|---|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4/29/2019 | Year of Report December 31, 2018 |
|---|---|---|-------------------------------------|

NOTES TO FINANCIAL STATEMENTS

| | |
|--|--|
| <p>1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.</p> <p>2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional Income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.</p> <p>3. For Account 116, <i>Utility Plant Adjustments</i>, explain the origin of such amount, debits and credits during the year,</p> | <p>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.</p> <p>4. Where Accounts 189, <i>Unamortized Loss on Reacquired Debt</i>, and 257, <i>Unamortized Gain on Reacquired Debt</i>, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.</p> <p>5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.</p> <p>6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be attached hereto.</p> |
|--|--|

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) April 29, 2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

NOTES TO FINANCIAL STATEMENTS

GLOSSARY OF TERMS AND ABBREVIATIONS

The abbreviations and terms set forth below are used throughout this report and have the meanings assigned to them below:

Subsidiaries and Affiliates

| | |
|------------------|--------------------------------------|
| IntegrYS | IntegrYS Holding, Inc. |
| WBS | WEC Business Services LLC |
| WE | Wisconsin Electric Power Company |
| WEC Energy Group | WEC Energy Group, Inc. |
| WPS | Wisconsin Public Service Corporation |

Federal and State Regulatory Agencies

| | |
|------|---|
| EPA | United States Environmental Protection Agency |
| MPSC | Michigan Public Service Commission |

Accounting Terms

| | |
|-------|--|
| AFUDC | Allowance for Funds Used During Construction |
| ASU | Accounting Standards Update |
| CWIP | Construction Work In Progress |
| FASB | Financial Accounting Standards Board |
| GAAP | Generally Accepted Accounting Principles |

Environmental Terms

| | |
|-----------------|------------------|
| CO ₂ | Carbon Dioxide |
| CPP | Clean Power Plan |
| GHG | Greenhouse Gas |

Other Terms and Abbreviations

| | |
|-------------------------------|---|
| AIA | Affiliated Interest Agreement |
| D.C. Circuit Court of Appeals | United States Court of Appeals for the District of Columbia Circuit |
| Supreme Court | United States Supreme Court |
| Tax Legislation | Tax Cuts and Jobs Act of 2017 |
| Tilden | Tilden Mining Company |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) April 29, 2019 | Year of Report December 31, 2018 |
| NOTES TO FINANCIAL STATEMENTS | | | |

UPPER MICHIGAN ENERGY RESOURCES CORPORATION
2018 FINANCIAL STATEMENT NOTES, MODIFIED FOR REQUIREMENTS OF THE FERC
SUPPLEMENTAL NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A—REGULATORY REPORTING IN THIS REPORT COMPARED TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Our accounting records are maintained as prescribed by the FERC modified for the requirements of the MPSC. The accompanying financial statements have been prepared in accordance with the accounting requirements of these regulators, which differ from GAAP. We classify certain items in our accompanying Comparative Balance Sheet (primarily the components of accumulated depreciation, regulatory assets and liabilities, accumulated deferred income taxes, income tax receivables, certain miscellaneous current and accrued liabilities, debt issuance costs, and maturities of long-term debt) in a manner different from that required by GAAP.

Regulatory Assets and Liabilities

The following table reconciles our regulatory assets and liabilities as reported for GAAP purposes to regulatory assets and liabilities reported for regulatory purposes:

| <i>(in millions)</i> | Regulatory Assets (Account 182.3; Page 111; Line 72) | | Regulatory Liabilities (Account 254; Page 113; Line 60) | |
|--|---|-------|--|--------|
| | 2018 | 2017 | 2018 | 2017 |
| GAAP (See Note 4) | \$7.4 | \$5.6 | \$30.5 | \$30.2 |
| Regulatory reporting adjustments: | | | | |
| Recognition of equity carrying cost for FERC | 3.1 | 3.0 | - | - |
| Non-ARO cost of removal | - | - | (14.9) | (15.1) |
| FERC Form 1 | \$10.5 | \$8.6 | \$15.6 | \$15.1 |

The return on equity component for non-construction related expenditures allowed by a Commission is deferred as a regulatory asset in our Form 1 whereas GAAP reporting requires recognizing the return on equity only at the time the associated revenue is collected through rates. This will result in a difference in earnings reported under GAAP and the earnings reported in regulatory filings as well as differences in deferred taxes, regulatory assets, and regulatory liabilities.

We collect future removal costs in rates for many assets that do not have an associated legal ARO. The liability for the estimated future removal costs collected in rates is recognized for regulatory accounting purposes in Account 108 as part of accumulated depreciation. This classification differs from how we report such amounts for GAAP reporting purposes. For GAAP reporting purposes, this liability was classified primarily as a regulatory liability on our GAAP balance sheets. For further information, see property and depreciation in Note 1 of the Notes to Consolidated Financial Statements that follow.

| | | | |
|---|--|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) [X] An Original (2) [] A Resubmission | Date of Report (Mo, Da, Yr) April 29, 2019 | Year of Report December 31, 2018 |
|---|--|--|-------------------------------------|

NOTES TO FINANCIAL STATEMENTS

Deferred Tax Assets and Liabilities and Income Tax Expense

The following table reconciles our deferred assets and liabilities as reported for GAAP purposes to deferred assets and liabilities reported for regulatory purposes:

| <i>(in millions)</i> | Deferred Tax Assets (Account 190; Page 111; Line 82) | | Deferred Tax Liabilities (Account 282/283; Page 113; Line 63/64) | |
|--|--|-------|--|--------|
| | 2018 | 2017 | 2018 | 2017 |
| GAAP (See Note 8) | \$4.7 | \$3.8 | \$21.8 | \$20.3 |
| Regulatory reporting adjustments: | | | | |
| Netting differences | 1.4 | 1.1 | 1.4 | 1.1 |
| Recognition of equity carrying cost for FERC | (0.2) | - | 1.0 | 1.1 |
| FERC Form 1 | \$5.9 | \$4.9 | \$24.2 | \$22.5 |

The following table reconciles our income tax expense as report for GAAP purposes to income tax expense reported for regulatory purposes:

| <i>(in millions)</i> | Income Tax Expense * | |
|--|----------------------|-------|
| | 2018 | 2017 |
| GAAP (See Note 8) | \$2.2 | \$3.6 |
| Regulatory reporting adjustments: | | |
| Recognition of equity carrying cost for FERC | - | 0.2 |
| FERC Form 1 | \$2.2 | \$3.8 |

* Various accounts; page 114 lines 15-19 and page 117 lines 53-58

The GAAP financial statements are reported in accordance with the Income Taxes Topic of the FASB ASC, whereas the Form 1 is reported in accordance with the FERC-issued accounting guidance. As such, in the Form 1, interest and penalties on tax deficiencies are not reported as income tax expense. Additionally, GAAP allows netting of deferred tax assets and liabilities whereas FERC requires a gross presentation.

See the reconciliation of regulatory assets and liabilities above for a description of the differences relating to the recognition of equity carrying cost for FERC.

NOTE B—BASIS OF PRESENTATION

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 differ from GAAP. As required by the FERC, we reclassify certain items in our Form 1 in a manner different than the presentation in the GAAP Financial Statements, as described below.

- Removal costs that do not have an associated legal obligation are recognized as a component of accumulated depreciation, whereas these costs are recognized for GAAP as a regulatory liability.
- Current portions of long-term debt, if applicable, are reported as long-term debt, whereas GAAP reporting requires a current presentation of these liabilities.
- Debt issuance costs for executed debt offerings are reported as deferred debits, whereas GAAP reporting requires these liabilities to be netted with long-term debt.
- The GAAP financial statements are reported in accordance with the Income Taxes Topic of the FASB ASC, whereas the Form 1 is reported in accordance with the FERC-issued accounting guidance. As such, in the Form 1, interest and penalties on tax

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) April 29, 2019 | Year of Report December 31, 2018 |
| NOTES TO FINANCIAL STATEMENTS | | | |

deficiencies are not reported as income tax expense. Additionally, GAAP allows netting of deferred tax assets and liabilities whereas FERC requires a gross presentation.

- The return on equity component for non-construction related expenditures allowed by a Commission is capitalized as a regulatory asset whereas GAAP reporting requires recognizing the return on equity at the time revenue is collected through rates. This will result in a difference in earnings reported under GAAP and earnings reported in regulatory filings.
- The non-service cost components of our net periodic benefit costs are recorded as a component of operating expenses, whereas GAAP requires these costs to be recorded outside of operating income. In addition, the non-service components of our net periodic benefit costs that are capitalized to utility plant are reported as a regulatory asset or liability under GAAP.

NOTE C—TAX REFORM

On December 22, 2017, the Tax Legislation was signed into law. For businesses, the Tax Legislation reduced the corporate federal tax rate from a maximum of 35% to a 21% rate effective January 1, 2018. We recorded an estimated tax benefit related to the re-measurement of our deferred taxes in December 2017 which was revised in 2018 of \$15 million and \$15, million respectively. The total re-measurement of \$15 million consisted of \$15 million Protected and \$0 million Unprotected. The balances for Protected and Unprotected at the end of 2018 are \$15 million and \$0 million, respectively. The FERC accounts impacted were 190, 282, 283, 182, 254, 410, and 411. The accumulated deferred income tax accounts 190, 282, and 283 were re-measured in the determination of the excess or deficient accumulated deferred income tax. The accounts to which the excess or deficient accumulated deferred income tax will be amortized are 410 and 411. The amortization period of the excess and deficient accumulated deferred income tax to be returned or recovered through rates for Protected is over the period determined by the Average Rate Assumption Method. The amortization period of the excess and deficient accumulated deferred income tax to be returned or received through rates for Unprotected has not been determined. Further, for 2018 there was no amortization of the Unprotected excess and deficient accumulated deferred income tax.

NOTE D—SUBSEQUENT EVENTS

Management has evaluated the impact of events occurring after December 31, 2018 up to April 29, 2019, the date the Company's U.S. GAAP financial statements were issued and has updated such evaluation for disclosure purposes. These financial statements include all necessary adjustments and disclosures resulting from these evaluations.

The following additional Notes to Consolidated Financial Statements are applicable to our GAAP financial statements.

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) April 29, 2019 | Year of Report December 31, 2018 |
| NOTES TO FINANCIAL STATEMENTS | | | |

UPPER MICHIGAN ENERGY RESOURCES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Nature of Operations—As used in these notes, the term "financial statements" includes the income statements, balance sheets, statements of cash flows, statements of equity, and statements of capitalization, unless otherwise noted. In this report, when we refer to "us," "we," "our," or "ours," we are referring to Upper Michigan Energy Resources Corporation.

We are a wholly owned subsidiary of WEC Energy Group. In December 2016, both the MPSC and the Public Service Commission of Wisconsin approved our operation as a stand-alone utility in the Upper Peninsula of Michigan. We became operational effective January 1, 2017, and WE and WPS transferred customers and property, plant, and equipment to us as of that date. See Note 2, Related Parties, for more information on these transfers.

We are an electric and natural gas utility company that serves customers in the Upper Peninsula of Michigan. We are subject to the jurisdiction of, and regulation by, the MPSC, which has general supervisory and regulatory powers over public utilities in Michigan. We are also subject to the jurisdiction of the Federal Energy Regulatory Commission, which regulates our wholesale electric sales.

(b) Basis of Presentation—We prepare our financial statements in conformity with GAAP. We make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

(c) Cash and Cash Equivalents—Cash and cash equivalents include marketable debt securities with an original maturity of three months or less.

(d) Operating Revenues—The following discussion includes our significant accounting policies related to operating revenues, including our adoption of ASU 2014-09, Revenues from Contracts with Customers. For additional required disclosures on disaggregation of operating revenues as required by this ASU, see Note 3, Operating Revenues.

Adoption of ASU 2014-09, Revenues from Contracts with Customers

On January 1, 2018, we adopted ASU 2014-09, Revenues from Contracts with Customers, and the related amendments. In accordance with the guidance, we recognize revenues when control of the promised goods or services is transferred to our customers in an amount that reflects the consideration we expect to be entitled to receive in exchange for those goods or services. These revenues include unbilled revenues, which are estimated using the amount of energy delivered to our customers but not billed until after the end of the period.

We adopted this standard using the modified retrospective method. Results for reporting periods beginning after January 1, 2018, are presented under the new standard. The comparative information has not been restated and continues to be reported under the

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) April 29, 2019 | Year of Report December 31, 2018 |
| NOTES TO FINANCIAL STATEMENTS | | | |

accounting standards in effect for those periods. Adoption of the standard did not result in an adjustment to our opening retained earnings balance as of January 1, 2018, and we do not expect the adoption of the standard to have a material impact on our net income in future periods.

We adopted the following practical expedients and optional exemptions for the implementation of this standard:

- We elected to exclude from the transaction price any amounts collected from customers for all sales taxes and other similar taxes.
- When applicable, we elected to apply the standard to a portfolio of contracts with similar characteristics, primarily our tariff-based contracts, as we reasonably expect that the effects on the financial statements of applying this guidance to the portfolio would not differ materially from applying this guidance to the individual contracts.
- We elected to recognize revenue in the amount we have the right to invoice for performance obligations satisfied over time when the consideration received from a customer corresponds directly with the value provided to the customer during the same period.
- We elected to not disclose the remaining performance obligations of a contract that has an original expected duration of one year or less.
- We elected to apply this standard only to contracts that are not completed as of the date of initial application.

Revenues from Contracts with Customers

Electric Utility Operating Revenues

Electricity sales to residential and commercial and industrial customers are generally accomplished through requirements contracts, which provide for the delivery of as much electricity as the customer needs. These contracts represent discrete deliveries of electricity and consist of one distinct performance obligation satisfied over time, as the electricity is delivered and consumed by the customer simultaneously. For the majority of our residential and commercial and industrial customers, our performance obligation is bundled to consist of both the sale and the delivery of the electric commodity. In addition, a limited number of residential and commercial and industrial customers can purchase the commodity from a third party. In this case, the delivery of the electricity represents our sole performance obligation.

The transaction price of the performance obligations for residential and commercial and industrial customers is valued using the rates, charges, terms, and conditions of service included in our tariffs, which have been approved by the MPSC. These rates often have a fixed component customer charge and a usage-based variable component charge. We recognize revenue for the fixed component customer charge monthly using a time-based output method. We recognize revenue for the usage-based variable component charge using an output method based on the quantity of electricity delivered each month. The rates of our retail electric customers include recovery of fuel and purchased power costs on a one-for-one basis.

For all of our customers, consistent with the timing of when we recognize revenue, customer billings generally occur on a monthly basis, with payments typically due in full within 30 days.

Natural Gas Utility Operating Revenues

We recognize natural gas utility operating revenues under requirements contracts with residential, commercial and industrial, and transportation customers served under our tariffs. Tariffs provide our customers with the standard terms and conditions, including rates, related to the services offered. Requirements contracts provide for the delivery of as much natural gas as the customer needs.

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) April 29, 2019 | Year of Report December 31, 2018 |
| NOTES TO FINANCIAL STATEMENTS | | | |

These requirements contracts represent discrete deliveries of natural gas and constitute a single performance obligation satisfied over time. Our performance obligation is both created and satisfied with the transfer of control of natural gas upon delivery to the customer. For most of our customers, natural gas is delivered and consumed by the customer simultaneously. A performance obligation can be bundled to consist of both the sale and the delivery of the natural gas commodity. Our customers can purchase the commodity from a third party. In this case, the performance obligation only includes the delivery of the natural gas to the customer.

The transaction price of the performance obligations for our natural gas customers is valued using rates, terms, and conditions of service included in our tariffs, which have been approved by the MPSC. These rates often have a fixed component customer charge and a usage-based variable component charge. We recognize revenue for the fixed component customer charge monthly using a time-based output method. We recognize revenue for the usage-based variable component charge using an output method based on natural gas delivered each month.

Our tariffs include various rate mechanisms that allow us to recover or refund changes in prudently incurred costs from rate case-approved amounts. Our rates include a one-for-one recovery mechanism for natural gas commodity costs. We defer any difference between actual natural gas costs incurred and costs recovered through rates as a current asset or liability. The deferred balance is returned to or recovered from customers at intervals throughout the year.

Consistent with the timing of when we recognize revenue, customer billings generally occur on a monthly basis, with payments typically due in full within 30 days.

(e) Regulatory Assets and Liabilities—The economic effects of regulation can result in regulated companies recording costs and revenues that have been or are expected to be allowed in the rate-making process in a period different from the period in which the costs or revenues would be recognized by a nonregulated company. When this occurs, regulatory assets and regulatory liabilities are recorded on the balance sheet. Regulatory assets represent probable future revenues associated with certain costs or liabilities that have been deferred and are expected to be recovered through rates charged to customers. Regulatory liabilities represent amounts that are expected to be refunded to customers in future rates or amounts that are collected in rates for future costs.

Recovery or refund of regulatory assets and liabilities is based on specific periods determined by the MPSC or occurs over the normal operating period of the assets and liabilities to which they relate. If at any reporting date a previously recorded regulatory asset is no longer probable of recovery, the regulatory asset is reduced to the amount considered probable of recovery with the reduction charged to expense in the reporting period the determination is made. See Note 4, Regulatory Assets and Liabilities, for more information.

(f) Property, Plant, and Equipment—We record property, plant, and equipment at cost. Cost includes material, labor, overhead, and both debt and equity components of AFUDC. Additions to and significant replacements of property are charged to property, plant, and equipment at cost; minor items are charged to other operation and maintenance expense. The cost of depreciable utility property less salvage value is charged to accumulated depreciation when property is retired.

We record straight-line depreciation expense over the estimated useful life of utility property using depreciation rates approved by the MPSC. Our annual utility composite depreciation rates were 2.50% and 2.46% in 2018 and 2017, respectively.

We capitalize certain costs related to software developed or obtained for internal use and record these costs to amortization expense over the estimated useful life of the related software, which ranges from 5 to 15 years. If software is retired prior to being fully amortized, the difference is recorded as a loss on the income statement.

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) April 29, 2019 | Year of Report December 31, 2018 |
| NOTES TO FINANCIAL STATEMENTS | | | |

Third parties reimburse us for all or a portion of expenditures for certain capital projects. Such contributions in aid of construction costs are recorded as a reduction to property, plant, and equipment.

See Note 5, Property, Plant, and Equipment, for more information.

(g) Allowance for Funds Used During Construction—AFUDC is included in utility plant accounts and represents the cost of borrowed funds (AFUDC – Debt) used during plant construction, and a return on shareholder’s equity (AFUDC – Equity) used for construction purposes. AFUDC – Debt is recorded as a reduction of interest expense, and AFUDC – Equity is recorded in other income, net.

Approximately 50% of our retail jurisdictional CWIP expenditures are subject to the AFUDC calculation. Our average AFUDC retail rate was 6.28% in 2018 and 2017.

We recorded the following AFUDC for the years ended December 31:

| <i>(in millions)</i> | 2018 | 2017 |
|----------------------|--------|--------|
| AFUDC – Debt | \$ 2.4 | \$ 0.1 |
| AFUDC – Equity | \$ 5.4 | \$ 0.2 |

(h) Asset Impairment—We periodically assess the recoverability of certain long-lived assets when factors indicate the carrying value of such assets may be impaired or such assets are planned to be sold. These assessments require significant assumptions and judgments by management. The long-lived assets assessed for impairment generally include certain assets within regulated operations that may not be fully recovered from our customers as a result of regulatory decisions that will be made in the future. An impairment loss is recognized when the carrying amount of an asset is not recoverable and exceeds the fair value of the asset. The carrying amount of an asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. An impairment loss is measured as the excess of the carrying amount of the asset in comparison to the fair value of the asset.

(i) Common Equity—We do not have any restrictions imposed on us that affect our ability to pay dividends to the sole holder of our common stock, WEC Energy Group.

(j) Income Taxes—We follow the liability method in accounting for income taxes. Accounting guidance for income taxes requires the recording of deferred assets and liabilities to recognize the expected future tax consequences of events that have been reflected in our financial statements or tax returns and the adjustment of deferred tax balances to reflect tax rate changes. We are required to assess the likelihood that our deferred tax assets would expire before being realized. If we conclude that certain deferred tax assets are likely to expire before being realized, a valuation allowance would be established against those assets. GAAP requires that, if we conclude in a future period that it is more likely than not that some or all of the deferred tax assets would be realized before expiration, we reverse the related valuation allowance in that period. Any change to the allowance, as a result of a change in judgment about the realization of deferred tax assets, is reported in income tax expense.

Investment tax credits associated with regulated operations are deferred and amortized over the life of the assets. We are included in WEC Energy Group's consolidated federal and state income tax returns. In accordance with our tax allocation agreement with WEC

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) April 29, 2019 | Year of Report December 31, 2018 |
| NOTES TO FINANCIAL STATEMENTS | | | |

Energy Group, we are allocated income tax payments and refunds based on our separate tax computation. See Note 8, Income Taxes, for more information.

We recognize interest and penalties accrued related to unrecognized tax benefits in income tax expense in our income statements.

(k) Fair Value Measurements—Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

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

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

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

Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methods that result in management's best estimate of fair value. Level 3 instruments include those that may be more structured or otherwise tailored to customers' needs.

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

The following table shows the financial instruments included on our balance sheets that were not recorded at fair value at December 31:

| <i>(in millions)</i> | 2018 | | 2017 | |
|--------------------------|-----------------|------------|-----------------|------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Long-term debt to parent | \$ 150.0 | \$ 145.5 | \$ 50.0 | \$ 49.5 |

The fair value of long-term debt is categorized within Level 2 of the fair value hierarchy.

(l) Customer Deposits and Credit Balances—When customers apply for new service, they may be required to provide a deposit for the service. Customer deposits are recorded within other current liabilities on our balance sheets.

Customers can elect to be on a budget plan. Under this type of plan, a monthly installment amount is calculated based on estimated annual usage. During the year, the monthly installment amount is reviewed by comparing it to actual usage. If necessary, an adjustment is made to the monthly amount. Annually, the budget plan is reconciled to actual annual usage. Payments in excess of actual customer usage are recorded within other current liabilities on our balance sheets.

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) April 29, 2019 | Year of Report December 31, 2018 |
| NOTES TO FINANCIAL STATEMENTS | | | |

(m) Environmental Remediation Costs—We are subject to federal and state environmental laws and regulations that in the future may require us to pay for environmental remediation at sites where we have been, or may be, identified as a potentially responsible party. Loss contingencies may exist for the remediation of hazardous substances at various potential sites, including manufactured gas plant sites. See Note 9, Commitments and Contingencies, for more information.

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

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

We review our estimated costs of remediation annually for our manufactured gas plant sites. We adjust the liabilities and related regulatory assets, as appropriate, to reflect the new cost estimates. Any material changes in cost estimates are adjusted throughout the year.

(n) Customer Concentrations of Credit Risk—The geographic concentration of our customers in our service territory did not contribute significantly to our overall exposure to credit risk. We periodically review customers' credit ratings, financial statements, and historical payment performance and require them to provide collateral or other security as needed. As a result, we did not have any significant concentrations of credit risk at December 31, 2018. In addition, there were no customers that accounted for more than 10% of our revenues for the year ended December 31, 2018.

(o) Subsequent Events—Subsequent events were evaluated for potential recognition or disclosure through April 18, 2019, which is the date the financial statements were available to be issued.

NOTE 2—RELATED PARTIES

We routinely enter into transactions with related parties, including WEC Energy Group and its other subsidiaries.

We receive services, property, and other items of value from our parent, WEC Energy Group, and other subsidiaries of WEC Energy Group pursuant to an AIA that became effective January 1, 2017.

WBS provides several categories of services (including financial, human resources, and administrative services) to us pursuant to this AIA, which was approved by the appropriate regulators, including the MPSC. As required by the FERC regulations for centralized service companies, WBS renders services at cost.

Services under the AIA are subject to various pricing methodologies. All services provided by any regulated subsidiary to another regulated subsidiary are priced at cost. All services provided by any regulated subsidiary to any nonregulated subsidiary are priced at the greater of cost or fair market value. All services provided by any nonregulated subsidiary to any regulated subsidiary are priced at the lesser of cost or fair market value. All services provided by any regulated or nonregulated subsidiary to WBS are priced at cost.

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) April 29, 2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

NOTES TO FINANCIAL STATEMENTS

The following table shows activity associated with our related party transactions for the years ended December 31:

| <i>(in millions)</i> | 2018 | 2017 |
|--------------------------------|---------|---------|
| Transactions with WE | | |
| Electric purchases from WE | \$ 29.6 | \$ 30.8 |
| Billings from WE * | 15.8 | 125.5 |
| Transactions with WPS | | |
| Electric purchases from WPS | 15.8 | 16.2 |
| Natural gas purchases from WPS | 2.7 | 2.5 |
| Billings from WPS * | 2.9 | — |
| Transactions with WBS | | |
| Billings from WBS * | 2.9 | — |

* Includes amounts billed for services, pass through costs, and other items in accordance with approved AIAs.

WPS transferred approximately 9,000 retail electric customers and 5,300 natural gas customers to us, along with approximately 600 miles of electric distribution lines and approximately 100 miles of natural gas distribution mains. WPS also transferred related electric distribution substations in the Upper Peninsula of Michigan and all property rights for the distribution assets to us. The book value of the net assets (including the related deferred income tax liabilities) transferred to us from WPS in 2017, was \$20.6 million. WE transferred approximately 27,500 retail electric customers and 50 electric distribution-only customers to us, along with approximately 2,500 miles of electric distribution lines. WE also transferred related electric distribution substations in the Upper Peninsula of Michigan and all property rights for the distribution assets to us. The book value of net assets, including the related deferred income tax liabilities, transferred to us from WE in 2017, was \$61.1 million. These transactions were non-cash equity transfers recorded to additional paid in capital between entities under common control, and therefore, did not result in the recognition of a gain or loss. In addition, our parent company also transferred \$0.9 million of net deferred income tax assets to us in 2017.

Until the end of the first quarter of 2019, we obtained our energy through the Midcontinent Independent System Operator Energy and Operating Reserves Markets and met our market obligations through power purchase agreements with WE and WPS. On March 31, 2019, our new generation solution in the Upper Peninsula of Michigan began commercial operation, and we started generating our own electricity.

In connection with our construction of the new natural gas-fired generation in the Upper Peninsula of Michigan, we were required to pay ATC for the costs of the transmission infrastructure upgrades needed for the new generation. ATC owns these transmission assets and will reimburse us for these costs in 2019 as the new generation has now been placed in service. At December 31, 2018 and 2017, we had receivables from ATC of \$29.4 million and \$16.7 million, respectively, for amounts to be reimbursed to us related to the transmission infrastructure upgrades. The December 31, 2018 receivable from ATC was included in the accounts receivable from related parties line within current assets on our balance sheet.

See Note 1(k), Fair Value Measurements, Note 6, Short-Term Debt to Parent, and Note 7, Long-Term Debt to Parent, for more information on related party transactions.

| | | | |
|---|--|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) [X] An Original (2) [] A Resubmission | Date of Report (Mo, Da, Yr) April 29, 2019 | Year of Report December 31, 2018 |
|---|--|--|-------------------------------------|

NOTES TO FINANCIAL STATEMENTS

NOTE 3—OPERATING REVENUES

Disaggregation of Operating Revenues

The following tables present our operating revenues disaggregated by revenue source. We disaggregate revenues into categories that depict how the nature, amount, timing, and uncertainty of revenues and cash flows are affected by economic factors. Electric and natural gas revenues are further disaggregated by customer class. Each customer class has different expectations of service, energy and demand requirements, and are impacted by regulatory activities within Michigan.

Comparable amounts have not been presented for the year ended December 31, 2017, due to our adoption of ASU 2014-09, Revenues from Contracts with Customers, under the modified retrospective method. See Note 1(d), Operating Revenues, for more information about our significant accounting policies related to operating revenues.

| <i>(in millions)</i> | Upper Michigan Energy Resources Corporation |
|---|---|
| Year ended December 31, 2018 | |
| Electric utility | \$ 72.2 |
| Natural gas utility | 4.0 |
| Total revenues from contracts with customers | 76.2 |
| Other operating revenues | 0.3 |
| Total operating revenues | \$ 76.5 |

Revenues from Contracts with Customers

Electric Utility Operating Revenues

The following table disaggregates electric utility operating revenues into customer class:

| <i>(in millions)</i> | Electric Utility Operating Revenues |
|--|---|
| Year ended December 31, 2018 | |
| Residential | \$ 33.9 |
| Small commercial and industrial * | 19.1 |
| Large commercial and industrial * | 17.9 |
| Other | 0.7 |
| Total retail revenues * | 71.6 |
| Other utility revenues | 0.6 |
| Total electric utility operating revenues | \$ 72.2 |

* Includes distribution sales for customers who have purchased power from an alternative electric supplier.

| | | | |
|---|--|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) [X] An Original (2) [] A Resubmission | Date of Report (Mo, Da, Yr) April 29, 2019 | Year of Report December 31, 2018 |
|---|--|--|-------------------------------------|

NOTES TO FINANCIAL STATEMENTS

Natural Gas Utility Operating Revenues

The following table disaggregates natural gas utility operating revenues into customer class:

| <i>(in millions)</i> | Natural Gas Utility Operating Revenues | |
|---|---|------------|
| Year ended December 31, 2018 | | |
| Residential | \$ | 2.3 |
| Commercial and industrial | | 1.1 |
| Total retail revenues | | 3.4 |
| Transport | | 0.4 |
| Other utility revenues | | 0.2 |
| Total natural gas utility operating revenues | \$ | 4.0 |

Other Operating Revenues

Other operating revenues for the year ended December 31, 2018, consist primarily of late payment charges.

NOTE 4—REGULATORY ASSETS AND LIABILITIES

The following regulatory assets were reflected on our balance sheets as of December 31:

| <i>(in millions)</i> | 2018 | | 2017 | | See Note |
|--|-------------|------------|-------------|-----|-----------------|
| Regulatory assets ⁽¹⁾ | | | | | |
| Acquisition of the Fox Energy Center by WPS ⁽²⁾ | \$ | 4.1 | \$ | 4.3 | |
| Income tax related items ⁽³⁾ | | 1.9 | | — | 8 |
| Other, net | | 1.5 | | 1.3 | |
| Total regulatory assets | \$ | 7.5 | \$ | 5.6 | |
| Balance sheet presentation | | | | | |
| Current assets | \$ | 0.1 | \$ | — | |
| Regulatory assets | | 7.4 | | 5.6 | |
| Total regulatory assets | \$ | 7.5 | \$ | 5.6 | |

⁽¹⁾ Based on prior and current rate treatment, we believe it is probable that we will continue to recover from customers the regulatory assets in this table. Additionally, the regulatory assets in the table either earn a return or the cash has not yet been expended, in which case the regulatory assets are offset by liabilities. In accordance with GAAP, our regulatory assets do not include the allowance for return on equity that is capitalized for regulatory purposes. This allowance was \$3.1 million and \$3.0 million at December 31, 2018 and 2017, respectively.

⁽²⁾ During 2013, WPS purchased the Fox Energy Center. Prior to the purchase, WPS supplied natural gas for the facility and purchased capacity and the associated energy output under a tolling agreement. WPS received regulatory approval to defer incremental costs associated with the purchase of the facility. Upon our formation, as of January 1, 2017, WPS transferred to us the portion of these regulatory assets being recovered from Michigan customers. We are authorized recovery of these regulatory assets over approximately 15 years, beginning on April 23, 2017.

⁽³⁾ For information on the regulatory treatment of the impacts of the Tax Legislation, see Note 11, Regulatory Environment.

| | | | |
|---|--|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) [X] An Original (2) [] A Resubmission | Date of Report (Mo, Da, Yr) April 29, 2019 | Year of Report December 31, 2018 |
| NOTES TO FINANCIAL STATEMENTS | | | |

The following regulatory liabilities were reflected on our balance sheets as of December 31:

| <i>(in millions)</i> | 2018 | 2017 | See Note |
|---|----------------|----------------|----------|
| Regulatory liabilities | | | |
| Removal costs ⁽¹⁾ | \$ 14.9 | \$ 15.1 | |
| Income tax related items ⁽²⁾ | 14.8 | 14.5 | 8 |
| Other, net | 0.8 | 1.1 | |
| Total regulatory liabilities | \$ 30.5 | \$ 30.7 | |
| Balance sheet presentation | | | |
| Current liabilities | \$ — | \$ 0.5 | |
| Regulatory liabilities | 30.5 | 30.2 | |
| Total regulatory liabilities | \$ 30.5 | \$ 30.7 | |

⁽¹⁾ Represents amounts collected from customers to cover the future cost of property, plant, and equipment removals that are not legally required.

⁽²⁾ For information on the regulatory treatment of the impacts of the Tax Legislation, see Note 11, Regulatory Environment.

NOTE 5—PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consisted of the following utility assets at December 31:

| <i>(in millions)</i> | 2018 | 2017 |
|---|-----------------|-----------------|
| Electric - distribution | 186.7 | 175.7 |
| Natural gas - distribution, storage, and transmission | 9.4 | 8.0 |
| Other utility property, plant, and equipment | 1.4 | 0.6 |
| Less: Accumulated depreciation | 61.6 | 58.8 |
| Net | 135.9 | 125.5 |
| CWIP * | 201.4 | 53.1 |
| Total property, plant, and equipment | \$ 337.3 | \$ 178.6 |

* In October 2017, the MPSC approved our application for a certificate of necessity to begin construction of approximately 180 megawatts of natural gas-fired generation in the Upper Peninsula of Michigan. The new generation became commercially operational on March 31, 2019. See Note 11, Regulatory Environment, for more information.

NOTE 6—SHORT-TERM DEBT TO PARENT

The following table shows our short-term borrowings and their corresponding weighted-average interest rates as of December 31:

| <i>(in millions, except for percentages)</i> | 2018 | 2017 |
|--|---------|---------|
| Short-term debt to parent: | | |
| Amount outstanding at December 31 | \$ 42.5 | \$ 38.1 |
| Weighted-average interest rate on amounts outstanding at December 31 | 3.04% | 1.71% |

Our average amount of short-term borrowings based on daily outstanding balances during 2018 was \$24.8 million with a weighted-average interest rate during the period of 2.37%.

| | | | |
|---|--|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) [X] An Original (2) [] A Resubmission | Date of Report (Mo, Da, Yr) April 29, 2019 | Year of Report December 31, 2018 |
|---|--|--|-------------------------------------|

NOTES TO FINANCIAL STATEMENTS

| <i>(in millions)</i> | December 31, 2018 |
|---|-------------------|
| Revolving short-term notes payable to parent | \$ 50.0 |
| Less: | |
| Short-term debt to parent outstanding | 42.5 |
| Available capacity under existing agreements | \$ 7.5 |

Our short-term borrowing capacity with WEC Energy Group is \$50.0 million. Short-term borrowings bear interest computed at the average stated interest rate payable on commercial paper issued by WEC Energy Group. Short-term debt is callable by WEC Energy Group at any time.

NOTE 7—LONG-TERM DEBT TO PARENT

See our statements of capitalization for details on our long-term debt.

Our long-term debt consists of long-term notes payable to our parent, WEC Energy Group, pursuant to a Long-Term Note Agreement. In October 2018, we issued \$50.0 million of 4.10% long-term notes payable to our parent, due November 1, 2028. In June 2018, we issued \$50.0 million of 4.34% long-term notes payable to our parent, due July 1, 2048.

The following table shows the future maturities of our long-term debt to parent outstanding as of December 31, 2018:

| <i>(in millions)</i> | Payments |
|----------------------|-----------------|
| 2019 | \$ — |
| 2020 | — |
| 2021 | — |
| 2022 | — |
| 2023 | — |
| Later Years | 150.0 |
| Total | \$ 150.0 |

Interest is paid monthly on the notes, and there are no financial covenants associated with these obligations.

NOTE 8—INCOME TAXES

Income Tax Expense

The following table is a summary of income tax expense for each of the years ended December 31:

| <i>(in millions)</i> | 2018 | 2017 |
|---------------------------------|---------------|---------------|
| Current tax expense | \$ 3.3 | \$ 2.9 |
| Deferred income taxes, net | (1.1) | 0.7 |
| Total income tax expense | \$ 2.2 | \$ 3.6 |

| | | | |
|---|--|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) [X] An Original (2) [] A Resubmission | Date of Report (Mo, Da, Yr) April 29, 2019 | Year of Report December 31, 2018 |
|---|--|--|-------------------------------------|

NOTES TO FINANCIAL STATEMENTS

Statutory Rate Reconciliation

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 United States statutory federal income tax rate to income before income taxes as a result of the following:

| <i>(in millions)</i> | 2018 | | 2017 | |
|---|---------------|--------------------|---------------|--------------------|
| | Amount | Effective Tax Rate | Amount | Effective Tax Rate |
| Expected tax at statutory federal tax rates | \$ 3.1 | 21.0 % | \$ 3.3 | 35.0% |
| State income taxes net of federal tax benefit | 0.4 | 2.7 % | 0.3 | 3.3% |
| AFUDC - Equity | (1.1) | (7.5)% | — | —% |
| Other, net | (0.2) | (1.1)% | — | —% |
| Total income tax expense | \$ 2.2 | 15.1 % | \$ 3.6 | 38.3% |

Deferred Income Tax Assets and Liabilities

On December 22, 2017, the Tax Legislation was signed into law. For businesses, the Tax Legislation reduced the corporate federal tax rate from a maximum of 35% to a 21% rate effective January 1, 2018. In December 2017, we recorded a tax benefit related to the remeasurement of our deferred taxes in the amount of \$15 million. Accordingly, this amount was recorded as both an increase to regulatory liabilities as well as a decrease to certain existing regulatory assets as of December 31, 2017.

On December 22, 2017, the Securities and Exchange Commission staff issued guidance in Staff Accounting Bulletin 118 (SAB 118), Income Tax Accounting Implications of the Tax Cuts and Jobs Act, which provided for a measurement period of up to one year from the enactment date to complete accounting under GAAP for the tax effects of the legislation. Due to the complex and comprehensive nature of the enacted tax law changes, and their application under GAAP, certain amounts related to bonus depreciation and future tax benefit utilization recorded in the financial statements as a result of the Tax Legislation were considered "provisional" and subject to revision at December 31, 2017, and through 2018, as discussed in SAB 118.

In 2018, we considered all available guidance from industry and income tax authorities related to bonus depreciation, and revised our estimates for re-measurement of deferred income taxes related to bonus depreciation. At December 31, 2018, we no longer considered any amounts related to bonus depreciation "provisional." However, any further amendments or technical corrections to the Tax Legislation could subject these tax items to revision.

The components of deferred income taxes at December 31 were as follows:

| <i>(in millions)</i> | 2018 | 2017 |
|---------------------------------------|----------------|----------------|
| Deferred tax assets | | |
| Tax gross up-regulatory items | \$ 3.2 | \$ 3.7 |
| Other | 1.5 | 0.1 |
| Total deferred tax assets | \$ 4.7 | \$ 3.8 |
| Deferred tax liabilities | | |
| Property-related | \$ 20.3 | \$ 18.7 |
| Other | 1.5 | 1.6 |
| Total deferred tax liabilities | 21.8 | 20.3 |
| Deferred tax liability, net | \$ 17.1 | \$ 16.5 |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) April 29, 2019 | Year of Report December 31, 2018 |
| NOTES TO FINANCIAL STATEMENTS | | | |

Consistent with rate-making treatment, deferred taxes in the table above are offset for temporary differences that have related regulatory assets and liabilities.

As of December 31, 2018 and 2017, we had no federal or state deferred tax assets related to tax benefit carryforwards.

Unrecognized Tax Benefits

We had no unrecognized tax benefits at December 31, 2018 and 2017.

We do not expect any unrecognized tax benefits to affect our effective tax rate in periods after December 31, 2018.

For the years ended December 31, 2018 and 2017, we had no interest or penalties related to unrecognized tax benefits in our income statements. At December 31, 2018 and 2017, we had no interest accrued and no penalties accrued related to unrecognized tax benefits in our balance sheets.

We do not anticipate any significant increases in the total amounts of unrecognized tax benefits within the next 12 months.

Our primary tax jurisdictions include federal and the state of Michigan. At December 31, 2018, we were subject to examination by the United States Internal Revenue Service and the Michigan taxing authority for tax years 2017 and 2018.

NOTE 9—COMMITMENTS AND CONTINGENCIES

We have significant commitments and contingencies arising from our operations, including those related to unconditional purchase obligations, environmental matters, and enforcement and litigation matters.

Unconditional Purchase Obligations

We have obligations to distribute and sell electricity and natural gas to our customers and expect to recover costs related to these obligations in future customer rates. In order to meet these obligations, we routinely enter into long-term purchase and sale commitments for various quantities and lengths of time.

The following table shows our minimum future commitments related to these purchase obligations as of December 31, 2018.

| <i>(in millions)</i> | Date Contracts Extend Through | Total Amounts Committed | Payments Due By Period | | | | | Later Years |
|---|----------------------------------|----------------------------|------------------------|---------------|---------------|---------------|---------------|----------------|
| | | | 2019 | 2020 | 2021 | 2022 | 2023 | |
| Electric utility purchased power | 2019 | \$ 17.3 | \$ 17.3 | \$ — | \$ — | \$ — | \$ — | \$ — |
| Natural utility gas supply and transportation | 2039 | 86.3 | \$ 0.4 | \$ 4.3 | \$ 4.3 | \$ 4.3 | \$ 4.3 | \$ 68.7 |
| Total | | \$ 103.6 | \$ 17.7 | \$ 4.3 | \$ 4.3 | \$ 4.3 | \$ 4.3 | \$ 68.7 |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) April 29, 2019 | Year of Report December 31, 2018 |
| NOTES TO FINANCIAL STATEMENTS | | | |

Environmental Matters

Consistent with other companies in the energy industry, we face significant ongoing environmental compliance and remediation obligations related to current and past operations. Specific environmental issues affecting us include, but are not limited to, current and future regulation of air emissions, such as GHG emissions and remediation of impacted properties, including former manufactured gas plant sites.

We have continued to pursue a proactive strategy to manage our environmental compliance obligations, including:

- the development of additional sources of renewable electric energy supply;
- the protection of wetlands and waterways, threatened and endangered species, and cultural resources associated with utility construction projects;
- the reporting of CO₂ emissions to comply with federal clean air rules; and
- the remediation of former manufactured gas plant sites.

Air Quality

Climate Change

In 2015, the EPA issued a final rule regulating GHG emissions from existing generating units, referred to as the Clean Power Plan, and final performance standards for modified and reconstructed generating units and new fossil-fueled power plants. In February 2016, the Supreme Court stayed the effectiveness of the CPP until disposition of certain litigation in the D.C. Circuit Court of Appeals challenging the rule and, to the extent that further appellate review is sought, at the Supreme Court. In April 2017, pursuant to motions made by the EPA, the D.C. Circuit Court of Appeals ordered the challenges to the CPP, as well as related performance standards for new, reconstructed, and modified fossil-fueled power plants, to be held in abeyance, which remains the case.

In December 2017, the EPA issued an advanced notice of proposed rulemaking to solicit input on whether it is appropriate to replace the CPP. Then, in August 2018, the EPA issued a proposed replacement rule for the CPP, the Affordable Clean Energy (ACE) rule. The proposed ACE rule would require the EPA to develop emission guidelines for states to use to develop their individual state plans. The state plans would focus on reducing GHG emissions by improving the efficiency of fossil-fueled power plants.

In December 2018, the EPA proposed to revise the New Source Performance Standards for GHG emissions from new, modified, and reconstructed fossil fueled power plants.

In addition, we are evaluating our goals, and possible subsequent actions, with respect to national and international efforts to reduce future GHG emissions in order to limit future global temperature increases to less than two degrees Celsius. We are working with industry members to evaluate potential GHG reduction pathways.

WEC Energy Group continues to evaluate opportunities and actions that preserve fuel diversity, lower costs for our customers, and contribute towards long-term GHG reductions. WEC Energy Group's plan, which includes us, is to work with industry partners, environmental groups, and the State of Wisconsin, with goals of reducing CO₂ emissions by approximately 40% and 80% below 2005 levels by 2030 and 2050, respectively.

| | | | |
|---|--|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) [X] An Original (2) [] A Resubmission | Date of Report (Mo, Da, Yr) April 29, 2019 | Year of Report December 31, 2018 |
| NOTES TO FINANCIAL STATEMENTS | | | |

We are required to report our CO₂ equivalent emissions related to the natural gas that we distribute and sell under the EPA Greenhouse Gases Reporting Program. For 2017, we reported CO₂ equivalent emissions of approximately 0.1 million metric tonnes to the EPA. Based upon our preliminary analysis of the data, we estimate that we will report CO₂ equivalent emissions of approximately 0.1 million metric tonnes to the EPA for 2018.

Land Quality

Manufactured Gas Plant Remediation

We have identified a site at which a predecessor company owned or operated a manufactured gas plant or stored manufactured gas. We are responsible for the environmental remediation of this site.

The future costs for detailed site investigation, future remediation, and monitoring are dependent upon several variables including, among other things, the extent of remediation, changes in technology, and changes in regulation. We expect the MPSC to allow us to recover incurred costs, net of insurance recoveries and recoveries from potentially responsible parties, associated with the remediation of manufactured gas plant sites. Accordingly, we have established a regulatory asset for costs associated with this site.

We have established the following regulatory asset and reserve related to our manufactured gas plant site as of December 31:

| <i>(in millions)</i> | 2018 |
|-----------------------------------|---------------|
| Regulatory assets | \$ 0.1 |
| Reserves for future remediation * | 0.1 |

* The reserve for future remediation is included in other long-term liabilities on our balance sheet.

Renewables, Efficiency, and Conservation

Michigan Legislation

In 2008, Michigan enacted Act 295, which required 10% of the state's electric energy to come from renewables by 2015 and energy optimization (efficiency) targets up to 1% annually by 2015. In December 2016, Michigan revised this legislation with Act 342, which requires additional renewable energy requirements beyond 2015. The revised legislation retained the 10% renewable energy portfolio requirement through 2018, increased the requirement to 12.5% for years 2019 through 2020, and increased the requirement to 15.0% for 2021. We were in compliance with these requirements as of December 31, 2018. The revised legislation continues to allow recovery of costs incurred to meet the standards and provides for ongoing review and revision to assure the measures taken are cost-effective.

Enforcement and Litigation Matters

We are involved in legal and administrative proceedings before various courts and agencies with respect to matters arising in the ordinary course of business. Although we are unable to predict the outcome of these matters, management believes that appropriate reserves have been established and that final settlement of these actions will not have a material effect on our financial condition or results of operations.

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) April 29, 2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

NOTES TO FINANCIAL STATEMENTS

NOTE 10—SUPPLEMENTAL CASH FLOW INFORMATION

| <i>(in millions)</i> | 2018 | 2017 |
|--|----------|------|
| Cash (paid) for interest, net of amount capitalized | \$ (1.3) | \$ — |
| Cash received for income taxes, net | 0.2 | — |
| Significant non-cash transaction: | | |
| Accounts payable related to construction costs | 3.4 | — |
| Net assets transferred to us from WE, WPS, and our parent * | 0.4 | 82.6 |
| Repayment of short-term debt with issuance of long-term note to our parent | — | 50.0 |
| Short-term debt issued to our parent through equity | — | 40.5 |

* See Note 2, Related Parties, for more information on this transaction.

NOTE 11—REGULATORY ENVIRONMENT

Tax Cuts and Jobs Act of 2017

In December 2017, we deferred for return to ratepayers, through future refunds or bill credits, the estimated tax benefit of \$15 million related to the Tax Legislation that was signed into law in December 2017. This tax benefit resulted from the revaluation of deferred taxes. The Tax Legislation also reduced the corporate federal tax rate from a maximum of 35% to a 21% rate, effective January 1, 2018.

In February 2018, the MPSC issued an order requiring Michigan utilities to make three filings related to the Tax Legislation. The first of those filings, which was filed in March 2018, prospectively addressed the impact on base rates for the change in tax expense resulting from the federal tax rate reduction from 35% to 21%. We proposed providing a volumetric bill credit, subject to reconciliation and true up. In May 2018, the MPSC issued an order approving a settlement that resulted in volumetric bill credits for all of our customers effective July 1, 2018.

The second filing, which was filed in July 2018, addressed the impact on base rates for the change in tax expense resulting from the federal tax rate reduction from 35% to 21% from January 1, 2018 until July 1, 2018. We proposed to return the tax savings from these months to customers via volumetric bill credits over multiple months. The MPSC issued an order approving a settlement in September 2018. In accordance with the settlement order, the savings were returned to our customers via volumetric bill credits that were in effect from October 1, 2018 through December 31, 2018.

The third filing was filed in October 2018 and addressed the remaining impacts of the Tax Legislation on base rates – most notably the re-measurement of deferred tax balances. We proposed providing a volumetric bill credit, subject to reconciliation and true up, to return these remaining impacts of the Tax Legislation to customers. The MPSC has not yet issued an order with respect to this filing.

Construction of Natural Gas-Fired Generation

In August 2016, WEC Energy Group entered into an agreement with Tilden under which Tilden will purchase electric power from us for its iron ore mine for 20 years, contingent upon our construction of approximately 180 megawatts of natural gas-fired generation in the Upper Peninsula of Michigan.

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) April 29, 2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

NOTES TO FINANCIAL STATEMENTS

In October 2017, the MPSC approved both the agreement with Tilden and our application for a certificate of necessity to begin construction of the proposed generation. The estimated cost of this project is \$266 million (\$277 million with AFUDC), 50% of which is expected to be recovered from Tilden, with the remaining 50% expected to be recovered from our other utility customers. On March 31, 2019, the new units began commercial operation and, as a result, Tilden is now our customer.

NOTE 12—OTHER INCOME, NET

Total other income, net was as follows for the years ended December 31:

| <i>(in millions)</i> | 2018 | 2017 |
|--------------------------------|---------------|---------------|
| AFUDC – Equity | 5.4 | 0.2 |
| Other, net | 0.4 | 0.5 |
| Total other income, net | \$ 5.8 | \$ 0.7 |

NOTE 13—NEW ACCOUNTING PRONOUNCEMENTS

Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which revised the previous guidance (Topic 840) regarding accounting for leases. Revisions include requiring a lessee to recognize a lease asset and a lease liability on its balance sheet for each lease, including operating leases with an initial term greater than 12 months. In addition, required quantitative and qualitative disclosures related to lease agreements were expanded. For lessors however, accounting for leases was largely unchanged from previous provisions of GAAP.

We have finalized our inventory of leases and did not identify any leases that were significant, documented our technical accounting issues, and implemented required changes to internal controls and processes as a result of the new lease guidance. In addition, we continue to finalize the related financial disclosures that will be incorporated into our annual report for the year ended December 31, 2019.

We adopted Topic 842 for interim and annual periods beginning January 1, 2019. We utilized the following practical expedients, which were available under ASU 2016-02, in our adoption of the new lease guidance.

- We did not reassess whether any expired or existing contracts were leases or contained leases.
- We did not reassess the lease classification for any expired or existing leases.
- We did not reassess the accounting for initial direct costs for any existing leases.

We did not elect the practical expedient allowing entities to account for the nonlease components in lease contracts as part of the single lease component to which they were related. Instead, in accordance with Accounting Standards Codification 842-10-15-31, our policy is to account for each lease component separately from the nonlease components of the contract.

We did not elect the practical expedient to use hindsight in determining the lease term and in assessing impairment of our right-of-use assets. No impairment losses were included in the measurement of our right-of-use assets upon our adoption of Topic 842.

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) April 29, 2019 | Year of Report December 31, 2018 |
| NOTES TO FINANCIAL STATEMENTS | | | |

In January 2018, the FASB issued ASU 2018-01, Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842, which is an amendment to ASU 2016-02. Land easements (also commonly referred to as rights of way) represent the right to use, access or cross another entity's land for a specified purpose. This new guidance permits an entity to elect a transitional practical expedient, to be applied consistently, to not evaluate under Topic 842 land easements that were already in existence or had expired at the time of the entity's adoption of Topic 842. Once Topic 842 is adopted, an entity is required to apply Topic 842 prospectively to all new (or modified) land easements to determine whether the arrangement should be accounted for as a lease. We elected this practical expedient upon our adoption of Topic 842, resulting in none of our land easements being treated as leases.

In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842): Targeted Improvements, which amends ASU 2016-02 and allows entities the option to initially apply Topic 842 at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption, if required. We used the optional transition method to apply the new guidance as of January 1, 2019, rather than as of the earliest period presented. We do not expect the adoption of Topic 842 to result in us recording any significant right of use assets or related lease liabilities related to operating leases, and we had no capital leases upon adoption. We did not require a cumulative-effect adjustment upon adoption of Topic 842, and the new guidance is not expected to have any impact on future net income or cash flows.

Financial Instruments Credit Losses

In June 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments. This guidance is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. This ASU introduces a new impairment model known as the current expected credit loss model. The ASU requires a financial asset measured at amortized cost to be presented at the net amount expected to be collected. Previously, recognition of the full amount of credit losses was generally delayed until the loss was probable of occurring. We are currently assessing the effects this guidance may have on our financial statements.

Cloud Computing

In August 2018, the FASB issued ASU 2018-15, Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract. The standard allows entities who are customers in hosting arrangements that are service contracts to apply the existing internal-use software guidance to determine which implementation costs to capitalize as an asset related to the service contract and which costs to expense. The guidance specifies classification for capitalizing implementation costs and related amortization expense within the financial statements and requires additional disclosures. This guidance is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted and can be applied either retrospectively or prospectively. We are currently evaluating the transition methods and the impact the adoption of this standard may have on our financial statements.

| Name of Respondent | | This Report Is: | Date of Report | Year of Report |
|---|--|--|----------------------------|-------------------|
| Upper Michigan Energy Resources Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) 04/29/2019 | December 31, 2018 |
| SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION | | | | |
| Line No. | Item (a) | Total (b) | Electric (c) | |
| 1 | UTILITY PLANT | | | |
| 2 | In Service | | | |
| 3 | Plant in Service (Classified) | 197,521,984 | 187,280,629 | |
| 4 | Property Under Capital Leases | | | |
| 5 | Plant Purchased or Sold | | | |
| 6 | Completed Construction not Classified | | | |
| 7 | Experimental Plant Unclassified | | | |
| 8 | TOTAL (Enter Total of lines 3 thru 7) | 197,521,984 | 187,280,629 | |
| 9 | Leased to Others | | | |
| 10 | Held for Future Use | | | |
| 11 | Construction Work in Progress | 201,393,171 | 200,034,721 | |
| 12 | Acquisition Adjustments | | | |
| 13 | TOTAL Utility Plant (Enter Total of lines 8 thru 12) | 398,915,155 | 387,315,350 | |
| 14 | Accum. Prov. For Depr., Amort., & Depl. | 76,456,708 | 72,348,178 | |
| 15 | Net Utility Plant (Enter Total of line 13 less 14) | 322,458,447 | 314,967,172 | |
| 16 | DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION | | | |
| 17 | In Service: | | | |
| 18 | Depreciation | 76,413,044 | 72,348,178 | |
| 19 | Amort. and Depl. Of Producing Natural Gas Land and Land Rights | | | |
| 20 | Amort. of Underground Storage Land and Land Rights | | | |
| 21 | Amort. of Other Utility Plant | 43,664 | | |
| 22 | TOTAL in Service (Enter Total of lines 18 thru 21) | 76,456,708 | 72,348,178 | |
| 23 | Leased to Others | | | |
| 24 | Depreciation | | | |
| 25 | Amortization and Depletion | | | |
| 26 | TOTAL Leased to Others (Enter Total of lines 24 and 25) | | | |
| 27 | Held for Future Use | | | |
| 28 | Depreciation | | | |
| 29 | Amortization | | | |
| 30 | TOTAL Held for Future Use (Enter Total of lines 28 and 29) | | | |
| 31 | Abandonment of Leases (Natural Gas) | | | |
| 32 | Amort. of Plant Acquisition Adj. | | | |
| 33 | TOTAL Accumulated Provisions (Should agree with line 14 above) (Enter Total of lines 22, 26, 30, 31 and 32) | 76,456,708 | 72,348,178 | |

| | | | | | |
|---|---|--|-------------------------------------|---------------|-------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 | | |
| SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION (Continued) | | | | | |
| Gas (d) | Other (Specify) (e) | Other (Specify) (f) | Other (Specify) (g) | Common (h) | Line No. |
| | | | | | 1 |
| | | | | | 2 |
| 9,509,039 | | | | 732,316 | 3 |
| | | | | | 4 |
| | | | | | 5 |
| | | | | | 6 |
| | | | | | 7 |
| 9,509,039 | | | | 732,316 | 8 |
| | | | | | 9 |
| | | | | | 10 |
| 1,008,332 | | | | 350,118 | 11 |
| | | | | | 12 |
| 10,517,371 | | | | 1,082,434 | 13 |
| 4,064,866 | | | | 43,664 | 14 |
| 6,452,505 | | | | 1,038,770 | 15 |
| | | | | | 16 |
| | | | | | 17 |
| 4,064,866 | | | | | 18 |
| | | | | | 19 |
| | | | | | 20 |
| | | | | 43,664 | 21 |
| 4,064,866 | | | | 43,664 | 22 |
| | | | | | 23 |
| | | | | | 24 |
| | | | | | 25 |
| | | | | | 26 |
| | | | | | 27 |
| | | | | | 28 |
| | | | | | 29 |
| | | | | | 30 |
| | | | | | 31 |
| | | | | | 32 |
| 4,064,866 | | | | 43,664 | 33 |

| | | | |
|--|---|--|-------------------------------------|
| k Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|--|---|--|-------------------------------------|

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

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

| Line No. | Account (a) | Balance at Beginning of Year (b) | Additions (c) |
|----------|--|----------------------------------|---------------|
| 1 | 1. INTANGIBLE PLANT | | |
| 2 | 301 Organization | | |
| 3 | 302 Franchises and Consents | | |
| 4 | 303 Miscellaneous Intangible Plant | | |
| 5 | TOTAL Intangible Plant | 0 | 0 |
| 6 | 2. PRODUCTION PLANT | | |
| 7 | Steam Production Plant | | |
| 8 | 310.1 Land | | |
| 9 | 310.2 Land Rights | | |
| 10 | 311 Structures and Improvements | | |
| 11 | 312 Boiler Plant Equipment | | |
| 12 | 313 Engines and Engine-Driven Generators | | |
| 13 | 314 Turbogenerator Units | | |
| 14 | 315 Accessory Electric Equipment | | |
| 15 | 316 Miscellaneous Power Plant Equipment | | |
| 16 | TOTAL Steam Production Plant | 0 | 0 |
| 17 | Nuclear Production Plant | | |
| 18 | 320.1 Land | | |
| 19 | 320.2 Land Rights | | |
| 20 | 321 Structures and Improvements | | |
| 21 | 322 Reactor Plant Equipment | | |
| 22 | 323 Turbogenerator Units | | |
| 23 | 324 Accessory Electric Equipment | | |

| Name of Respondent | This Report Is: | Date of Report | Year of Report | |
|---|--|---|----------------------------------|-------------|
| Upper Michigan Energy Resources Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) 04/29/2019 | December 31, 2018 | |
| ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued) | | | | |
| <p>reversals of the prior year's tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.</p> <p>6. Show in column (f) reclassification or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f)</p> | | <p>to primary account classifications.</p> <p>7. For Account 399, state the nature and use of plant included in this account and, if substantial in amount, submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.</p> <p>8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date of such filing.</p> | | |
| Retirements (d) | Adjustments (e) | Transfers (f) | Balance at End of Year (g) | Line No. |
| | | | | 1 |
| | | | 301 | 2 |
| | | | 302 | 3 |
| | | | 303 | 4 |
| | | | | 5 |
| | | | | 6 |
| | | | | 7 |
| | | | 310.1 | 8 |
| | | | 310.2 | 9 |
| | | | 311 | 10 |
| | | | 312 | 11 |
| | | | 313 | 12 |
| | | | 314 | 13 |
| | | | 315 | 14 |
| | | | 316 | 15 |
| 0 | | | 0 | 16 |
| | | | | 17 |
| | | | 320.1 | 18 |
| | | | 320.2 | 19 |
| | | | 321 | 20 |
| | | | 322 | 21 |
| | | | 323 | 22 |
| | | | 324 | 23 |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

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

| Line No. | Account (a) | Balance at Beginning of Year (b) | Addition (c) |
|----------|--|----------------------------------|--------------|
| 24 | 325 Miscellaneous Power Plant Equipment | | |
| 25 | TOTAL Nuclear Production Plant | | |
| 26 | Hydraulic Production Plant | | |
| 27 | 330.1 Land | | |
| 28 | 330.2 Land Rights | | |
| 29 | 331 Structures and Improvements | | |
| 30 | 332 Reservoirs, Dams and Waterways | | |
| 31 | 333 Water Wheels, Turbines and Generators | | |
| 32 | 334 Accessory Electric Equipment | | |
| 33 | 335 Miscellaneous Power Plant Equipment | | |
| 34 | 336 Roads, Railroads and Bridges | | |
| 35 | TOTAL Hydraulic Production Plant | 0 | 0 |
| 36 | Other Production Plant | | |
| 37 | 340.1 Land | | |
| 38 | 340.2 Land Rights | | |
| 39 | 341 Structures and Improvements | | |
| 40 | 342 Fuel Holders, Products and Accessories | | |
| 41 | 343 Prime Movers | | |
| 42 | 344 Generators | | |
| 43 | 345 Accessory Electric Equipment | | |
| 44 | 346 Miscellaneous Power Plant Equipment | | |
| 45 | TOTAL Other Production Plant | 0 | 0 |
| 46 | TOTAL Production Plant | 0 | 0 |
| 47 | 3. TRANSMISSION PLANT | | |
| 48 | 350.1 Land | | |
| 49 | 350.2 Land Rights | | |
| 50 | 352 Structures and Improvements | | |
| 51 | 353 Station Equipment | | |
| 52 | 354 Towers and Fixtures | | |
| 53 | 355 Poles and Fixtures | | |
| 54 | 356 Overhead Conductors and Devices | | |
| 55 | 357 Underground Conduit | | |
| 56 | 358 Underground Conductors and Devices | | |

| Name of Respondent Upper Michigan Energy Resources Corporation | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 | |
|--|--------------------|---|--|-------------------------------------|-------------|
| ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued) | | | | | |
| Retirements (d) | Adjustments (e) | Transfers (f) | Balance at End of Year (g) | | Line No. |
| | | | | 325 | 24 |
| | | | | | 25 |
| | | | | | 26 |
| | | | | 330.1 | 27 |
| | | | | 330.2 | 28 |
| | | | | 331 | 29 |
| | | | | 332 | 30 |
| | | | | 333 | 31 |
| | | | | 334 | 32 |
| | | | | 335 | 33 |
| | | | | 336 | 34 |
| 0 | | | 0 | | 35 |
| | | | | | 36 |
| | | | | 340.1 | 37 |
| | | | | 340.2 | 38 |
| | | | | 341 | 39 |
| | | | | 342 | 40 |
| | | | | 343 | 41 |
| | | | | 344 | 42 |
| | | | | 345 | 43 |
| | | | | 346 | 44 |
| 0 | | 0 | 0 | | 45 |
| 0 | | 0 | 0 | | 46 |
| | | | | | 47 |
| | | | | 350.1 | 48 |
| | | | | 350.2 | 49 |
| | | | | 352 | 50 |
| | | | | 353 | 51 |
| | | | | 354 | 52 |
| | | | | 355 | 53 |
| | | | | 356 | 54 |
| | | | | 357 | 55 |
| | | | | 358 | 56 |

| Name of Respondent Upper Michigan Energy Resources Corporation | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|--|--|---|--|-------------------------------------|
| ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued) | | | | |
| Line No. | Account (a) | Balance at Beginning of Year (b) | Additions (c) | |
| 57 | 359 Roads and Trails | | | |
| 58 | TOTAL Transmission Plant | | | |
| 59 | 4. DISTRIBUTION PLANT | | | |
| 60 | 360.1 Land | 690,159 | | |
| 61 | 360.2 Land Rights | | | |
| 62 | 361 Structures and Improvements | 1,068,197 | 308,739 | |
| 63 | 362 Station Equipment | 18,483,144 | 3,780,766 | |
| 64 | 363 Storage Battery Equipment | | | |
| 65 | 364 Poles, Towers and Fixtures | 33,292,112 | 2,672,866 | |
| 66 | 365 Overhead Conductors and Devices | 36,988,600 | 1,567,591 | |
| 67 | 366 Underground Conduit | 423,766 | (19,808) | |
| 68 | 367 Underground Conductors and Devices | 43,734,598 | 1,633,652 | |
| 69 | 368 Line Transformers | 21,226,044 | 334,860 | |
| 70 | 368.1 Capacitors | | | |
| 71 | 369 Services | 16,612,170 | 1,340,588 | |
| 72 | 370 Meters | 1,778,277 | | |
| 73 | 371 Installations on Customers' Premises | 584,231 | 39,892 | |
| 74 | 372 Leased Property on Customers' Premises | | | |
| 75 | 373 Street Lighting and Signal Systems | 829,719 | 32,164 | |
| 76 | TOTAL Distribution Plant | 175,711,017 | 11,691,310 | |
| 77 | 5. GENERAL PLANT | | | |
| 78 | 389.1 Land | | | |
| 79 | 389.2 Lands Rights | | | |
| 80 | 390 Structures and Improvements | | | |
| 81 | 391 Office Furniture and Equipment | | | |
| 82 | 391.1 Computers / Computer Related Equipment | | | |
| 83 | 392 Transportation Equipment | | | |
| 84 | 393 Stores Equipment | | | |
| 85 | 394 Tools, Shop and Garage Equipment | 10,928 | | |
| 86 | 395 Laboratory Equipment | | | |
| 87 | 396 Power Operated Equipment | | | |
| 88 | 397 Communication Equipment | 429,135 | 111,961 | |
| 89 | 398 Miscellaneous Equipment | | | |
| 90 | SUBTOTAL | 440,063 | 111,961 | |

| Name of Respondent Upper Michigan Energy Resources Corporation | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 | |
|--|--------------------|---|--|-------------------------------------|-------------|
| ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued) | | | | | |
| Retirements (d) | Adjustments (e) | Transfers (f) | Balance at End of Year (g) | | Line No. |
| | | | | 359 | 57 |
| | | | | | 58 |
| | | | | | 59 |
| | | | 690,159 | 360.1 | 60 |
| | | | | 360.2 | 61 |
| | | | 1,376,936 | 361 | 62 |
| 274,736 | | 23,260 | 22,012,434 | 362 | 63 |
| | | | | 363 | 64 |
| 206,126 | | 168,218 | 35,927,070 | 364 | 65 |
| 68,688 | | 52,661 | 38,540,164 | 365 | 66 |
| | | | 403,958 | 366 | 67 |
| 216,052 | | 40,433 | 45,192,631 | 367 | 68 |
| 182,143 | | | 21,378,761 | 368 | 69 |
| | | | | 368.1 | 70 |
| 17,639 | | (1,914) | 17,933,205 | 369 | 71 |
| | | | 1,778,277 | 370 | 72 |
| 3,151 | | | 620,972 | 371 | 73 |
| | | | | 372 | 74 |
| 217 | | 12,372 | 874,038 | 373 | 75 |
| 968,752 | | 295,030 | 186,728,605 | | 76 |
| | | | | | 77 |
| | | | | 389.1 | 78 |
| | | | | 389.2 | 79 |
| | | | | 390 | 80 |
| | | | | 391 | 81 |
| | | | | 391.1 | 82 |
| | | | | 392 | 83 |
| | | | | 393 | 84 |
| | | | 10,928 | 394 | 85 |
| | | | | 395 | 86 |
| | | | | 396 | 87 |
| | | | 541,096 | 397 | 88 |
| | | | | 398 | 89 |
| 0 | | 0 | 552,024 | | 90 |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

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

| Line No. | Account (a) | Balance at Beginning of Year (b) | Additions (c) |
|----------|--|----------------------------------|---------------|
| 91 | 399 Other Tangible Property | | |
| 92 | TOTAL General Plant | 440,063 | 111,961 |
| 93 | TOTAL (Accounts 101 and 106) | 176,151,080 | 11,803,271 |
| 94 | | | |
| 95 | 102 Electric Plant Purchased | | |
| 96 | (Less) 102 Electric Plant Sold | | |
| 97 | 103 Experimental Plant Unclassified | | |
| 98 | TOTAL Electric Plant in Service <i>(Total of lines 93 thru 97)</i> | 176,151,080 | 11,803,271 |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

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

| Retirements (d) | Adjustments (e) | Transfers (f) | Balance at End of Year (g) | | Line No. |
|--------------------|--------------------|------------------|----------------------------------|-----|-------------|
| | | | | 399 | 91 |
| 0 | | 0 | 552,024 | | 92 |
| 968,752 | | 295,030 | 187,280,629 | | 93 |
| | | | | | 94 |
| | | | | 102 | 95 |
| | | | | | 96 |
| | | | | 103 | 97 |
| 968,752 | | 295,030 | 187,280,629 | | 98 |

| Name of Respondent Upper Michigan Energy Resources Corporation | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|--------------------|---|--|--|-------------------------------------|
| FOOTNOTE DATE | | | | | |
| Page Number (a) | Item Number (b) | Column Number (c) | Comments (d) | | |
| 204 | 104 | f | All transfers relate to account reclassifications within electric, or business segment reclassifications between electric and common or non-utility. | | |

| | | | |
|---|--|----------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Upper Michigan Energy Resources Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) 04/29/2019 | December 31, 2018 |

**CONSTRUCTION WORK IN PROGRESS AND COMPLETED CONSTRUCTION
NOT CLASSIFIED - ELECTRIC (Accounts 107 and 106)**

1. Report below descriptions and balances at end of year of projects in process of construction and completed construction not classified for projects actually in service. For any substantial amounts of completed construction not classified for plant actually in service explain the circumstances which have prevented final classification of such amounts to prescribed primary accounts for plant in service.

2. The information specified by this schedule for Account 106, Completed Construction

Not Classified-Electric, shall be furnished even though this account is included in the schedule, Electric Plant in Service, pages 204-211, according to a tentative classification by primary accounts.

3. Show items relating to "research and development" projects last under a caption Research and Development (See Account 107, Uniform System of Accounts).

4. Minor projects may be grouped.

| Line No. | Description of Project (a) | Construction Work in Progress-Electric (Account 107) (b) | Completed Construction Not Classified-Electric (Account 106) (c) | Estimated Additional Cost of Project (d) |
|----------|---|---|---|---|
| 1 | GP UMERC RICE | 199,859,318 | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | Projects less than \$1 million | 175,403 | | |
| 6 | | | | |
| 7 | UMERC IR18001 Brucecrossing 24.9 KV ES | | 2,249,538 | |
| 8 | UMERC-SAGOLA SS-New T6 and Bus 6 | | 1,791,943 | |
| 9 | MASS SS-Replace Transformer & Distrib Bus | | 1,126,198 | |
| 10 | | | | |
| 11 | Projects less than \$1 million | | 2,750,600 | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | | | | |
| 21 | | | | |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
| 28 | | | | |
| 29 | | | | |
| 30 | | | | |
| 31 | | | | |
| 32 | | | | |
| 33 | | | | |
| 34 | | | | |
| 35 | TOTAL | 200,034,721 | 7,918,279 | 0 |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

CONSTRUCTION OVERHEADS - ELECTRIC

- | | |
|---|--|
| <p>1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items.</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. | Description of Overhead (a) | Total Amount Charged for the Year (b) |
|-----------|--|--|
| 1 | Allowance for funds used during construction | 7,777,961 |
| 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 | TOTAL | 7,777,961 |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

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.

Specific overhead expenditures incurred for the benefit of particular projects are distributed directly to such individual jobs and allocated to direct construction costs monthly.

Allowance for funds used during construction is calculated using the adjusted weighted cost of capital of 8.45% per annum. The cost of capital is divided into debt (2.39%) and equity (6.06%) components.

COMPUTATION OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION RATES

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

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

| Line No. | Title (a) | Amount (b) | Capitalization Ratio (Percent) (c) | Cost Rate Percentage (d) |
|----------|---|------------|------------------------------------|--------------------------|
| 1 | Average Short-Term Debt & Computation of Allowance Text | S | | |
| 2 | Short-Term Interest | | | s |
| 3 | Long-Term Debt | D | | d |
| 4 | Preferred Stock | P | | p |
| 5 | Common Equity | C | | c |
| 6 | Total Capitalization | \$0 | 0% | |
| 7 | Average Construction Work In Progress Balance | W | | |

2. Gross Rate for Borrowed Funds

$$s \left(\frac{\text{-----}}{W} \right) + d \left(\frac{\text{-----}}{D+P+C} \right) (1 - \frac{\text{-----}}{W})$$

3. Rate for Other Funds

$$\left[1 - \frac{\text{-----}}{W} \right] \left[p \left(\frac{\text{-----}}{D+P+C} \right) + c \left(\frac{\text{-----}}{D+P+C} \right) \right]$$

4. Weighted Average Rate Actually Used for the Year:

| Name of Respondent | | This Report Is: | | Date of Report | Year of Report |
|---|---|---|-------------------------------|--|-------------------------------------|
| Upper Michigan Energy Resources Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | 04/29/2019 | December 31, 2018 |
| ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108 & 110) | | | | | |
| 1. Explain in a footnote any important adjustments during year. | | If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all cost included in retirement work in progress at year end in the appropriate functional classifications. | | | |
| 2. Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c), and that reported for electric plant in service, pages 202-204A, column (d), excluding retirements of non-depreciable property. | | 4. Show separately interest credits under a sinking fund or similar method of depreciation accounting. | | | |
| 3. Accounts 108 and 110 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. | | | | | |
| 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 | 69,926,913 | 69,926,913 | | |
| 2 | Depreciation Prov. for Year, Charged to | | | | |
| 3 | (403) Depreciation Expense | 4,486,066 | 4,486,066 | | |
| 4 | (403.1) Decommissioning Expense | | | | |
| 5 | (413) Exp. Of Elec. Plt. Leas. to Others | | | | |
| 6 | Transportation Expenses-Clearing | | | | |
| 7 | Other Clearing Accounts | | | | |
| 8 | Other Accounts (Specify): | | | | |
| 9 | | | | | |
| | TOTAL Deprec. Prov. For Year (Enter Total of Lines 3 thru 9) | 4,486,066 | 4,486,066 | | |
| 11 | Net Charges for Plant Retired: | | | | |
| 12 | Book Cost of Plant Retired | 968,752 | 968,752 | | |
| 13 | Cost of Removal | 1,210,852 | 1,210,852 | | |
| 14 | Salvage (Credit) | 27,677 | 27,677 | | |
| | TOTAL Net Chrgs. For Plant Ret. (Enter Total of lines 12 thru 14) | 2,151,927 | 2,151,927 | | |
| 16 | Net Earnings of Decommissioning Funds | 87,126 | 87,126 | | |
| 17 | Other Debit or Credit Items (Described) | | | | |
| 18 | | | | | |
| 19 | Balance End of Year (Enter total of lines 1, 10, 15, 16 & 17) | 72,348,178 | 72,348,178 | | |
| Section B. Balances at End of Year According to Functional Classifications | | | | | |
| 20 | Steam Production | | | | |
| 21 | Nuclear Production-Depreciation | | | | |
| 22 | Nuclear Production-Decommissioning | | | | |
| 23 | Hydraulic Production-Conventional | | | | |
| 24 | Hydraulic Production-Pumped Storage | | | | |
| 25 | Other Production | | | | |
| 26 | Transmission | | | | |
| 27 | Distribution | 72,239,223 | 72,239,223 | | |
| 28 | General | 108,955 | 108,955 | | |
| 29 | TOTAL (Enter total of lines 20 thru 28) | 72,348,178 | 72,348,178 | | |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

FOOTNOTE DATE

| Page Number (a) | Item Number (b) | Column Number (c) | Comments (d) |
|--------------------|--------------------|----------------------|--|
| 219 | 4 | b | Account 403.1 is not used due to the fact that we have received specific approval from our primary regulator, the PSCW, to defer depreciation expense related to asset retirement costs to a regulatory asset. |
| 219 | 8 | c | ARO depreciation expense (non-rate base) - Debits to Account 182.3. |
| 219 | 9 | c | ARO depreciation expense (rate base) - Credits to Account 182.3. |
| 219 | 16 | c | Other debit or credit items: Transfer of reserve balance from MI assets \$ 87,126 |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

Depreciation Cost of Removal by Plant Accounting
Per Supplemental Information Request

| | Plant Account | Plant Account Name | Amount |
|----|---------------|--------------------------------------|---------------------|
| 1 | 361 | Structures and Improvements | \$ 129,610 |
| 2 | 362 | Station Equipment | 384,992 |
| 3 | 364 | Poles, Towers and Fixtures | 202,863 |
| 4 | 365 | Overhead Conductors and Devices | 158,332 |
| 5 | 366 | Underground Conduit | 4,745 |
| 6 | 367 | Underground Conductors and Devices | 219,654 |
| 7 | 368 | Line Transformers | (319) |
| 8 | 369 | Services | 86,022 |
| 9 | 371 | Installations on Customers' Premises | 9,655 |
| 10 | 373 | Street Lighting and Signal Systems | 15,298 |
| 11 | TOTAL | | <u>\$ 1,210,852</u> |
| 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 Upper Michigan Energy Resources Corporation | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|--|---|--|-------------------------------------|
| 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) | 7,341,598 | 7,071,015 | |
| 3 | Other Accounts Receivable (Account 143) (Disclose any capital stock subscriptions received) | 16,827,997 | 29,405,569 | |
| 4 | TOTAL | 24,169,595 | 36,476,584 | |
| 5 | Less: Accumulated Provision for Uncollectible Accounts-Cr. (Account 144) | 434,183 | 443,583 | |
| 6 | TOTAL, Less Accumulated Provision for Uncollectible Accounts | 23,735,412 | 36,033,001 | |
| 7 | | | | |
| 8 | | | | |
| 9 | * Account Receivable From Employees: | | | |
| 10 | ** Michigan's Portion of Account 144: | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |

| ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNT-CR. (Account 144) | | | | | | |
|---|--|--------------------------|--|-------------------------------|--------------|----------------|
| 1. Report below the information called for concerning this accumulated provision. | | | | | | |
| 2. Explain any important adjustments of subaccounts. | | | | | | |
| 3. Entries with respect to officers and employees shall not include items for utility services. | | | | | | |
| Line No. | Item (a) | Utility Customers (b) | Merchandise Jobbing and Contract Work (c) | Officers and Employees (d) | Other (e) | Total (f) |
| 1 | Balance beginning of year | 434,183 | | | | 434,183 |
| 2 | Provision for uncollectibles for current year | 567,977 | | | | 567,977 |
| 3 | Less: Accounts written off | 714,638 | | | | 714,638 |
| 4 | Collection of accounts written off | 156,061 | | | | 156,061 |
| 5 | Adjustments (explain): To reserve based on analysis of uncollectible reserve | | | | | 0 |
| 6 | Balance end of year | 443,583 | 0 | 0 | 0 | 443,583 |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | | | | | | |
| 11 | | | | | | |

| Name of Respondent | This Report Is: | Date of Report | Year of Report | | | |
|---|--|--|--------------------|--------------------|-------------------------|-----------------------|
| Upper Michigan Energy Resources Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) 04/29/2019 | December 31, 2018 | | | |
| 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> | | | | |
| <p>* NOTE: "Associated companies" means companies or persons that, directly or indirectly, through one or more intermediaries, control, or are controlled by, or are under common control with, the account company. This includes related parties.</p> <p>"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.</p> | | | | | | |
| 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 | <u>Accounts Receivable:</u> | | | | | |
| 3 | Wisconsin Electric Power Company | 6,031,980 | 149,032,315 | 150,012,638 | 5,051,657 | |
| 4 | Wisconsin Public Service Corporation | 819,326 | 30,049,894 | 28,665,503 | 2,203,717 | |
| 5 | WEC Business Services LLC | | 3,781,500 | 3,628,650 | 152,850 | |
| 6 | WEC Energy Group, Inc. | | 2,265,704 | 2,265,704 | 0 | |
| 7 | Wisconsin Gas | | 342 | 342 | 0 | |
| 8 | | | | | | |
| 9 | WEC Energy Group - Taxes | 2,397,094 | | 2,397,094 | 0 | |
| 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 | TOTAL | 9,248,400 | 185,129,755 | 186,969,931 | 7,408,224 | 0 |

NOTE: All information presented pertains to Account 146. Account 145 had no activity during 2018.

| | | | |
|---|--|----------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Upper Michigan Energy Resources Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) 04/29/2019 | December 31, 2018 |

MATERIALS AND SUPPLIES

1. For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments which use the class of material.

2. Give an explanation of important inventory adjustments during the year (in a footnote) showing general classes of material and supplies and the various accounts (operating expenses, clearing accounts, plant, etc.) affected-debited or credited. Show separately debits or credits to stores expense-clearing, if applicable.

| Line No. | Account (a) | Balance Beginning of Year (b) | Balance End of Year (c) | Dept. or Departments Which Use Material (d) |
|----------|--|----------------------------------|----------------------------|--|
| 1 | Fuel Stock (Account 151) | | | |
| 2 | Fuel Stock Expenses Undistributed (Account 152) | | | |
| 3 | Residuals and Extracted Products (Account 153) | | | |
| 4 | Plant Materials & Operating Supplies (Account 154) | | | |
| 5 | Assigned to - Construction (Estimated) | | | |
| 6 | Assigned to - Operations & Maintenance | | | |
| 7 | Production Plant (Estimated) | | | |
| 8 | Transmission Plant (Estimated) | | | |
| 9 | Distribution Plant (Estimated) | | 6,590 | Electric & Gas |
| 10 | Assigned to - Other | | | |
| 11 | TOTAL Account 154 (<i>Enter total of line 5 thru 10</i>) | | 6,590 | |
| 12 | Merchandise (Account 155) | | | |
| 13 | Other Material & Supplies (Account 156) | | | |
| 14 | Nuclear Materials Held for Sale (Account 157) (<i>not applicable to Gas utilities</i>) | | | |
| 15 | Stores Expense Undistributed (Account 163) | | | |
| 16 | | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | TOTAL Materials & Supplies (Per Balance Sheet) | | 6,590 | |

| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|
| MISCELLANEOUS CURRENT AND ACCRUED ASSETS (Account 174) | | | |
| 1. Give description and amount of other current and accrued assets as of the end of year. | | | |
| 2. Minor items may be grouped by classes, showing number of items in each class. | | | |
| Line No. | Item (a) | Balance End of Year (b) | |
| 1 | MI Electric True-up | 164,563 | |
| 2 | GCR Undercollections | 25,503 | |
| 3 | MI Energy Optimization | 3,672 | |
| 4 | | | |
| 5 | | | |
| 6 | | | |
| 7 | | | |
| 8 | | | |
| 9 | | | |
| 10 | | | |
| 11 | | | |
| 12 | | | |
| 13 | | | |
| 14 | | | |
| 15 | | | |
| 16 | | | |
| 17 | | | |
| 18 | | | |
| 19 | | | |
| 20 | | | |
| 21 | | | |
| 22 | | | |
| 23 | | | |
| 24 | | | |
| 25 | TOTAL | 193,738 | |

(This page intentionally left blank)

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

PRELIMINARY SURVEY AND INVESTIGATION CHARGES (Account 183)

1. Report below particulars concerning the cost of plans, surveys, and investigations made for the purpose of determining the feasibility of projects under contemplation.

2. Minor items may be grouped by classes. Show the number of items in each group.

| Line No. | Description and Purpose of Project (a) | Balance Beginning of Year (b) |
|--------------|--|----------------------------------|
| 1 | Mass SS-Replace Transformer & Distribution | 35,926 |
| 2 | Other Projects (12) | 4,647 |
| 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 | | |
| TOTAL | | 40,573 |

| | | | | | |
|---|---------------------------|---|-------------------------------|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
| PRELIMINARY SURVEY AND INVESTIGATION CHARGES (Account 183) | | | | | |
| Debits (c) | CREDITS | | Balance End of Year (f) | Line No. | |
| | Account Charged (d) | Amount (e) | | | |
| 280,689 | | 35,926 | 0 | 1 | |
| | | 285,127 | 209 | 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 | |
| 280,689 | | 321,053 | 209 | TOTAL | |

| | | | |
|--|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|--|---|--|-------------------------------------|

OTHER REGULATORY ASSETS

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

| Line No. | Description and Purpose of Other Regulatory Assets (a) | Balance at Beginning of Current Quarter/Year (b) | Debits (c) | CREDITS | | Balance at End of Year (f) |
|----------|--|--|------------|---------------------|------------|----------------------------|
| | | | | Account Charged (d) | Amount (e) | |
| 1 | Income tax related | | 1,954,708 | 180, 282 | (416) | 1,955,124 |
| 2 | MI Energy Optimization | (26,970) | 879,778 | 908 | 863,190 | (10,382) |
| 3 | Asset Retirement Obligations | (32,211) | 32,211 | Various | | 0 |
| 4 | Misc. Regulatory Reserve | (692,313) | (448,494) | Various | | (1,140,807) |
| 5 | DePere Energy Center | 241,652 | | 407 | 43,452 | 198,200 |
| 6 | MI AES Deferral | 626,389 | | | | 626,389 |
| 7 | Crane Creek Production Tax Credit | 476,702 | | Various | 14,269 | 462,433 |
| 8 | Fox Energy Center | 6,933,515 | | 407 | 464,001 | 6,469,514 |
| 9 | Plant Abandonment | 147,539 | | 407 | 31,920 | 115,619 |
| 10 | W3 ReAct Deferral | 913,363 | 726,586 | | | 1,639,949 |
| 11 | Environmental remediation costs | | 136,117 | 735 | | 136,117 |
| 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 | 8,587,666 | 3,280,906 | | 1,416,416 | 10,452,156 |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

MISCELLANEOUS DEFERRED DEBITS (Account 186)

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

| Line No. | Description of Miscellaneous Deferred Debits (a) | Balance at Beginning of Year (b) | Debits (c) | CREDITS | | Balance at End of Year (f) |
|----------|---|-------------------------------------|---------------|------------------------|---------------|-------------------------------|
| | | | | Account Charged (d) | Amount (e) | |
| 1 | Deferred Project Charges | 161,436 | 407,240 | Various | 247,808 | 320,868 |
| 2 | Bank clearing | | 14,378,494 | Various | 14,378,602 | (108) |
| 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 | Miscellaneous Work in Progress | | | | | |
| 39 | TOTAL | 161,436 | | | | 320,760 |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

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

| Line No. | Account Subdivision (a) | Balance at Beginning of Year (b) | Changes During Year | |
|----------|---|-------------------------------------|---|--|
| | | | Amounts Debited to Account 410.1 (c) | Amounts Credited to Account 411.1 (d) |
| 1 | Electric | | | |
| 2 | Contributions in Aid of Construction | 41,414 | 4,191 | 58,133 |
| 3 | NOL/Credit Carryforward | | | |
| 4 | Bad Debt Reserve | | 124,395 | 121,206 |
| 5 | Post Retirement Benefits | | 12,906 | 128,349 |
| 6 | Power the Future | | | |
| 7 | Other | 4,746,380 | 1,359,658 | 2,324,474 |
| 8 | TOTAL (Account 190) (Enter total of lines 2 thru 7) | 4,787,794 | 1,501,150 | 2,632,162 |
| 9 | Gas | | | |
| 10 | Contributions in Aid of Construction | 96,101 | 43,442 | 2,027 |
| 11 | Conservation & Weatherization | | | |
| 12 | Bad Debt Reserve | | 23,991 | 29,600 |
| 13 | FIFO Inventory Adjustment | | | |
| 14 | | | | |
| 15 | Other | | 46,508 | 70,319 |
| 16 | TOTAL Gas (Enter total of lines 10 thru 15) | 96,101 | 113,941 | 101,946 |
| 17 | Other (Specify) | | 843,979 | 843,979 |
| 18 | TOTAL (Account 190) (Enter total of lines 8, 16 & 17) | 4,883,895 | 2,459,070 | 3,578,087 |
| 19 | Classification of Total: | | | |
| 20 | Federal Income Tax | 4,267,715 | 1,949,404 | 2,803,810 |
| 21 | State Income Tax | 616,180 | 509,666 | 774,277 |
| 22 | Local Income Tax | | | |

NOTES

Other Electric:

| | Balance Beginning of Year | Balance End of Year |
|-------------------------------|------------------------------|------------------------|
| Conservation / Weatherization | | 84,074 |
| MISO Charges | | 68,482 |
| Other | | (10,235) |
| Prepaid Tax and Insurance | | 930,031 |
| Property Related | | 3,727,805 |
| Regulatory Deferral | | 78,699 |
| Tax Amortizations | | 859,998 |
| 2017 Tax Legislation Impact | 4,746,380 | |
| TOTAL | \$ 4,746,380 | \$ 5,738,854 |

| | | | |
|---|--|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) [X] An Original (2) [] A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|--|--|-------------------------------------|

ACCUMULATED DEFERRED INCOME TAXES (Account 190) (Continued)

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

4. In the space provided below, identify by amount

| Changes During Year | | ADJUSTMENTS | | | | Balance at End of Year (k) | Line No. |
|--------------------------------------|---------------------------------------|---------------|------------------|---------------|------------------|----------------------------|----------|
| Amounts Debited to Account 410.2 (e) | Amounts Credited to Account 411.2 (f) | DEBITS | | CREDITS | | | |
| | | Acct. No. (g) | Amount (h) | Acct. No. (i) | Amount (j) | | |
| | | | | | | | 1 |
| | | 190 | 41,414 | | | 53,942 | 2 |
| | | | | | | | 3 |
| | | | 16,404 | | 121,417 | 101,824 | 4 |
| | | | | | 178,202 | 293,645 | 5 |
| | | | | | | | 6 |
| | | 190111 | 8,805,972 | | 8,833,629 | 5,738,853 | 7 |
| | | | 8,863,790 | | 9,133,248 | 6,188,264 | 8 |
| | | | | | | | 9 |
| | | | 54,686 | | | 0 | 10 |
| | | | | | | | 11 |
| | | | 23,148 | | 29,892 | 12,353 | 12 |
| | | | | | | | 13 |
| | | | | | | | 14 |
| | | | 290,665 | | (8,673) | (275,527) | 15 |
| | | | 368,499 | | 21,219 | (263,174) | 16 |
| | | | 51,068 | | | (51,068) | 17 |
| | | | 9,283,357 | | 9,154,467 | 5,874,022 | 18 |
| | | | | | | | 19 |
| | | | 7,331,521 | | 6,781,278 | 4,571,878 | 20 |
| | | | 1,951,836 | | 2,373,189 | 1,302,144 | 21 |
| | | | | | | | 22 |

NOTES (Continued)

Other Electric:

| | Balance Beginning of Year | Balance End of Year |
|---------------------|------------------------------|------------------------|
| Environmental | \$ - | \$ 22,394 |
| Property Related | - | 109,963 |
| Regulatory Deferral | - | 68 |
| Tax Amortizations | - | (407,951) |
| TOTAL | \$ - | \$ (275,526) |

Other:

| | | |
|---------------------|-------------|--------------------|
| Regulatory Deferral | \$ - | \$ (51,068) |
| TOTAL | \$ - | \$ (51,068) |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

CAPITAL STOCK (Accounts 201 and 204)

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

2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.

| Line No. | Class and Series of Stock and Name of Stock Exchange (a) | Number of Shares Authorized by Charter (b) | Par or Stated Value Per Share (c) | Call Price at End of Year (d) |
|----------|---|---|--------------------------------------|----------------------------------|
| 1 | Account 201 - Common Stock | 60,000 | 0.01 | |
| 2 | | | | |
| 3 | Total Common Stock | 60,000 | | |
| 4 | | | | |
| 5 | Account 204 - Preferred Stock | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | Total Preferred Stock | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | | | | |
| 21 | | | | |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
| 28 | | | | |
| 29 | | | | |
| 30 | | | | |
| 31 | | | | |
| 32 | | | | |
| 33 | | | | |
| 34 | | | | |

| | | | | | | |
|---|---------------|---|--|--|-------------------------------------|-------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 | |
| CAPITAL STOCK (Accounts 201 and 204) (Continued) | | | | | | |
| 3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued. | | | 5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year. | | | |
| 4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative. | | | 6. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purposes of pledge. | | | |
| OUTSTANDING PER BALANCE SHEET | | HELD BY RESPONDENT | | | | |
| <i>(Total amount outstanding without reduction for amounts held by respondents.)</i> | | AS REACQUIRED STOCK (Account 217) | | IN SINKING AND OTHER FUNDS | | |
| Shares (e) | Amount (f) | Shares (g) | Cost (h) | Shares (i) | Amount (j) | Line No. |
| 2,000 | 20 | | | | | 1 |
| 2,000 | 20 | | | | | 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 |

| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|--|---|---|-------------------------------------|
| OTHER PAID - IN CAPITAL (Accounts 208-211, inc.) | | | |
| <p>Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as total of all accounts for reconciliation with balance sheet, page 112. Add more columns for any account if deemed necessary. Explain changes made in any account during the year and give the accounting entries effecting such change.</p> <p>(a) <i>Donations Received from Stockholders</i> (Account 208)-State amount and give brief explanation of the origin and purpose of each donation.</p> <p>(b) <i>Reduction in Par or Stated Value of Capital Stock</i> (account 209)-State amount and give brief explanation of</p> | | <p>the capital changes which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.</p> <p>(c) <i>Gain on Resale or Cancellation of Recquired Capital Stock</i> (Account 210)-Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.</p> <p>(d) <i>Miscellaneous Paid-In Capital</i> (Account 211)- Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.</p> | |
| Line No. | Item (a) | Amount (b) | |
| 1 | Account 208 - Donations from Stockholders | | |
| 2 | | | |
| 3 | Beg of Year | Credits | Debits |
| 4 | \$----- | \$70,500,000 | \$----- |
| 5 | | | 70,500,000 |
| 6 | Subtotal | | 70,500,000 |
| 7 | | | |
| 8 | Credits relate to capital contrib from WEC Energy Group (parent co.). | | |
| 9 | | | |
| 10 | | | |
| 11 | | | |
| 12 | | | |
| 13 | Account 211 - Miscellaneous Paid-in-Captial | | |
| 14 | | | |
| 15 | Beg of Year | Credits | Debits |
| 16 | \$42,079,165 | \$352,543 | \$20 |
| 17 | | | 42,431,688 |
| 18 | Subtotal | | 42,431,688 |
| 19 | | | |
| 20 | Credits relate to tax adjustments related to 2017 tax filings. | | |
| 21 | | | |
| 22 | Debits relate to issuance of common stock. | | |
| 23 | | | |
| 24 | | | |
| 25 | | | |
| 26 | | | |
| 27 | | | |
| 28 | | | |
| 29 | | | |
| 30 | | | |
| 31 | | | |
| 32 | | | |
| 33 | | | |
| 34 | | | |
| 35 | TOTAL | 112,931,688 | |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

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

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

Account 223 Long-Term Notes Payable WEC (50,000,000)

On 6/25/2018 UMERC (borrower) entered into a 4.34% fixed rate long-term loan with WEC Energy Group (lender) maturing on July 1, 2048.

There were no discounts, premiums, expenses nor any related gains or losses associated with this debt.

On 10/16/2018 UMERC (borrower) entered into a 4.10% fixed rate long-term loan with WEC Energy Group (lender) maturing on November 1, 2028.

There were no discounts, premiums, expenses nor any related gains or losses associated with this debt.

| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|--|---|--|---|
| LONG-TERM DEBT (Accounts 221, 222, 223 and 224) | | | |
| <p>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.</p> <p>2. In column (a), for new issues, give Commission authorization numbers and dates.</p> <p>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.</p> <p>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.</p> <p>5. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.</p> <p>6. In column (b) show the principal amount of bonds or other long-term debt originally issued.</p> <p>7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.</p> <p>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.</p> <p>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.</p> | | | |
| Line No. | Class and Series of Obligation, Coupon Rate <i>(For new issue, give Commission Authorization numbers and dates)</i> (a) | Principal Amount of Debt Issued (b) | Total Expense, Premium or Discount (c) |
| 1 | WEC Energy Group | 50,000,000 | |
| 2 | WEC Energy Group | 50,000,000 | |
| 3 | WEC Energy Group | 50,000,000 | |
| 4 | | | |
| 5 | | | |
| 6 | | | |
| 7 | | | |
| 8 | | | |
| 9 | | | |
| 10 | | | |
| 11 | | | |
| 12 | | | |
| 13 | | | |
| 14 | | | |
| 15 | | | |
| 16 | | | |
| 17 | | | |
| 18 | | | |
| 19 | | | |
| 20 | | | |
| 21 | | | |
| 22 | | | |
| 23 | | | |
| 24 | | | |
| 25 | TOTAL | 150,000,000 | 0 |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

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

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

| Nominal Date of Issue (d) | Date of Maturity (e) | AMORTIZATION PERIOD | | Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h) | Interest for Year Amount (i) | Line No. |
|---------------------------|----------------------|---------------------|-------------|---|---------------------------------|----------|
| | | Date From (f) | Date To (g) | | | |
| 9/27/2017 | 10/1/2027 | | | 50,000,000 | 2,061,917 | 1 |
| 6/25/2018 | 7/1/2048 | | | 50,000,000 | 1,121,166 | 2 |
| 10/19/2018 | 11/1/2028 | | | 50,000,000 | 410,000 | 3 |
| | | | | | | 4 |
| | | | | | | 5 |
| | | | | | | 6 |
| | | | | | | 7 |
| | | | | | | 8 |
| | | | | | | 9 |
| | | | | | | 10 |
| | | | | | | 11 |
| | | | | | | 12 |
| | | | | | | 13 |
| | | | | | | 14 |
| | | | | | | 15 |
| | | | | | | 16 |
| | | | | | | 17 |
| | | | | | | 18 |
| | | | | | | 19 |
| | | | | | | 20 |
| | | | | | | 21 |
| | | | | | | 22 |
| | | | | | | 23 |
| | | | | | | 24 |
| | | | | 150,000,000 | 3,593,083 | 25 |

| Name of Respondent Upper Michigan Energy Resources Corporation | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 | | |
|--|--------------------------------------|---|--|-------------------------------------|----------------------------|--------------------------|
| PAYABLES TO ASSOCIATED COMPANIES* (Accounts 233, 234) | | | | | | |
| <p>1. Report particulars of notes and accounts payable to associated companies at end of year.</p> <p>2. Provide separate totals for Accounts 233, Notes Payable to Associated Companies, and 234, Accounts Payable to Associated Companies, in addition to total for the combined accounts.</p> <p>3. List each note separately and state the purpose for which issued. Show also in column (a) date of note, maturity and interest rate.</p> <p>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.</p> <p>5. If collateral has been pledged as security to the payment of any note or account, describe such collateral.</p> <p style="text-align: center;">*See definition on page 226B</p> | | | | | | |
| Line No. | Particulars (a) | Balance Beginning of Year (b) | Totals for Year | | Balance End of Year (e) | Interest for Year (f) |
| | | | Debits (c) | Credits (d) | | |
| 1 | Account 233: | | | | | |
| 2 | | | | | | |
| 3 | Notes Payable to WEC Energy Group | (38,101,837) | | 4,400,000 | (42,501,837) | 594,119 |
| 4 | | | | | | |
| 5 | Total | (38,101,837) | 0 | 4,400,000 | (42,501,837) | 594,119 |
| 6 | | | | | | |
| 7 | Account 234: | | | | | |
| 8 | <u>Accounts Payable:</u> | | | | | |
| 9 | WEC Business Services LLC | (434,653) | | 105,969 | (540,622) | |
| 10 | WEC Energy Group | (30,455) | | 558,618 | (589,073) | |
| 11 | Wisconsin Electric Power Company | (33,923,016) | 24,876,352 | | (9,046,664) | |
| 12 | Wisconsin Public Service Corporation | (1,793,294) | | 3,945,775 | (5,739,069) | |
| 13 | Total | (36,181,418) | 24,876,352 | 4,610,362 | (15,915,428) | 0 |
| 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 | TOTAL | (74,283,255) | 24,876,352 | 9,010,362 | (58,417,265) | 594,119 |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
| RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES | | | |
| <p>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.</p> <p>2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.</p> | | | |
| Line No. | | TOTAL AMOUNT | |
| 1 | Utility net operating income (page 114 line 20) | | |
| 2 | Allocations: Allowance for funds used during construction | | |
| 3 | Interest expense | | |
| 4 | Other (specify) | | |
| 5 | Net income for the year (page 117 line 68) | 12,536,790 | |
| 6 | Allocation of Net income for the year | | |
| 7 | Add: Federal income tax expenses | | |
| 8 | | | |
| 9 | Total pre-tax income | 12,536,790 | |
| 10 | | | |
| 11 | Add: Taxable income not reported on books: | 188,794 | |
| 12 | | | |
| 13 | Add: Deductions recorded on books not deducted from return | 10,391,649 | |
| 14 | | | |
| 15 | Subtract: Income recorded on books not included in return: | (7,385,926) | |
| 16 | | | |
| 17 | Subtract: Deductions on return not charged against book income: | | |
| 18 | Schedule M (Addition of Taxable Income) | (2,023,625) | |
| 19 | | | |
| 20 | Federal taxable income for the year | 13,707,682 | |
| 21 | Show computation of tax: | 2,878,613 | |
| 22 | | | |
| 23 | Prior year current adjustments | (604,400) | |
| 24 | | | |
| 25 | Federal tax per books | 2,274,213 | |
| 26 | | | |

| Name of Respondent | | This Report Is: | | Date of Report | Year of Report |
|---|--------------------|--|--|----------------------------|-------------------|
| Upper Michigan Energy Resources Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | (Mo, Da, Yr) 04/29/2019 | December 31, 2018 |
| FOOTNOTE DATE | | | | | |
| Page Number (a) | Item Number (b) | Column Number (c) | Comments (d) | | |
| | | | Reconciliation of reported net income with taxable income for federal income taxes | | |
| 261A | 5 | b | Net income for the year | \$ | 12,536,790 |
| 261A | 11 | b | Reconciling items for the year: | | |
| | | | Taxable income not reported on books: | | |
| | | | CIAC - Customer advances | \$ | 48,670 |
| | | | CIAC - CWIP | | 140,124 |
| | | | Total | \$ | 188,794 |
| 261A | 13 | b | Deductions recorded on books not deducted for return: | | |
| | | | Provisions for deferred taxes (federal & state) | \$ | (1,072,928) |
| | | | State franchise/income taxes accrued | | (645,211) |
| | | | De Pere Energy regulatory asset | | 31,920 |
| | | | 162(m) | | 37,800 |
| | | | FEC MI regulatory asset | | 1,039,377 |
| | | | Capitalized interest - CWIP | | 8,283,554 |
| | | | Bad debt reserve | | 9,400 |
| | | | Lobbying expense | | 9,200 |
| | | | Meals and entertainment | | 8,200 |
| | | | Other regulatory liability - Tax reform | | 153,489 |
| | | | Plant abandonment regulatory asset | | 43,452 |
| | | | Property topside | | 25,719 |
| | | | Taxes accrued - Property/other | | 2,467,677 |
| | | | Total | \$ | 10,391,649 |
| 261A | 15 | b | Income recorded on books not included in return: | | |
| | | | Federal and state income tax (current) | \$ | (2,684,317) |
| | | | AFUDC - Debt | | 4,670,632 |
| | | | AFUDC - Equity | | 5,399,611 |
| | | | Total | \$ | 7,385,926 |

| Name of Respondent Upper Michigan Energy Resources Corporation | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---------------------|---|--|--|-------------------------------------|----------------|-----------|---|-----------|-------------------|--------|----------------------|--------|---------------------------|-------|----------------------------------|-------|--------------------------|--------|-------------------|--------|----------|---------|--------------|---------------------|------------------------|--|---------------|-----------|--|---------------------|----------------------------------|--|--------------|----------------------------|--|-----------|-----------------|--|---------------------|
| FOOTNOTE DATE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Page Number (a) | Item Number (b) | Column Number (c) | Comments (d) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 261A | 18 | b | Deductions on return not charged against book income: <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Repairs - CWIP</td> <td style="text-align: right;">\$ 59,896</td> </tr> <tr> <td>Tax Depreciation in Excess of Book Depreciation</td> <td style="text-align: right;">1,136,394</td> </tr> <tr> <td>Gas Plant Cleanup</td> <td style="text-align: right;">49,117</td> </tr> <tr> <td>GCR Undercollections</td> <td style="text-align: right;">28,457</td> </tr> <tr> <td>Crane Creek Depr Deferral</td> <td style="text-align: right;">7,560</td> </tr> <tr> <td>MI Electric True Up-Current Year</td> <td style="text-align: right;">8,298</td> </tr> <tr> <td>MI - Energy Optimization</td> <td style="text-align: right;">28,982</td> </tr> <tr> <td>Prepaid Insurance</td> <td style="text-align: right;">55,316</td> </tr> <tr> <td>W3 React</td> <td style="text-align: right;">649,605</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">\$ 2,023,625</td> </tr> <tr> <td colspan="2">Federal tax net income</td> <td style="text-align: right;">\$ 13,707,682</td> </tr> <tr> <td colspan="2">Tax @ 21%</td> <td style="text-align: right;">\$ 2,878,613</td> </tr> <tr> <td colspan="2">Taxes applicable to current year</td> <td style="text-align: right;">\$ 2,878,613</td> </tr> <tr> <td colspan="2">Adjustments to prior years</td> <td style="text-align: right;">(604,400)</td> </tr> <tr> <td colspan="2">Net tax accrual</td> <td style="text-align: right;">\$ 2,274,213</td> </tr> </table> <p>Upper Michigan Energy Resources Corporation is a member of a consolidated group of companies/members filing a consolidated federal income tax return for the period ended December 31, 2018, with its ultimate parent: WEC Energy Group, Inc.</p> <p>The tax liability of each company/member of the consolidated tax return is as if separate returns were filed by each of the individual companies/members.</p> | | | Repairs - CWIP | \$ 59,896 | Tax Depreciation in Excess of Book Depreciation | 1,136,394 | Gas Plant Cleanup | 49,117 | GCR Undercollections | 28,457 | Crane Creek Depr Deferral | 7,560 | MI Electric True Up-Current Year | 8,298 | MI - Energy Optimization | 28,982 | Prepaid Insurance | 55,316 | W3 React | 649,605 | Total | \$ 2,023,625 | Federal tax net income | | \$ 13,707,682 | Tax @ 21% | | \$ 2,878,613 | Taxes applicable to current year | | \$ 2,878,613 | Adjustments to prior years | | (604,400) | Net tax accrual | | \$ 2,274,213 |
| Repairs - CWIP | \$ 59,896 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tax Depreciation in Excess of Book Depreciation | 1,136,394 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gas Plant Cleanup | 49,117 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| GCR Undercollections | 28,457 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Crane Creek Depr Deferral | 7,560 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| MI Electric True Up-Current Year | 8,298 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| MI - Energy Optimization | 28,982 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Prepaid Insurance | 55,316 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| W3 React | 649,605 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | \$ 2,023,625 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Federal tax net income | | \$ 13,707,682 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tax @ 21% | | \$ 2,878,613 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Taxes applicable to current year | | \$ 2,878,613 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Adjustments to prior years | | (604,400) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net tax accrual | | \$ 2,274,213 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Name of Respondent Upper Michigan Energy Resources Corporation | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|--|--|---|--|--|
| TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Account 236) | | | | |
| <p>1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxes material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.</p> <p>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.</p> <p>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.</p> <p>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.</p> | | | | |
| Line No. | Kind of Tax Subaccount (See Instruction 5) (a) | BALANCE AT BEGINNING OF YEAR | | |
| | | Taxes Accrued (Account 236) (b) | Prepaid Taxes (Incl. In Account 165) (c) | |
| 1 | Taxes accrued - property personal utility MI | 937,338 | | |
| 2 | Taxes accrued - other assessment MPSC | 208,158 | | |
| 3 | Taxes accrued - income - federal | | | |
| 4 | Taxes accrued - income - franchise | | | |
| 5 | Payroll Taxes Billed | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| DISTRIBUTION OF TAXES CHARGED (omit cents) | | | | |
| Line No. | Electric a/c 408.1, 409.1 (i) | Gas a/c 408.1, 409.1 (j) | Other Utility Departments a/c 408.1, 409.1 (k) | Other Income & Deductions a/c 408.2, 409.2 (l) |
| 1 | 1,704,683 | 660,487 | | |
| 2 | 191,556 | 122,445 | | |
| 3 | | | | |
| 4 | | | | |
| 5 | 200,354 | 20,195 | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

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

| Taxes Charged During Year (d) | Taxes Paid During Year (e) | Adjustments (f) | BALANCE AT END OF YEAR | | Line No. |
|----------------------------------|-------------------------------|--------------------|------------------------------------|---|----------|
| | | | Taxes Accrued (Account 236) (g) | Prepaid Taxes (Incl. In Account 165) (h) | |
| 3,478,281 | 2,113,472 | | 3,302,147 | | 1 |
| 314,001 | 211,132 | | 311,027 | | 2 |
| | | | | | 3 |
| | | | | | 4 |
| 220,549 | 220,549 | | | | 5 |
| | | | | | 6 |
| | | | | | 7 |
| | | | | | 8 |
| | | | | | 9 |
| | | | | | 10 |
| | | | | | 11 |
| | | | | | 12 |
| | | | | | 13 |
| | | | | | 14 |
| | | | | | 15 |

DISTRIBUTION OF TAXES CHARGED

| Extraordinary Items a/c 409.3 (m) | Other Utility Opn. Income a/c 408.1, 409.1 (n) | Adjustment to Ret. Earnings a/c 439 (o) | Other (p) | Line No. |
|---|--|---|--------------|----------|
| | | | 1,113,111 | 1 |
| | | | | 2 |
| | | | | 3 |
| | | | | 4 |
| | | | | 5 |
| | | | | 6 |
| | | | | 7 |
| | | | | 8 |
| | | | | 9 |
| | | | | 10 |
| | | | | 11 |
| | | | | 12 |
| | | | | 13 |
| | | | | 14 |
| | | | | 15 |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

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 | Customer prepayments | 174,955 |
| 2 | Customer accounts receivable credit balances | 72,264 |
| 3 | Other | 60,620 |
| 4 | | |
| 5 | | |
| 6 | | |
| 7 | | |
| 8 | | |
| 9 | | |
| 10 | | |
| 11 | | |
| 12 | | |
| 13 | | |
| 14 | | |
| 15 | | |
| 16 | | |
| 17 | | |
| 18 | | |
| 19 | | |
| 20 | | |
| 21 | TOTAL | 307,839 |

CUSTOMER ADVANCES FOR CONSTRUCTION (Account 252)

| Line No. | List Advances by department (a) | Balance End of Year (b) |
|----------|---------------------------------|-------------------------|
| 23 | Electric | 209,565 |
| 24 | | |
| 25 | | |
| 26 | | |
| 27 | | |
| 28 | | |
| 29 | | |
| 30 | | |
| 31 | | |
| 32 | | |
| 33 | | |
| 34 | | |
| 35 | | |
| 36 | | |
| 37 | | |
| 38 | | |
| 39 | TOTAL | 209,565 |

(This page intentionally left blank)

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

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

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

| Line No. | Account (a) | Balance at Beginning of Year (b) | CHANGES DURING YEAR | |
|----------|--|---|---------------------------------------|--|
| | | | Amounts Debited to Acct. 410.1 (c) | Amounts Credited to Acct. 411.1 (d) |
| 1 | Account 282 | | | |
| 2 | Electric | 18,218,360 | 143,355,907 | 143,261,494 |
| 3 | Gas | 473,188 | 3,219,093 | 2,838,284 |
| 4 | Other (Define) | | | |
| 5 | TOTAL (Enter total of lines 2 thru 4) | 18,691,548 | 146,575,000 | 146,099,778 |
| 6 | Other (Specify) | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | TOTAL Account 282 (Enter total of lines 5 thru 8) | 18,691,548 | 146,575,000 | 146,099,778 |
| 10 | Classification of TOTAL | | | |
| 11 | Federal Income Tax | 15,896,744 | 118,061,864 | 117,559,984 |
| 12 | State Income Tax | 2,794,804 | 28,513,136 | 28,539,794 |
| 13 | Local Income Tax | | | |

NOTES

| | | | |
|---|--|----------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Upper Michigan Energy Resources Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) 04/29/2019 | December 31, 2018 |

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

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

| CHANGES DURING YEAR | | ADJUSTMENTS | | | | Balance at End of Year | Line No. |
|---------------------------------------|--|-------------------------|---------------|------------------------|---------------|------------------------|----------|
| Amounts Debited to Acct. 410.2 (e) | Amounts Credited to Acct. 411.2 (f) | DEBITS | | CREDITS | | | |
| | | Account Credited (g) | Amount (h) | Account Debited (i) | Amount (j) | (k) | |
| | | | 20,277,270 | | 22,220,775 | 20,256,278 | 1 |
| | | | 1,763,723 | | 984,724 | 74,998 | 2 |
| | | | | | | | 3 |
| | | | | | | | 4 |
| | | | 22,040,993 | | 23,205,499 | 20,331,276 | 5 |
| | | | | | | | 6 |
| | | | | | | | 7 |
| | | | | | | | 8 |
| 0 | 0 | | 22,040,993 | | 23,205,499 | 20,331,276 | 9 |
| | | | | | | | 10 |
| | | | 21,898,628 | | 21,972,625 | 16,472,621 | 11 |
| | | | 142,365 | | 1,232,874 | 3,858,655 | 12 |
| | | | | | | | 13 |

NOTES (Continued)

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

FOOTNOTE DATE

| Page Number (a) | Item Number (b) | Column Number (c) | Comments (d) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------------------------|--------------------|----------------------|---|--|-------------|--|--|--|--------|---------|--|--------------------------|------|------------|--------------|---------------------|------------|------|------------|------------------------|--|--|-------------|--|-------------|--|--|--|--------|---------|--|-------------------------|------------|------|------------|-----------------------|------|------------|--------------|-------------------------------|--|--|-------------|
| 274 | 9 | k | <table border="0"> <tr> <td></td> <td align="right" colspan="3">Adjustments</td> </tr> <tr> <td></td> <td align="right">Debits</td> <td align="right">Credits</td> <td></td> </tr> <tr> <td>Electric balance reclass</td> <td align="right">\$ -</td> <td align="right">\$ 752,071</td> <td align="right">\$ (752,071)</td> </tr> <tr> <td>Gas balance reclass</td> <td align="right">\$ 679,980</td> <td align="right">\$ -</td> <td align="right">\$ 679,980</td> </tr> <tr> <td>TOTAL reclass by class</td> <td></td> <td></td> <td align="right">\$ (72,091)</td> </tr> <tr> <td></td> <td align="right" colspan="3">Adjustments</td> </tr> <tr> <td></td> <td align="right">Debits</td> <td align="right">Credits</td> <td></td> </tr> <tr> <td>Federal balance reclass</td> <td align="right">\$ 679,980</td> <td align="right">\$ -</td> <td align="right">\$ 679,980</td> </tr> <tr> <td>State balance reclass</td> <td align="right">\$ -</td> <td align="right">\$ 752,071</td> <td align="right">\$ (752,071)</td> </tr> <tr> <td>TOTAL reclass by jurisdiction</td> <td></td> <td></td> <td align="right">\$ (72,091)</td> </tr> </table> | | Adjustments | | | | Debits | Credits | | Electric balance reclass | \$ - | \$ 752,071 | \$ (752,071) | Gas balance reclass | \$ 679,980 | \$ - | \$ 679,980 | TOTAL reclass by class | | | \$ (72,091) | | Adjustments | | | | Debits | Credits | | Federal balance reclass | \$ 679,980 | \$ - | \$ 679,980 | State balance reclass | \$ - | \$ 752,071 | \$ (752,071) | TOTAL reclass by jurisdiction | | | \$ (72,091) |
| | Adjustments | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Debits | Credits | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Electric balance reclass | \$ - | \$ 752,071 | \$ (752,071) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gas balance reclass | \$ 679,980 | \$ - | \$ 679,980 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TOTAL reclass by class | | | \$ (72,091) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Adjustments | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Debits | Credits | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Federal balance reclass | \$ 679,980 | \$ - | \$ 679,980 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| State balance reclass | \$ - | \$ 752,071 | \$ (752,071) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TOTAL reclass by jurisdiction | | | \$ (72,091) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

(This page intentionally left blank)

| Name of Respondent Upper Michigan Energy Resources Corporation | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|--|---|---|--|--|
| ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) | | | | |
| 1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283. | | | | |
| 2. For Other (Specify), include deferrals relating to other income and deductions. | | | | |
| Line No. | Account (a) | Balance at Beginning of Year (b) | CHANGES DURING YEAR | |
| | | | Amounts Debited to Acct. 410.1 (c) | Amounts Credited to Acct. 411.1 (d) |
| 1 | Account 283 | | | |
| 2 | Electric | | | |
| 3 | | | | |
| 4 | Other Than Plant | 2,465,716 | 1,369,333 | 3,389,018 |
| 5 | | | | |
| 6 | Other | | | |
| 7 | TOTAL Electric <i>(total of lines 2 thru 6)</i> | 2,465,716 | 1,369,333 | 3,389,018 |
| 8 | Gas | | | |
| 9 | | | 68,776 | 308,946 |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | Other | | | |
| 14 | TOTAL Gas <i>(Total of lines 9 thru 13)</i> | 0 | 68,776 | 308,946 |
| 15 | Other: Nonutility | 1,343,170 | 2,042,175 | 201,769 |
| 16 | TOTAL (Account 283) <i>(Enter total of lines 7, 14 and 15)</i> | 3,808,886 | 3,480,284 | 3,899,733 |
| 17 | Classification of TOTAL | | | |
| 18 | Federal Income Tax | 3,461,058 | 2,816,159 | 3,183,001 |
| 19 | State Income Tax | 347,828 | 664,125 | 716,732 |
| 20 | Local Income Tax | | | |
| NOTES | | | | |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

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

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

| CHANGES DURING YEAR | | ADJUSTMENTS | | | | Balance at End of Year | Line No. |
|---------------------------------------|--|-------------------------|---------------|------------------------|---------------|------------------------|----------|
| | | DEBITS | | CREDITS | | | |
| Amounts Debited to Acct. 410.2 (e) | Amounts Credited to Acct. 411.2 (f) | Account Credited (g) | Amount (h) | Account Debited (i) | Amount (j) | (k) | |
| | | | | | | | 1 |
| | | | | | | | 2 |
| | | | | | | | 3 |
| | | | (584,618) | | 1,243,956 | 2,274,605 | 4 |
| | | | | | | | 5 |
| | | | | | | | 6 |
| | | | (584,618) | | 1,243,956 | 2,274,605 | 7 |
| | | | | | | | 8 |
| | | | 282,328 | | 265,117 | (257,381) | 9 |
| | | | | | | | 10 |
| | | | | | | | 11 |
| | | | | | | | 12 |
| | | | | | | | 13 |
| | | | 282,328 | | 265,117 | (257,381) | 14 |
| | | | 1,343,170 | | | 1,840,406 | 15 |
| | | | 1,040,880 | | 1,509,073 | 3,857,630 | 16 |
| | | | | | | | 17 |
| | | | 875,966 | | 866,407 | 3,084,657 | 18 |
| | | | 164,914 | | 642,666 | 772,973 | 19 |
| | | | | | | | 20 |

NOTES (Continued)

| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 | | | |
|---|---|---|-------------------------------------|-------------------|--------------------|-----------------------------------|
| OTHER REGULATORY LIABILITIES | | | | | | |
| 1. Reporting below the particulars (details) called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts) 2. For regulatory liabilities being amortized, show period of amortization in column (a) 3. Minor items (amounts less than \$50,000) may be grouped by classes 4. Give the number and name of the account(s) where each amount is recorded | | | | | | |
| Line No. | Description and Purpose of Other Regulatory Liabilities (a) | Balance at Beginning Of Current Quarter/Year (b) | DEBITS | | Credits (e) | Balance at End of Year (f) |
| | | | Account Credited (c) | Amount (d) | | |
| 1 | Income tax related | 14,505,339 | 190,282 | (146,478) | 32,789 | 14,684,606 |
| 2 | Renewable dnergy program | 132,448 | 908 | | 194,179 | 326,627 |
| 3 | MI MISO SSR deferral | 266,052 | | | | 266,052 |
| 4 | Crane Creek depreciation deferral | 163,753 | | 7,560 | | 156,193 |
| 5 | Tax savings/remeasure | | 456 | 1,877,909 | 2,031,398 | 153,489 |
| 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 | TOTAL | 15,067,592 | | 1,738,991 | 2,258,366 | 15,586,967 |

NOTE: All amounts are recorded in Account 254.

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

PARTICULARS CONCERNING CERTAIN OTHER INCOME ACCOUNTS

1. Report in this schedule the information specified in the instructions below for the respective other income accounts. Provide a conspicuous subheading for each account and show a total for the account. Additional columns may be added for any account if deemed necessary.

2. Merchandising, Jobbing and Contract Work (Accounts 415 and 416) - Describe the general nature of merchandising, jobbing and contract activities. Show revenues by class of activity, operating expenses classified as to operation, maintenance, depreciation, rents and net income before taxes. Give the bases of any allocations of expenses between utility and merchandising, jobbing and contract work activities.

3. Nonutility Operations (Accounts 417 and 417.1) - Describe each nonutility operation and show revenues, operating expenses classified as to operation, maintenance, depreciation, rents, amortization, and net income before taxes, from the operation. Give the bases of any allocations of expenses between utility and nonutility operations. The book cost of property classified as nonutility operations should be included in Account 121.

4. Nonoperating Rental Income (Account 418) - For each major item of miscellaneous property included in Account 121, Nonutility Property, which is not used in operations for which income is included in Account 417, but which is leased or rented to others, give name of lessee, brief description of property, effective date and expiration date of lease, amount of rent revenues, operating expenses classified as to operation, maintenance, depreciation, rents, amortization, and net income, before taxes, from the rentals. If the property is leased on a basis other than that of a fixed annual rental, state the method of determining the rental. Minor items may be grouped by classes, but the number of items so grouped should be shown. Designate any lessees which are associated companies.

5. Equity in earnings of subsidiary companies (Account 418.1) - Report the utility's equity in the earnings or losses of each subsidiary company for the year.

6. Interest and Dividend Income (Account 419) - Report interest and dividend income, before taxes, identified as to the asset account or group of accounts in which are included the assets from which the interest or dividend income was derived. Income derived from investments, Accounts 123, 124 and 136 may be shown in total. Income from sinking and other funds should be identified with the related special funds. Show also expenses included in Account 419 as required by the Uniform System of Accounts.

7. Miscellaneous Nonoperating Income (Account 421) - Give the nature and source of each miscellaneous nonoperating income, and expense and the amount for the year. Minor items may be grouped by classes.

| Line No. | Item (a) | Amount (b) |
|----------|--|------------------|
| 1 | <u>Revenues from Nonutility Operations</u> | |
| 2 | None | |
| 3 | Subtotal 417 | 0 |
| 4 | | |
| 5 | <u>Non-Operating Rental Income</u> | |
| 6 | | |
| 7 | Subtotal 418 | 0 |
| 8 | | |
| 9 | <u>Equity in Earnings of Subsidiary Companies</u> | |
| 10 | None | |
| 11 | Subtotal 418.1 | 0 |
| 12 | | |
| 13 | <u>Interest and Dividend Income</u> | |
| 14 | None | |
| 15 | Subtotal 419 | 0 |
| 16 | | |
| 17 | <u>Miscellaneous Non-Operating Income</u> | |
| 18 | Carry costs on tax reform | 19,130 |
| 19 | W3 ReAct deferral | (726,586) |
| 20 | | |
| 21 | Subtotal 421 | (707,456) |
| 22 | | |
| 23 | | |
| 24 | | |
| 25 | | |
| 26 | | |
| 27 | | |
| 28 | | |
| 29 | | |
| 30 | | |
| 31 | | |

| Name of Respondent | | This Report Is: | Date of Report | Year of Report |
|---|--|--|-------------------------------------|-------------------|
| Upper Michigan Energy Resources Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) 04/29/2019 | December 31, 2018 |
| ELECTRIC OPERATING REVENUES (Account 400) | | | | |
| <p>1. Report below operating revenues for each prescribed account.</p> <p>2. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.</p> <p>3. If increases or decreases from pervious year (columns (c), (e), and (g)), are not derived from previously reported figures explain any inconsistencies in a footnote.</p> | | | | |
| Line No. | Title of Account (a) | OPERATING REVENUES | | |
| | | Amount for Year (b) | Amount for Previous Year (c) | |
| 1 | Sales of Electricity | | | |
| 2 | (440) Residential Sales | 33,998,307 | 33,568,900 | |
| 3 | (442) Commercial and Industrial Sales | | | |
| 4 | Small (or Commercial) | 17,166,641 | 17,109,726 | |
| 5 | Large (or Industrial) | 16,888,019 | 17,077,057 | |
| 6 | (444) Public Street and Highway Lighting | 695,465 | 688,777 | |
| 7 | (445) Other Sales to Public Authorities | | | |
| 8 | (446) Sales to Railroads and Railways | | | |
| 9 | (448) Interdepartmental Sales | 309 | 5,474 | |
| 10 | (449) Other Sales | | (24,353) | |
| 11 | | | | |
| 12 | TOTAL Sales to Ultimate Consumers | 68,748,741 | 68,425,581 | |
| 13 | | | | |
| 14 | (447) Sales for Resale | | | |
| 15 | TOTAL Sales of Electricity | 68,748,741 * | 68,425,581 | |
| 16 | | | | |
| 17 | (Less) (449.1) Provision for Rate Refunds | | | |
| 18 | TOTAL Revenue Net of Provision for Refunds | 68,748,741 | 68,425,581 | |
| 19 | Other Operating Revenues | | | |
| 20 | (450) Forfeited discounts | 333,956 | 299,009 | |
| 21 | (451) Miscellaneous Service Revenues | 5,400 | 9,531 | |
| 22 | (453) Sales of Water and Water Power | | | |
| 23 | (454) Rent from Electric Property | 171,164 | 171,080 | |
| 24 | (455) Interdepartmental Rents | | | |
| 25 | (456) Other Electric Revenues | 3,276,692 | 3,095,137 | |
| 26 | | | | |
| 27 | | | | |
| 28 | | | | |
| 29 | | | | |
| 30 | TOTAL Other Operating Revenues | 3,787,212 | 3,574,757 | |
| 31 | | | | |
| 32 | TOTAL Electric Operating Revenues | 72,535,953 | 72,000,338 | |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

ELECTRIC OPERATING REVENUES (Account 400) (Continued)

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

5. See Page 108, Important Changes During Year, for important new territory added and important rate increases or decreases.

6. For line 2, 4, 5, and 6, see page 304 for amounts relating to unbilled revenue by account.

7. Include unmetered sales. Provide details of such sales in a footnote.

| MEGAWATT HOURS SOLD | | AVERAGE NUMBER OF CUSTOMERS PER MONTH | | Line No. |
|------------------------|---------------------------------|---------------------------------------|---------------------------------|----------|
| Amount for Year (d) | Amount for Previous Year (e) | Number for Year (f) | Number for Previous Year (g) | |
| 234,233 | 226,364 | 32,763 | 32,707 | 1 |
| | | | | 2 |
| | | | | 3 |
| 127,014 | 122,615 | 3,886 | 3,885 | 4 |
| 258,875 | 249,606 | 31 | 31 | 5 |
| 3,015 | 2,968 | 84 | 104 | 6 |
| | | | | 7 |
| | | | | 8 |
| 1 | | | | 9 |
| | | | | 10 |
| | | | | 11 |
| 623,138 ** | 601,553 | 36,764 | 36,727 | 12 |
| | | | | 13 |
| | | | | 14 |
| 623,138 | 601,553 | 36,764 | 36,727 | 15 |
| | | | | 16 |
| | | | | 17 |
| 623,138 | 601,553 | 36,764 | 36,727 | 18 |

* Includes \$(107,859) unbilled revenues.
 ** Includes (2,182) MWH relating to unbilled revenues.

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

CUSTOMER CHOICE ELECTRIC OPERATING REVENUES

1. Report below operating revenues for each prescribed account.
2. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.
3. If increases or decreases from pervious year (columns (c), (e), and (g)), are not derived from previously reportec figures explain any inconsistencies in a footnote.

| Line No. | Title of Account (a) | OPERATING REVENUES | |
|----------|--|------------------------|---------------------------------|
| | | Amount for Year (b) | Amount for Previous Year (c) |
| 1 | Sales of Electricity | | |
| 2 | (440) Residential Sales | | |
| 3 | (442) Commercial and Industrial Sales | | |
| 4 | Small (or Commercial) | 1,925,522 | 1,999,801 |
| 5 | Large (or Industrial) | 1,019,422 | 1,083,372 |
| 6 | (444) Public Street and Highway Lighting | | |
| 7 | (445) Other Sales to Public Authorities | | |
| 8 | (446) Sales to Railroads and Railways | | |
| 9 | (448) Interdepartmental Sales | | |
| 10 | (449) Other Sales | | |
| 11 | | | |
| 12 | TOTAL Sales to Ultimate Consumers | 2,944,944 | 3,083,173 |
| 13 | | | |
| 14 | (447) Sales for Resale | | |
| 15 | TOTAL Sales of Electricity | 2,944,944 * | 3,083,173 |
| 16 | | | |
| 17 | (Less) (449.1) Provision for Rate Refunds | | |
| 18 | TOTAL Revenue Net of Provision for Refunds | 2,944,944 | 3,083,173 |
| 19 | Other Operating Revenues | | |
| 20 | (450) Forfeited discounts | | |
| 21 | (451) Miscellaneous Service Revenues | | |
| 22 | (453) Sales of Water and Water Power | | |
| 23 | (454) Rent from Electric Property | | |
| 24 | (455) Interdepartmental Rents | | |
| 25 | (456) Other Electric Revenues | | |
| 26 | | | |
| 27 | | | |
| 28 | | | |
| 29 | | | |
| 30 | TOTAL Other Operating Revenues | 0 | 0 |
| 31 | | | |
| 32 | TOTAL Electric Operating Revenues | 2,944,944 | 3,083,173 |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

CUSTOMER CHOICE ELECTRIC OPERATING REVENUES (Account 400) (Continued)

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

| MEGAWATT HOURS SOLD | | AVERAGE NUMBER OF CUSTOMERS PER MONTH | | Line No. |
|------------------------|---------------------------------|---------------------------------------|---------------------------------|----------|
| Amount for Year (d) | Amount for Previous Year (e) | Number for Year (f) | Number for Previous Year (g) | |
| | | | | 1 |
| | | | | 2 |
| | | | | 3 |
| 57,890 | 57,126 | 69 | 69 | 4 |
| 209,231 | 228,987 | 18 | 18 | 5 |
| | | | | 6 |
| | | | | 7 |
| | | | | 8 |
| | | | | 9 |
| | | | | 10 |
| | | | | 11 |
| 267,121 ** | 286,113 | 87 | 87 | 12 |
| | | | | 13 |
| | | | | 14 |
| 267,121 | 286,113 | 87 | 87 | 15 |
| | | | | 16 |
| | | | | 17 |
| 267,121 | 286,113 | 87 | 87 | 18 |

* Includes \$(73,366) unbilled revenues.

** Includes (1,373) MWH relating to unbilled revenues.

| | | | |
|---|--|----------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Upper Michigan Energy Resources Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) 04/29/2019 | December 31, 2018 |

SALES OF ELECTRICITY BY RATE SCHEDULES

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

| Line No. | Number and Title of Rate Schedule (a) | MWh Sold (b) | Revenue (c) | Avg. No. of Customers (d) | KWh of Sales per Customer (e) | Revenue per KWh Sold (f) |
|----------|---|-----------------|-------------------|------------------------------|----------------------------------|-----------------------------|
| 1 | Rg1 Residential - WE | 159,700 | 24,441,975 | 24,254 | 6,584 | 0.1530 |
| 2 | Rg1 Unbilled | (516) | 23,242 | | | (0.0450) |
| 3 | Rg2 - Residential Time of Use - WE | 6,042 | 719,664 | 395 | 15,296 | 0.1191 |
| 4 | Rg2 - Unbilled | (31) | 585 | | | (0.0189) |
| 5 | GI 1 - Residential Area Lighting - WE | 298 | 82,699 | | | 0.2775 |
| 6 | GI 1 - Unbilled | (2) | (245) | | | 0.1225 |
| 7 | Rg1 Residential WPS | 66,511 | 8,455,906 | 7,944 | 8,372 | 0.1271 |
| 8 | Rg1 Unbilled | (252) | (32,827) | | | 0.1303 |
| 9 | Rg1T-MI Residential - WPS | 2,381 | 274,761 | 170 | 14,006 | 0.1154 |
| 10 | Rg1T-MI Unbilled | (20) | (2,139) | | | 0.1070 |
| 11 | LS-1M1 Residential - WPS | 10 | 2,343 | | | 0.2343 |
| 12 | LS-1M1 Unbilled | | (10) | | | |
| 13 | LS-1M3 Residential - WPS | 112 | 31,103 | | | 0.2777 |
| 14 | LS-1M3 Unbilled | | (214) | | | |
| 15 | NAT-R-MI Residential - WPS | | 1,464 | | | |
| 16 | Total Residential | 234,233 | 33,998,307 | 32,763 | 7,149 | 0.1451 |
| 17 | | | | | | |
| 18 | Commercial & Industrial - Small | | | | | |
| 19 | Cg1 - General Secondary - WE | 66,414 | 10,132,844 | 2,808 | 23,652 | 0.1526 |
| 20 | Cg1 - Unbilled | (701) | (78,465) | | | 0.1119 |
| 21 | Cg2 - General Secondary Total Electric - WE | 2,247 | 306,479 | 38 | 59,132 | 0.1364 |
| 22 | Cg2 - Unbilled | (19) | (1,552) | | | 0.0817 |
| 23 | Cg3 - General Secondary Large Time of Use - WE | 25,634 | 2,644,678 | 37 | 692,811 | 0.1032 |
| 24 | Cg3 - Unbilled | 210 | 30,891 | | | 0.1471 |
| 25 | Cg5 - General Secondary Small Time of Use - WE | 6,008 | 747,643 | 100 | 60,080 | 0.1244 |
| 26 | Cg5 - Unbilled | (211) | (8,334) | | | 0.0395 |
| 27 | GI 1 - General Secondary Area Lighting - WE | 596 | 132,773 | | | 0.2228 |
| 28 | GI 1 - Unbilled | (2) | 37 | | | (0.0185) |
| 29 | TssU Transmission Substation Unmetered - WE | 598 | 51,564 | 16 | 37,375 | 0.0862 |
| 30 | TssU Unbilled | 5 | 1,131 | | | 0.2262 |
| 31 | Cg1 - General Secondary - WPS | 13,348 | 1,708,162 | 778 | 17,157 | 0.1280 |
| 32 | Cg1 - Unbilled | (28) | (4,219) | | | 0.1507 |
| 33 | Cg1-1T-MI - WPS | 873 | 110,638 | 61 | 14,311 | 0.1267 |
| 34 | Cg1-1T-MI Unbilled | (6) | (834) | | | 0.1390 |
| 35 | Cg3 - General Secondary Large Time of Use - WPS | 11,037 | 1,262,690 | 44 | 250,841 | 0.1144 |
| 36 | Cg3 - Unbilled | (97) | (11,943) | | | 0.1231 |
| 37 | LS-1M1 Secondary - WPS | 188 | 34,165 | | | 0.1817 |
| 38 | LS-1M1 Unbilled | | (212) | | | |
| 39 | LS-1M3 Secondary - WPS | 217 | 37,407 | | | 0.1724 |
| 40 | LS-1M3 Unbilled | | (221) | | | |
| 41 | Total Billed | 625,320 | 68,856,600 | 36,764 | 17,009 | 0.1101 |
| 42 | Total Unbilled Rev. (See Instr. 6) | (2,182) | (107,859) | 0 | 0 | 0.0494 |
| 43 | TOTAL | 623,138 | 68,748,741 | 36,764 | 16,950 | 0.1103 |

| | | | |
|---|--|--------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year of Report |
| Upper Michigan Energy Resources Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | 04/29/2019 | December 31, 2018 |

SALES OF ELECTRICITY BY RATE SCHEDULES

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

| Line No. | Number and Title of Rate Schedule (a) | MWh Sold (b) | Revenue (c) | Avg. No. of Customers (d) | KWh of Sales per Customer (e) | Revenue per KWh Sold (f) |
|----------|---|-----------------|----------------|------------------------------|----------------------------------|-----------------------------|
| 1 | MP-1-MI - WPS | 706 | 71,615 | 4 | 176,500 | 0.1014 |
| 2 | MP-1-MI Unbilled | (3) | (296) | | | 0.0987 |
| 3 | Total Small Coml & Industrial | 127,014 | 17,166,641 | 3,886 | 32,685 | 0.1352 |
| 4 | | | | | | |
| 5 | Commercial & Industrial - Large | | | | | |
| 6 | Cp 1 - General Primary - WE | 4,965 | 439,949 | 1 | 4,965,000 | 0.0886 |
| 7 | Cp 1 - Unbilled | 34 | 4,278 | | | 0.1258 |
| 8 | Cp 1 - Special Contract - WE | 5,121 | 403,284 | 1 | 5,121,000 | 0.0788 |
| 9 | Cp 1 - Unbilled | (4) | (3,262) | | | 0.8155 |
| 10 | Cp 3 - General Primary Curtailable - WE | 76,778 | 5,648,301 | 2 | 38,389,000 | 0.0736 |
| 11 | Cp 3 - Unbilled | (551) | (22,434) | | | 0.0407 |
| 12 | GI 1 - General Primary Area Lighting - WE | 80 | 18,068 | | | 0.2259 |
| 13 | GI 1 - Unbilled | | (44) | | | |
| 14 | CP-MI-TRA - WPS | 1,624 | 124,364 | | | 0.0766 |
| 15 | CP-MI-TRN - WPS | 154,406 | 8,714,898 | 2 | 77,203,000 | 0.0564 |
| 16 | CP-MI-TRN - Unbilled | | (1) | | | |
| 17 | CP-PRI-MI - WPS | 774 | 81,879 | 1 | 774,000 | 0.1058 |
| 18 | CP-PRI-MI - Unbilled | (1) | (326) | | | 0.3260 |
| 19 | CP-SEC-MI - WPS | 15,635 | 1,480,656 | 24 | 651,458 | 0.0947 |
| 20 | CP-SEC-MI - Unbilled | 14 | (1,591) | | | (0.1136) |
| 21 | Total Large Coml & Industrial | 258,875 | 16,888,019 | 31 | 8,350,806 | 0.0652 |
| 22 | | | | | | |
| 23 | Public Street & Highway | | | | | |
| 24 | Cg 5 - Optional Time of Use Street Lighting - WE | 165 | 26,103 | 2 | 82,500 | 0.1582 |
| 25 | Cg 5 - Unbilled | | 195 | | | |
| 26 | Ms 2 - Standard Sodium and Metal Halide Lighting - WE | 2,015 | 495,264 | 57 | 35,351 | 0.2458 |
| 27 | Ms 2 - Unbilled | (1) | 616 | | | (0.6160) |
| 28 | Ms 3 - Non-Standard Street and Area Lighting - WE | 117 | 30,182 | 25 | 4,680 | 0.2580 |
| 29 | Ms 3 - Unbilled | | 56 | | | |
| 30 | LED - MI Standard - Gov't | 1 | 424 | | | 0.4240 |
| 31 | LED - MI Standard - Gov't - Unbilled | | 132 | | | |
| 32 | LED - MI Non-Standard - Gov't | 1 | 382 | | | 0.3820 |
| 33 | LED - MI Non-Standard - Gov't - Unbilled | | 147 | | | |
| 34 | LS-1M(COS) - WPS | 596 | 126,515 | | | 0.2123 |
| 35 | LS-1M(CUS) - WPS | 121 | 15,449 | | | 0.1277 |
| 36 | Total Public Street & Highway | 3,015 | 695,465 | 84 | 35,893 | 0.2307 |
| 37 | | | | | | |
| 38 | Interdepartmental Sales - WPS | 1 | 309 | | | 0.3090 |
| 39 | Total Interdepartmental Sales | 1 | 309 | | | 0.3090 |
| 40 | | | | | | |
| 41 | Total Billed | 625,320 | 68,856,600 | 36,764 | 17,009 | 0.1101 |
| 42 | Total Unbilled Rev. (See Instr. 6) | (2,182) | (107,859) | 0 | 0 | 0.0494 |
| 43 | TOTAL | 623,138 | 68,748,741 | 36,764 | 16,950 | 0.1103 |

| | | | |
|---|--|----------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Upper Michigan Energy Resources Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) 04/29/2019 | December 31, 2018 |

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWh of electricity sold, revenue, average number of customers, average KWh per customer, and average revenue per KWh, excluding data for Sales for Resale, which is reported on pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," page 301. If the sales under any rate schedule are classified in more than one revenue account, list the rate schedule and sales data under each applicable revenue account subheading.
3. 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.
4. 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).
5. For any rate schedule having a fuel adjustment clause, state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

| Line No. | Number and Title of Rate Schedule (a) | MWh Sold (b) | Revenue (c) | Avg. No. of Customers (d) | KWh of Sales per Customer (e) | Revenue per KWh Sold (f) |
|----------|--|-----------------|--|------------------------------|----------------------------------|-----------------------------|
| | Unbilled Revenue (by revenue account subheading) included in totals above: Residential: Small C&I: Large C&I: Public & Hwy: Total | | (11,608) (74,017) (23,380) 1,146 (107,859) | | | |
| | Total Billed | 625,320 | 68,856,600 | 36,764 | 17,009 | 0.1101 |
| | Total Unbilled Rev. (See Instr. 6) | (2,182) | (107,859) | 0 | 0 | 0.0494 |
| | TOTAL | 623,138 | 68,748,741 | 36,764 | 16,950 | 0.1103 |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

FOOTNOTE DATE

| Page Number (a) | Item Number (b) | Column Number (c) | Comments (d) | | | | | | | | | | | | | | | |
|---------------------------|--------------------|----------------------|---|-------------------|----|---------|------------------------|--|---------|------------------------|--|---------|---------------------------|--|--------------|-------|----|-----------|
| | | | <p>All rate schedules in Michigan had a net fuel adjustment clause in 2018 of \$1,961,658 as a reduction to revenue.</p> <table> <tr> <td>Total Residential</td> <td>\$</td> <td>712,667</td> </tr> <tr> <td>Total Small Commercial</td> <td></td> <td>396,054</td> </tr> <tr> <td>Total Large Commercial</td> <td></td> <td>846,093</td> </tr> <tr> <td>Total Street/Hwy Lighting</td> <td></td> <td><u>6,844</u></td> </tr> <tr> <td>Total</td> <td>\$</td> <td>1,961,658</td> </tr> </table> | Total Residential | \$ | 712,667 | Total Small Commercial | | 396,054 | Total Large Commercial | | 846,093 | Total Street/Hwy Lighting | | <u>6,844</u> | Total | \$ | 1,961,658 |
| Total Residential | \$ | 712,667 | | | | | | | | | | | | | | | | |
| Total Small Commercial | | 396,054 | | | | | | | | | | | | | | | | |
| Total Large Commercial | | 846,093 | | | | | | | | | | | | | | | | |
| Total Street/Hwy Lighting | | <u>6,844</u> | | | | | | | | | | | | | | | | |
| Total | \$ | 1,961,658 | | | | | | | | | | | | | | | | |

| | | | |
|---|--|----------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Upper Michigan Energy Resources Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) 04/29/2019 | December 31, 2018 |

CUSTOMER CHOICE SALES OF ELECTRICITY BY RATE SCHEDULES

- Report below for each rate schedule in effect during the year the MWh of electricity sold, revenue, average number of customers, average KWh per customer, and average revenue per KWh, excluding data for Sales for Resale, which is reported on pages 310-311.
- Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," page 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) | Avg. No. of Customers (d) | KWh of Sales per Customer (e) | Revenue per KWh Sold (f) |
|----------|--|-----------------|----------------|------------------------------|----------------------------------|-----------------------------|
| 1 | Commercial & Industrial - Small | | | | | |
| 2 | Cg1 - General Secondary - WE | 12,336 | 667,777 | 26 | 474,462 | 0.0541 |
| 3 | Cg1 - Unbilled | (1,464) | (82,582) | | | 0.0564 |
| 4 | Cg3 - General Secondary Large Time of Use - WE | 46,657 | 1,335,394 | 42 | 1,110,881 | 0.0286 |
| 5 | Cg3 - Unbilled | 172 | 1,536 | | | 0.0089 |
| 6 | AES-CG-3MI - WPS | 191 | 3,428 | 1 | 191,000 | 0.0179 |
| 7 | AES-CG-3MI - Unbilled | (2) | (31) | | | 0.0155 |
| 8 | Total Small Com'l & Industrial | 57,890 | 1,925,522 | 69 | 838,986 | 0.0333 |
| 9 | | | | | | |
| 10 | Commercial & Industrial - Large | | | | | |
| 11 | Cp1 - General Primary - WE | 12,495 | 267,512 | 2 | 6,247,500 | 0.0214 |
| 12 | Cp1 - Unbilled | 608 | 12,945 | | | 0.0213 |
| 13 | Cp1 - Schedule A - WE | 166,747 | 401,185 | 1 | 166,747,000 | 0.0024 |
| 14 | Cp1 - Unbilled | (687) | (5,233) | | | 0.0076 |
| 15 | CpLC - General Primay Large Curt - WE | | | | | |
| 16 | CpLC - Unbilled | | | | | |
| 17 | AES-CP1M-S - WPS | 30,068 | 343,013 | 15 | 2,004,533 | 0.0114 |
| 18 | AES-CP1M-S - Unbilled | | | | | |
| 19 | Total Large Com'l & Industrial | 209,231 | 1,019,422 | 18 | 11,623,944 | 0.0049 |
| 20 | | | | | | |
| 21 | Unbilled Revenue (by revenue account subheading, included in totals above: | | | | | |
| 22 | | | | | | |
| 23 | | | | | | |
| 24 | Small C&I: | | (81,077) | | | |
| 25 | Large C&I: | | 7,712 | | | |
| 26 | Total | | (73,365) | | | |
| 27 | | | | | | |
| 28 | | | | | | |
| 29 | | | | | | |
| 30 | | | | | | |
| 31 | | | | | | |
| 32 | | | | | | |
| 33 | | | | | | |
| 34 | | | | | | |
| 35 | | | | | | |
| 36 | | | | | | |
| 37 | | | | | | |
| 38 | | | | | | |
| 39 | | | | | | |
| 40 | | | | | | |
| 41 | Total Billed | 268,494 | 3,018,309 | 87 | 3,086,138 | 0.0112 |
| 42 | Total Unbilled Rev. (See Instr. 6) | (1,373) | (73,365) | 0 | 0 | 0.0534 |
| 43 | TOTAL | 267,121 | 2,944,944 | 87 | 3,070,356 | 0.0110 |

| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|
| ELECTRIC OPERATION AND MAINTENANCE EXPENSES | | | |
| If the amount for previous year is not deprived from previously reported figures, explain in footnotes. | | | |
| Line No. | Account (a) | Amt. For Current Year (b) | Amt. For Previous Year (c) |
| 1 | 1. POWER PRODUCTION EXPENSES | | |
| 2 | A. Steam Power Generation | | |
| 3 | Operation | | |
| 4 | (500) Operation Supervision and Engineering | | |
| 5 | (501) Fuel | | |
| 6 | (502) Steam Expenses | | |
| 7 | (503) Steam from Other Sources | | |
| 8 | (Less) (504) Steam Transferred - CR. | | |
| 9 | (505) Electric Expenses | | |
| 10 | (506) Miscellaneous Steam Power Expenses | | |
| 11 | (507) Rents | | |
| 12 | (509) Allowances | | |
| 13 | TOTAL Operation (Enter Total of Lines 4 thru 12) | 0 | 0 |
| 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) | 0 | 0 |
| 21 | TOTAL Power Production Expenses-Steam Power (Total of lines 13 & 20) | 0 | 0 |
| 22 | B. Nuclear Power Generation | | |
| 23 | Operation | | |
| 24 | (517) Operation Supervision and Engineering | | |
| 25 | (518) Fuel | | |
| 26 | (519) Coolants and Water | | |
| 27 | (520) Steam Expenses | | |
| 28 | (521) Steam from Other Sources | | |
| 29 | (Less) (522) Steam Transferred - CR | | |
| 30 | (523) Electric Expenses | | |
| 31 | (524) Miscellaneous Nuclear Power Expenses | | |
| 32 | (525) Rents | | |
| 33 | TOTAL Operation (Enter Total of lines 24 thru 32) | | |
| 34 | Maintenance | | |
| 35 | (528) Maintenance Supervision and Engineering | | |
| 36 | (529) Maintenance of Structures | | |
| 37 | (530) Maintenance of Reactor Plant Equipment | | |
| 38 | (531) Maintenance of Electric Plant | | |
| 39 | (532) Maintenance of Miscellaneous Nuclear Plant | | |
| 40 | TOTAL Maintenance (Enter Total of Lines 35 thru 39) | | |
| 41 | TOTAL Power Production Expenses-Nuclear Power (Total of lines 33 & 40) | | |
| 42 | C. Hydraulic Power Generation | | |
| 43 | Operation | | |
| 44 | (535) Operation Supervision and Engineering | | |
| 45 | (536) Water for Power | | |
| 46 | (537) Hydraulic Expenses | | |
| 47 | (538) Electric Expenses | | |
| 48 | (539) Miscellaneous Hydraulic Power Generation Expenses | | |
| 49 | (540) Rents | | |
| 50 | TOTAL Operation (Enter Total of Lines 44 thru 49) | 0 | 0 |

| Name of Respondent Upper Michigan Energy Resources Corporation | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|---|--|-------------------------------------|
| ELECTRIC OPERATION AND MAINTENANCE EXPENSES (cont'd) | | | | |
| If the amount for previous year is not deprived from previously reported figures, explain in footnotes. | | | | |
| Line No. | Account (a) | Amt. For Current Year (b) | Amt. For Previous Year (c) | |
| 51 | C. Hydraulic Power Generation (Continued) | | | |
| 52 | Maintenance | | | |
| 53 | (541) Maintenance Supervision and Engineering | | | |
| 54 | (542) Maintenance of Structures | | | |
| 55 | (543) Maintenance of Reservoirs, Dams, and Waterways | | | |
| 56 | (544) Maintenance of Electric Plant | | | |
| 57 | (545) Maintenance of Miscellaneous Hydraulic Plant | | | |
| 58 | TOTAL Maintenance (Total of Lines 53 thru 57) | | | |
| 59 | TOTAL Pwr. Production Expenses-Hydraulic Pwr.(Total of lines 50 & 58) | | | |
| 60 | D. Other Power Generation | | | |
| 61 | Operation | | | |
| 62 | (546) Operation Supervision and Engineering | | | |
| 63 | (547) Fuel | | | |
| 64 | (548) Generation Expenses | | | |
| 65 | (549) Miscellaneous Other Power Generation Expenses | | | |
| 66 | (550) Rents | | | |
| 67 | TOTAL Operation (Total of Lines 62 thru 66) | 0 | | 0 |
| 68 | Maintenance | | | |
| 69 | (551) Maintenance Supervision and Engineering | | | |
| 70 | (552) Maintenance of Structures | | | |
| 71 | (553) Maintenance of Generating and Electric Plant | | | |
| 72 | (554) Maintenance of Miscellaneous Other Power Generation Plant | | | |
| 73 | TOTAL Maintenance (Total of Lines 69 thru 72) | | | |
| 74 | TOTAL Power Production Expenses-Other Power (Total of Lines 67 & 73) | | | |
| 75 | E. Other Power Supply Expenses | | | |
| 76 | (555) Purchased Power | 38,850,481 | | 40,395,944 |
| 77 | (556) System Control and Load Dispatching | 18,770 | | 30,647 |
| 78 | (557) Other Expenses | 128,247 | | 67,477 |
| 79 | Total Other Power Supply Expenses (Total of Lines 76 thru 78) | 38,997,498 | | 40,494,068 |
| 80 | Total Pwr. Production Expenses (Total of lines 21, 41, 59, 74 & 79) | 38,997,498 | | 40,494,068 |
| 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 | 6,543,976 | | 6,492,777 |
| 89 | (566) Miscellaneous Transmission Expenses | | | |
| 90 | (567) Rents | | | |
| 91 | TOTAL Operation (Total of Lines 83 thru 90) | 6,543,976 | | 6,492,777 |
| 92 | Maintenance | | | |
| 93 | (568) Maintenance Supervision and Engineering | | | |
| 94 | (569) Maintenance of Structures | | | |
| 95 | (570) Maintenance of Station Equipment | | | |
| 96 | (571) Maintenance of Overhead Lines | | | |
| 97 | (572) Maintenance of Underground Lines | | | |
| 98 | (573) Maintenance of Miscellaneous Transmission Plant | | | |
| 99 | TOTAL Maintenance (Total of Lines 93 thru 98) | 0 | | 0 |
| 100 | TOTAL Transmission Expenses (Total of Lines 91 & 99) | 6,543,976 | | 6,492,777 |
| 101 | 3. REGIONAL MARKET EXPENSES | | | |
| 102 | Operation | | | |
| 103 | (575.5) Market Facilitation, Monitoring and Compliance Services | | | |

| Name of Respondent Upper Michigan Energy Resources Corporation | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|---|--|-------------------------------------|
| ELECTRIC OPERATION AND MAINTENANCE EXPENSES (cont'd) | | | | |
| If the amount for previous year is not deprived from previously reported figures, explain in footnotes. | | | | |
| Line No. | Account (a) | Amt. For Current Year (b) | Amt. For Previous Year (c) | |
| 104 | TOTAL Regional Transmission and Market Op Expns (Line 103) | | | |
| 105 | 4. DISTRIBUTION EXPENSES | | | |
| 106 | Operation | | | |
| 107 | (580) Operation Supervision and Engineering | 3,456 | 46,556 | |
| 108 | (581) Load Dispatching | 99,073 | 142,689 | |
| 109 | (582) Station Expenses | 46,030 | 61,355 | |
| 110 | (583) Overhead Line Expenses | 474,059 | 61,527 | |
| 111 | (584) Underground Line Expenses | 34,970 | 35,622 | |
| 112 | (585) Street Lighting and Signal System Expenses | 104,518 | 54,520 | |
| 113 | (586) Meter Expenses | 101,282 | 80,679 | |
| 114 | (587) Customer Installations Expenses | 573 | 6,585 | |
| 115 | (588) Miscellaneous Expenses | 466,865 | 1,084,028 | |
| 116 | (589) Rents | | | |
| 117 | TOTAL Operation (Total of Lines 106 thru 116) | 1,330,826 | 1,573,561 | |
| 118 | Maintenance | | | |
| 119 | (590) Maintenance Supervision and Engineering | 6,609 | 3,861 | |
| 120 | (591) Maintenance of Structures | 26,448 | 27,546 | |
| 121 | (592) Maintenance of Station Equipment | 145,976 | 141,542 | |
| 122 | (593) Maintenance of Overhead Lines | 1,680,459 | 1,668,598 | |
| 123 | (594) Maintenance of Underground Lines | 265,045 | 846,262 | |
| 124 | (595) Maintenance of Line Transformers | 622 | 1,911 | |
| 125 | (596) Maintenance of Street Lighting and Signal Systems | 86,260 | 52,459 | |
| 126 | (597) Maintenance of Meters | | | |
| 127 | (598) Maintenance of Miscellaneous Distribution Plant | | | |
| 128 | TOTAL Maintenance (Total of Lines 119 thru 127) | 2,211,419 | 2,742,179 | |
| 129 | TOTAL Distribution Expenses (Total of Lines 117 & 128) | 3,542,245 | 4,315,740 | |
| 130 | 5. CUSTOMER ACCOUNTS EXPENSES | | | |
| 131 | Operation | | | |
| 132 | (901) Supervision | 11,516 | 16,247 | |
| 133 | (902) Meter Reading Expenses | 44,577 | 77,795 | |
| 134 | (903) Customer Records and Collection Expenses | 410,886 | 627,625 | |
| 135 | (904) Uncollectible Accounts | 488,953 | 438,924 | |
| 136 | (905) Miscellaneous Customer Accounts Expenses | 17,013 | 14,839 | |
| 137 | TOTAL Customer Accounts Expenses (Total of Lines 131 thru 136) | 972,945 | 1,175,430 | |
| 138 | 6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES | | | |
| 139 | Operation | | | |
| 140 | (907) Supervision | 1,428 | 4,957 | |
| 141 | (908) Customer Assistance Expenses | 1,595,113 | 1,789,827 | |
| 142 | (909) Informational and Instructional Expenses | 54,013 | 72,670 | |
| 143 | (910) Miscellaneous Customer Service and Informational Expenses | | | |
| 144 | TOTAL Customer Service and Informational Exp. (Total of Lines 139 thru 143) | 1,650,554 | 1,867,454 | |
| 145 | 7. SALES EXPENSE | | | |
| 146 | Operation | | | |
| 147 | (911) Supervision | | | |
| 148 | (912) Demonstrating and Selling Expenses | | | |
| 149 | (913) Advertising Expenses | 648 | 2,441 | |
| 150 | (916) Miscellaneous Sales Expenses | | | |
| 151 | Total Sales Expenses (Total of Lines 147 thru 150) | 648 | 2,441 | |
| 152 | 8. ADMINISTRATIVE AND GENERAL EXPENSES | | | |
| 153 | Operation | | | |
| 154 | (920) Administrative and General Salaries | 543,417 | 327,704 | |
| 155 | (921) Office Supplies and Expenses | 304,134 | 93,823 | |
| 156 | (Less) (922) Administrative Expenses Transferred - CR | | | |

| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|
| ELECTRIC OPERATION AND MAINTENANCE EXPENSES (cont'd) | | | |
| If the amount for previous year is not deprived from previously reported figures, explain in footnotes. | | | |
| Line No. | Account (a) | Amt. For Current Year (b) | Amt. For Previous Year (c) |
| 157 | 8. ADMINISTRATIVE AND GENERAL EXPENSES (Continued) | | |
| 158 | (923) Outside Services Employed | 400,348 | 270,757 |
| 159 | (924) Property Insurance | 15,760 | 6,704 |
| 160 | (925) Injuries and Damages | 112,230 | 48,873 |
| 161 | (926) Employee Pensions and Benefits | 776,714 | 658,914 |
| 162 | (927) Franchise Requirements | 43,536 | |
| 163 | (928) Regulatory Commission Expenses | 235,967 | 24,385 |
| 164 | (929) Duplicate Charges - CR. | 851 | |
| 165 | (930.1) General Advertising Expenses | | 22,684 |
| 166 | (930.2) Miscellaneous General Expenses | 113,307 | 135,837 |
| 167 | (931) Rents | 149,198 | 63,445 |
| 168 | TOTAL Operation (Total of Lines 154 thru 167) | 2,693,760 | 1,653,126 |
| 169 | Maintenance | | |
| 170 | (935) Maintenance of General Plant | | 1,649 |
| 171 | TOTAL Administrative and General Expenses (Total of Lines 168 & 170) | 2,693,760 | 1,654,775 |
| 172 | TOTAL Electric Operation and Maintenance Expenses (Enter total of lines 80, 100, 104, 129, 137, 144, 151, and 168) | 54,401,626 | 56,002,685 |

| NUMBER OF ELECTRIC DEPARTMENT EMPLOYEES | | |
|--|--|------------|
| <p>1. The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.</p> <p>2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.</p> | <p>3. The number of employees assignable to the electric department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the electric department from joint functions.</p> | |
| 1. Payroll Period Ended (Date) | | 12/29/2018 |
| 2. Total Regular Full-Time Employees | | 0 |
| 3. Total Part-Time and Temporary Employees | | 0 |
| 4. Total Employees | | 0 |
| | | |

(This page intentionally left blank)

| | | | |
|---|--|--------------------------------|-------------------|
| Name of Respondent | This Report Is: (1) <input checked="" type="checkbox"/> An Original | Date of Report (Mo, Da, Yr) | Year of Report |
| Upper Michigan Energy Resources Corporation | (2) <input type="checkbox"/> A Resubmission | 04/29/2019 | December 31, 2018 |

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

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

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

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

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

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

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

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

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

| Line No. | Name of Company or Public Authority (Footnote Affiliations) (a) | Statistical Classification (b) | FERC Rate Schedule or Tariff No. (c) | Avg. Monthly Billing Demand (d) | Actual Demand (MW) | |
|----------|---|-----------------------------------|---|------------------------------------|--------------------------------|-------------------------------|
| | | | | | Avg. Monthly NCP Demand (e) | Avg. Monthly CP Demand (f) |
| 1 | Wisconsin Electric Power Company | | | | | |
| 2 | Wisconsin Public Service Corporation | | | | | |
| 3 | Verso Paper % D Lindstrom | | | | | |
| 4 | Trudell Ruth | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | | | | | | |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

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

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

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

4. In column (c), identify the FERC Rate Schedule or Number or Tariff, or for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.

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

6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in column (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net change.

7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) includes credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.

8. The data in column (g) through (m) must be totaled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on page 401, line 10. The total amount in column (h) must be reported as Exchange Received on page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on page 401, line 13.

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

| Megawatthours Purchased (g) | POWER EXCHANGES | | COST/SETTLEMENT OF POWER | | | | Line No. |
|--------------------------------|------------------------|-------------------------|--------------------------|---------------------|--------------------|--------------------------------------|----------|
| | Megawatthours Received | Megawatthours Delivered | Demand Charges (\$) | Energy Charges (\$) | Other Charges (\$) | Total (j + k + l) or Settlement (\$) | |
| | (h) | (i) | (j) | (k) | (l) | (m) | |
| 391,008 | | | 17,241,063 | 8,527,391 | (131,309) | 25,637,145 | 1 |
| 269,913 | | | 7,544,940 | 6,296,787 | (637,315) | 13,204,412 | 2 |
| 168 | | | | 6,855 | | 6,855 | 3 |
| 9 | | | | 2,069 | | 2,069 | 4 |
| | | | | | | | 5 |
| | | | | | | | 6 |
| | | | | | | | 7 |
| | | | | | | | 8 |
| | | | | | | | 9 |
| | | | | | | | 10 |
| | | | | | | | 11 |
| | | | | | | | 12 |
| | | | | | | | 13 |
| | | | | | | | 14 |

| Name of Respondent Upper Michigan Energy Resources Corporation | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|--------------------|---|--|--|-------------------------------------|
| FOOTNOTE DATE | | | | | |
| Page Number (a) | Item Number (b) | Column Number (c) | Comments (d) | | |
| 326 | 1 | I | Amount represents January accrual reversals of \$(11,529), a December accrual for unbilled revenue of \$(119,934), and finance entries of \$154 for WPS service bills. | | |
| 326 | 2 | I | Amount represents January accrual reversals of \$(161,770), and December accrual for energy and capacity of \$(475,545). | | |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

SALES TO RAILROADS AND RAILWAYS AND INTERDEPARTMENTAL SALES (Accounts 446, 448)

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

| Line No. | Item (a) | Point of Delivery (b) | Kilowatt-hours (c) | Revenue (d) | Revenue per kwh (in cents) (e) |
|----------|---------------|--------------------------|-----------------------|----------------|-----------------------------------|
| 1 | Miscellaneous | | 1,631 | 309 | 5.28 |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |
| 7 | | | | | |
| 8 | | | | | |
| 9 | | | | | |
| 10 | | | | | |
| 11 | | | | | |
| 12 | | | | | |
| 13 | | | | | |
| 14 | | | | | |
| 15 | | | | | |
| 16 | | | | | |
| 17 | | | | | |

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

- | | |
|---|---|
| <p>1. Report particulars concerning rents received included in Accounts 454 and 455.</p> <p>2. Minor rents may be grouped by classes.</p> <p>3. If rents are included which were arrived at under an arrangement for apportioning expenses of a joint facility, whereby the amount included in this account</p> | <p>represents profit or return on property, depreciation and taxes, give particulars and the basis of apportionment of such charges to Accounts 454 and 455.</p> <p>4. Designate 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 | Geographic Basis | | |
| 17 | | | |
| 18 | <u>Account 454:</u> | | |
| 19 | Various Telephone Companies | Pole Contacts - Michigan | 103,661 |
| 20 | Various Cable TV Companies | Pole Contacts - Michigan | 49,440 |
| 21 | Various Fiber Optic | Pole Contacts - Michigan | 18,063 |
| 22 | | | |
| 23 | <u>Account 455:</u> | | |
| 24 | None | | |
| 25 | | | |
| 26 | | | |
| 27 | | | |
| 28 | | | |
| 29 | Total | | 171,164 |

| Name of Respondent Upper Michigan Energy Resources Corporation | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|--------------------------|---|--|-------------------------------------|
| 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 | None | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | TOTAL | | | 0 |

| MISCELLANEOUS SERVICE REVENUES AND OTHER ELECTRIC REVENUES (Accounts 451, 456) | | |
|--|--|---|
| 1. Report particulars concerning miscellaneous service revenues and other electric revenues derived from electric utility operations during year. Report separately in this schedule the total revenues from operation of fish and wildlife and recreation facilities, regardless of whether such facilities are operated by | | company or by contract concessionaires. Provide a subheading and total for each account. For Account 456, list first revenues realized through Research and Development ventures, see Account 456. 2. Designate associated companies. 3. Minor items may be grouped by classes. |
| Line No. | Name of Company and Description of Service (a) | Amount of Revenue for Year (b) |
| 11 | Geographic Basis | |
| 12 | | |
| 13 | | |
| 14 | <u>Miscellaneous Service Revenues (451)</u> | |
| 15 | Fees & Charges for changing, connecting & disconnecting services | 5,400 |
| 16 | Total | 5,400 |
| 17 | | |
| 18 | <u>Other Electric Revenues (456)</u> | |
| 19 | Michigan Retail Access | 2,944,945 |
| 20 | Generating Services-Miscellaneous | 968,739 |
| 21 | MI Act 295 Renewable Energy True-Up | (598,508) |
| 22 | Tax Reform | (136,752) |
| 23 | Miscellaneous | 98,268 |
| 24 | | |
| 25 | Total | 3,276,692 |
| 26 | | |
| 27 | | |
| 28 | | |
| 29 | | |
| 30 | TOTAL | 3,282,092 |

| | | | |
|---|--|----------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Upper Michigan Energy Resources Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) 04/29/2019 | December 31, 2018 |

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

1. Report all transmission, i.e., wheeling, of electricity provided to respondent by other electric utilities, cooperatives, municipalities, or other public authorities during the year.

2. In column (a) report each company or public authority that provided transmission service. Provide the full name of the company; abbreviated if necessary, but do not truncate name or use acronyms. Explain in a footnote any ownership interest in our affiliation with the transmission service provider.

3. Provide in column (a) subheadings and classify transmission service purchased from other utilities as: "Delivered Power to Wheeler" or "Received Power from Wheeler."

4. Report in columns (b) and (c) the total megawatthours received and delivered by the provider of the transmission service.

5. In columns (d) through (g), report expenses as shown on bills or vouchers rendered to the respondent. In column (d), provide demand charges. In column (e), provide energy charges related to the amount of energy transferred. In column (f), provide the total of all other charges on bills or vouchers rendered to respondent, including any out or period adjustments. Explain in a footnote all components of the amount shown in column (f). Report in column (g) the total charge shown on bills rendered to the respondent. If no monetary settlement was made, enter zero ("0") in column (g). Provide a footnote explaining the nature of the nonmonetary settlement, including the amount and type of energy or service rendered.

6. Enter "TOTAL" in column (a) as the last line. Provide a total amount in columns (b) through (g) as the last line. Energy provided by the respondent for the wheeler's transmission losses should be reported on the Electric Energy Account, page 401. If the respondent received power from the wheeler, energy provided to account for losses should be reported on line 19, Transmission By Others Losses, on page 401. Otherwise, losses should be reported on line 27, Total Energy Losses, page 401.

7. Footnote entries and provide explanations following all required data.

| Line No. | Name of Company or Public Authority [Footnote Affiliations] (a) | TRANSFER OF ENERGY | | EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS | | | |
|----------|---|-----------------------------------|------------------------------------|--|--------------------------------|-------------------------------|--|
| | | Megawatthours Received (b) | Megawatthours Delivered (c) | Demand Charges (\$) (d) | Energy Charges (\$) (e) | Other Charges (\$) (f) | Total Cost of Transmission (\$) (g) |
| 1 | Wisconsin Electric Power Company | | | | | 4,020,664 | 4,020,664 |
| 2 | Wisconsin Public Service Corporation | | | | | 2,607,214 | 2,607,214 |
| 3 | Midwest Independent System | | | | (83,902) | | (83,902) |
| 4 | Operator, Inc. | | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |
| 8 | | | | | | | |
| 9 | | | | | | | |
| 10 | | | | | | | |
| 11 | | | | | | | |
| 12 | | | | | | | |
| 13 | | | | | | | |
| 14 | | | | | | | |
| 15 | | | | | | | |
| 16 | Total | 0 | 0 | 0 | (83,902) | 6,627,878 | 6,543,976 |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

FOOTNOTE DATE

| Page Number (a) | Item Number (b) | Column Number (c) | Comments (d) |
|--------------------|--------------------|----------------------|--|
| 332 | 1 | f | Other charges consist of transmission pass-thru charges. |
| 332 | 2 | f | Other charges consist of transmission pass-thru charges. |

(This page intentionally left blank)

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

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 replace under terms of the lease or for the pole rentals shall report only the data called for in columns a, b (description only), f, g and j, unless the lessee has the option to purchase the property.</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

| Name of Lessor (a) | Basic Details of Lease (b) | Terminal Dates of Lease, Primary (P) or Renewal (R) (c) |
|---|---|---|
| Chase Equipment Leasing, Inc. Various Landowners Various Landowners Various Landowners | Railroad Equipment (100 cars) Forward Wind Energy (Land Contracts) Crane Creek Wind Farm (Land Contracts) Lincoln Wind Farm (Land Contracts) | N/A 04/01/2018 to 12/31/2033 (P) 07/16/2009 to 07/15/2041 (P) 10/22/1998 to 10/21/2018 (R) |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

LEASE RENTALS CHARGED (Continued)

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

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

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

* See definition on page 226 (B)

A. LEASE RENTALS CHARGED TO ELECTRIC OPERATING EXPENSES

| Original Cost (O) or Fair Market Value (F) of Property (d) | Expenses to be Paid by Lessee Itemize (e) | AMOUNT OF RENT - CURRENT TERM | | | | Account Charged (j) | Remaining Annual Charges Under Lease Est. if Not Known (k) |
|---|--|-------------------------------|--------------|---------------------|--------------|------------------------|---|
| | | Current Year | | Accumulated to Date | | | |
| | | Lessor (f) | Other (g) | Lessor (h) | Other (i) | | |
| N/A | N/A | 60,022 | | N/A | | 501 | N/A |
| N/A | N/A | 648,246 | | 648,246 | | 550 | 11,225,801 |
| N/A | N/A | 431,925 | | 3,689,025 | | 550 | 13,187,552 |
| N/A | N/A | 61,112 | | 910,956 | | 550 | N/A |

| Name of Respondent Upper Michigan Energy Resources Corporation | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|--|---|--|-------------------------------------|
| MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (ELECTRIC) | | | | |
| Line No. | Description (a) | Amount (b) | | |
| 1 | Industry Association Dues | 20,309 | | |
| 2 | Nuclear Power Research Expenses | | | |
| 3 | Other Experimental and General Research Expenses | | | |
| 4 | Publishing and Distributing Information and Reports to Stockholders; Trustee, Registrar, and Transfer Agent Fees and Expenses, and Other Expenses of Servicing Outstanding Securities of the Respondent | | | |
| 5 | Other Expenses <i>(List items of \$5,000 or more in this column showing the (1) purpose, (2) recipient and (3) amount of such items. Group amounts of less than \$5,000 by classes if the number of items so grouped is shown)</i> | | | |
| 6 | | | | |
| 7 | Depreciation and cost of capital charges from WBS | 59,039 | | |
| 8 | Director fees and corporate expenses | 31,437 | | |
| 9 | Miscellaneous | 2,522 | | |
| 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 | 113,307 | | |

| | | | |
|---|--|----------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Upper Michigan Energy Resources Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) 04/29/2019 | December 31, 2018 |

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

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

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

A. SUMMARY OF DEPRECIATION AND AMORTIZATION CHARGES

| Line No. | Functional Classification (a) | Depreciation Expense (Account 403) (b) | Amortization of Limited-Term Electric Plant (Account 404) (c) | Amortization of Other Electric Plant (Acct. 405) (d) | Total (e) |
|----------|--|--|---|--|------------------|
| 1 | Intangible Plant | | | | |
| 2 | Steam Production Plant | | | | |
| 3 | Nuclear Production Plant | | | | |
| 4 | Hydraulic Production Plant-Conventional | | | | |
| 5 | Hydraulic Production Plant-Pumped Storage | | | | |
| 6 | Other Production Plant | | | | |
| 7 | Transmission Plant | | | | |
| 8 | Distribution Plant | 4,450,429 | | | 4,450,429 |
| 9 | Regional Transmission and Market Operation | | | | |
| 10 | General Plant | 35,639 | | | 35,639 |
| 11 | Common Plant-Electric | | | 41,609 | 41,609 |
| 12 | TOTAL | 4,486,068 | | 41,609 | 4,527,677 |

B. BASIS FOR AMORTIZATION CHARGES

| | | | | | |
|--|--|--|--|--|--|
| | | | | | |
|--|--|--|--|--|--|

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

**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 | Miscellaneous Amortization (425) | |
| 2 | Total - 425 | 0 |
| 3 | | |
| 4 | Donations (426.1) | |
| 5 | Total - 426.1 | 0 |
| 6 | | |
| 7 | Key Executive Life Insurance (426.2) | |
| 8 | Total - 426.2 | 0 |
| 9 | | |
| 10 | Penalties (426.3) | |
| 11 | Total - 426.3 | 0 |
| 12 | | |
| 13 | Expenses for Certain Civil, Political, & Related Activities (426.4) | |
| 14 | Stuntz Davis & Staffier PC | 252 |
| 15 | BGR Government Affairs LLC | 508 |
| 16 | Miscellaneous items under 5% of account | 1,757 |
| 17 | Total - 426.4 | 2,517 |
| 18 | | |
| 19 | Other Deductions (426.5) | |
| 20 | Friends of Boerner | 178 |
| 21 | Greater Milwaukee Committee | 123 |
| 22 | Northwestern University | 123 |
| 23 | Miscellaneous items under 5% of account | 1,074 |
| 24 | Total - 426.5 | 1,498 |
| 25 | | |
| 26 | Other Interest Expense (431) | |
| 27 | Long Term Debt (431000060) | 3,593,083 |
| 28 | Customer Deposits (431000010) | 19,234 |
| 29 | Other interest expense under \$10,000 | (5,765) |
| 30 | Total - 431 | 3,606,552 |
| 31 | | |
| 32 | | |
| 33 | | |
| 34 | | |
| 35 | | |
| 36 | | |
| 37 | | |
| 38 | | |
| 39 | | |
| 40 | | |
| 41 | | |
| 42 | | |
| 43 | | |
| 44 | | |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

EXPENDITURES FOR CERTAIN CIVIC, POLITICAL AND RELATED ACTIVITIES

(Account 426.4)

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

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

reports to stockholders; (e) newspaper and magazine editorial services; and (f) other advertising.

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

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

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

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

| Line No. | Item (a) | Amount (b) |
|----------|-----------------------------|------------|
| 1 | Employee labor and expenses | \$ 1,661 |
| 2 | Consulting | 856 |
| 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 | TOTAL | 2,517 |

| | | | |
|---|--|----------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Upper Michigan Energy Resources Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) 04/29/2019 | December 31, 2018 |

REGULATORY COMMISSION EXPENSES

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

| Line No. | Description <i>(Furnish name of regulatory commission or body, the docket or case number, and a description of the case.)</i> (a) | Assessed by Regulatory Commission (b) | Expenses of Utility (c) | Total Expenses for current year (b) + (c) (d) | Deferred at Beginning of Year (e) |
|----------|---|--|-----------------------------------|--|--|
| 1 | Federal Energy Regulatory Commission | | | | |
| 2 | | | | | |
| 3 | Public Service Commission of Wisconsin | | | | |
| 4 | | | | | |
| 5 | Michigan Public Service Commission | | 211,440 | 211,440 | |
| 6 | | | | | |
| 7 | North American Electric Reliability Corp. | | | | |
| 8 | | | | | |
| 9 | Other Expenses: | | | | |
| 10 | Other Expenses: Electric | | 24,527 | 24,527 | |
| 11 | Other Expenses: Gas | | 27,723 | 27,723 | |
| 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 | 0 | 263,690 | 263,690 | |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

REGULATORY COMMISSION EXPENSES (Continued)

3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.

4. List in column (f), (g), and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.

5. Minor items (less than \$25,000) may be grouped.

| EXPENSES INCURRED DURING YEAR | | | AMORTIZED DURING YEAR | | | | Line No. |
|-------------------------------|-------------|---------|-----------------------|----------------|--------|-------------------------|----------|
| CHARGED CURRENTLY TO | | | Deferred | Contra Account | Amount | Deferred at End of Year | |
| Department | Account No. | Amount | | | | | |
| (f) | (g) | (h) | (i) | (j) | (k) | (l) | |
| | | | | | | | 1 |
| | | | | | | | 2 |
| | | | | | | | 3 |
| | | | | | | | 4 |
| | | | | | | | 5 |
| | | | | | | | 6 |
| | | | | | | | 7 |
| | | | | | | | 8 |
| | | | | | | | 9 |
| Electric | 928 | 235,967 | | | | | 10 |
| Gas | 928 | 27,723 | | | | | 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 |
| | | 263,690 | | | | | 44 |

| | | | |
|--|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|--|---|--|-------------------------------------|

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 | 128,071 | | |
| 4 | Transmission | | | |
| 5 | Regional Market | | | |
| 6 | Distribution | 536,997 | | |
| 7 | Customer Accounts | 253,429 | | |
| 8 | Customer Service and Informational | 313,830 | | |
| 9 | Sales | | | |
| 10 | Administrative and General | 784,008 | | |
| 11 | TOTAL Operation (Enter Total of lines 3 thru 10) | 2,016,335 | | |
| 12 | Maintenance | | | |
| 13 | Production | | | |
| 14 | Transmission | | | |
| 15 | Regional Market | | | |
| 16 | Distribution | 784,347 | | |
| 17 | Administrative and General | | | |
| 18 | TOTAL Maintenance (Total of lines 13 thru 17) | 784,347 | | |
| 19 | Total Operation and Maintenance | | | |
| 20 | Production (Enter Total of lines 3 and 13) | 128,071 | | |
| 21 | Transmission (Enter Total of lines 4 and 14) | | | |
| 22 | Regional Market (Enter Total of lines 5 and 15) | | | |
| 23 | Distribution (Enter Total of lines 6 and 16) | 1,321,344 | | |
| 24 | Customer Accounts (Transcribe from line 7) | 253,429 | | |
| 25 | Customer Svc and Informational (Transcribe from line 8) | 313,830 | | |
| 26 | Sales (Transcribe from line 9) | | | |
| 27 | Administrative and General (Enter Total of lines 10 & 17) | 784,008 | | |
| 28 | TOTAL Oper. And Maint. (Total of lines 20 thru 27) | 2,800,682 | | 2,800,682 |
| 29 | GAS | | | |
| 30 | Operation | | | |
| 31 | Production-Manufactured Gas | | | |
| 32 | Production-Nat. Gas (Including Expl. And Dev.) | | | |
| 33 | Other Gas Supply | 3,943 | | |
| 34 | Storage, LNG Terminaling and Processing | | | |
| 35 | Transmission | 1,769 | | |
| 36 | Distribution | 42,003 | | |
| 37 | Customer Accounts | 25,801 | | |
| 38 | Customer Service and Informational | 26,026 | | |
| 39 | Sales | | | |
| 40 | Administrative and General | 120,888 | | |
| 41 | TOTAL Operation (Enter Total of lines 28 thru 37) | 220,430 | | |

| Name of Respondent | This Report Is: | Date of Report | Year of Report | |
|---|--|--|--|--------------|
| Upper Michigan Energy Resources Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) 04/29/2019 | December 31, 2018 | |
| DISTRIBUTION OF SALARIES AND WAGES (Continued) | | | | |
| Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. | | In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used. | | |
| Line No. | Classification (a) | Direct Payroll Distribution (b) | Allocation of Payroll Charged for Clearing Accounts (c) | Total (d) |
| | GAS (Continued) | | | |
| 42 | Maintenance | | | |
| 43 | Production-Manufactured Gas | | | |
| 44 | Production-Natural Gas (incl Explor & Developmt) | | | |
| 45 | Other Gas Supply | | | |
| 46 | Storage, LNG Terminaling and Processing | | | |
| 47 | Transmission | 109 | | |
| 48 | Distribution | 56,635 | | |
| 49 | Administrative and General | | | |
| 50 | TOTAL Maint. (Enter Total of lines 43 thru 49) | 56,744 | | |
| 51 | Total Operation and Maintenance | | | |
| 52 | Production-Manufactured Gas (Total of lines 31 and 43) | | | |
| 53 | Production-Nat. Gas (Including Expl. & Dev.) (Total of lines 32 and 44) | | | |
| 54 | Other Gas Supply (Enter Total of lines 33 and 45) | 3,943 | | |
| 55 | Storage, LNG Terminaling and Processing (Total of lines 31 and 46) | | | |
| 56 | Transmission (Lines 35 and 47) | 1,878 | | |
| 57 | Distribution (Lines 36 and 48) | 98,638 | | |
| 58 | Customer Accounts (Line 37) | 25,801 | | |
| 59 | Customer Service and Informational (Line 38) | 26,026 | | |
| 60 | Sales (Line 39) | | | |
| 61 | Administrative and General (Lines 40 and 49) | 120,888 | | |
| 62 | TOTAL Operation & Maint. (total of lines 52 thru 61) | 277,174 | | 277,174 |
| 63 | OTHER UTILITY DEPARTMENTS | | | |
| 64 | Operation and Maintenance | | | |
| 65 | TOTAL All Utility Dept. (Total of lines 28, 62 & 64) | 3,077,856 | | 3,077,856 |
| 66 | UTILITY PLANT | | | |
| 67 | Construction (By Utility Departments) | | | |
| 68 | Electric Plant | 3,116,107 | | 3,116,107 |
| 69 | Gas Plant | 157,115 | | 157,115 |
| 70 | Other | | | |
| 71 | TOTAL Construction (Total of lines 68 thru 70) | 3,273,222 | | 3,273,222 |
| 72 | Plant Removal (By Utility Departments) | | | |
| 73 | Electric Plant | 242,842 | | 242,842 |
| 74 | Gas Plant | 12,244 | | 12,244 |
| 75 | Other | | | |
| 76 | TOTAL Plant Removal (Total of lines 73 thru 75) | 255,086 | | 255,086 |
| 77 | Other Accounts (Specify): | | | |
| 78 | Clearing Account - Elec Engr, Mapng, Proj Mgmt | 55,810 | (55,810) | 0 |
| 79 | Non-operating | 1,216 | | 1,216 |
| 80 | Preliminary Service & Investigating (Acct 183) | (1,220) | | (1,220) |
| 81 | Intercompany: WE Labor | (4,619,830) | | (4,619,830) |
| 82 | Intercompany: WBS Labor | (1,043,069) | | (1,043,069) |
| 83 | Intercompany: WPS Labor | (998,895) | 55,810 | (943,085) |
| 84 | Intercompany: PGL, NSG, MGU, MERC Labor | (176) | | (176) |
| 85 | TOTAL Other Accounts | (6,606,164) | | (6,606,164) |
| 86 | TOTAL SALARIES AND WAGES | | | |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

COMMON UTILITY PLANT AND EXPENSES

| | |
|---|--|
| <p>1. Describe the property carried in the utility's accounts as common utility plant and show the book cost of such plant at end of year classified by accounts as provided by Plant Instruction 13, Common Utility Plant, of the Uniform System of Accounts. Also show the allocation of such plant costs to the respective departments using the common utility plant and explain the basis of allocation used, giving the allocation factors.</p> <p>2. Furnish the accumulated provisions for depreciation and amortization at end of year, showing the amounts and classifications of such accumulated provisions, and amounts allocated to utility departments using the common utility plant to which such accumulated provisions relate,</p> | <p>including explanation of basis of allocation and factors used.</p> <p>3. Give for the year the expenses of operation, maintenance, rents, depreciation, and amortization for common utility plant classified by accounts as provided by the Uniform System of Accounts. Show the allocation of such expenses to the departments using the common utility plant to which such expenses are related. Explain the basis of allocation used and give the factors of allocation.</p> <p>4. Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.</p> |
|---|--|

COMMON UTILITY PLANT IN SERVICE

| | Total | Electric | Gas |
|------------------------------|----------------|-----------------|---------------|
| Intangible-software | 732,233 | 697,818 | 34,415 |
| Office furniture & equipment | 83 | 79 | 4 |
| Total common plant | 732,316 | 697,897 | 34,419 |

ACCUMULATED PROVISION FOR DEPRECIATION

| | Total |
|-----------------------------------|--------------|
| Balance, beginning of year | 0 |
| Depreciation accruals charged to: | |
| Depreciation expense | 43,664 |
| | 43,664 |
| Balance, end of year | 43,664 |
| Footnote: | |
| End balance (above) | 43,664 |
| Ending rate base reserve | 43,664 |

ALLOCATION TO UTILITY DEPARTMENTS - ACCUMULATED PROVISION FOR AMORTIZATION

| | Accruals for the Year | Balance End of Year |
|---------------------|--------------------------|------------------------|
| Electric department | 41,612 | 41,612 |
| Gas department | 2,052 | 2,052 |
| TOTAL | 43,664 | 43,664 |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounting to more than \$250,000, including payments for legislative services, except those which should be reported in Account 426.4, Expenditures for Certain Civic, Political and Related Activities.)

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

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

3. Designate with an asterisk associated companies.

| Line No. | Name/Address | Service | Basis of Charges | Acct # | Amount |
|----------|------------------------------------|------------------------|------------------|--------|---------------|
| 1 | Burns & McDonnell Michigan, Inc. | Construction Services | Fees | 107 | \$ 61,926,990 |
| 2 | 400 Renaissance Center, Suite 2600 | | | | |
| 3 | Detroit, MI | | | | |
| 4 | | | | | |
| 5 | Coleman Engineering Co. | Engineering Services | Fees | 107 | \$ 347,796 |
| 6 | 635 Circle Drive | | | | |
| 7 | Iron Mountain, MI | | | | |
| 8 | | | | | |
| 9 | Corporate Settlement Solutions | IT Consulting | Fees | 107 | \$ 405,692 |
| 10 | 440 East Front Street | | | | |
| 11 | Traverse City, MI | | | | |
| 12 | | | | | |
| 13 | Enterforce, Inc. | HR Staffing | Fees | 107 | \$ 276,005 |
| 14 | 626 West Moreland Boulevard | | | | |
| 15 | Waukesha, WI | | | | |
| 16 | | | | | |
| 17 | McGriff Seibels & Williams, Inc. | IT Consulting | Fees | 107 | \$ 435,828 |
| 18 | PO Box 11407 | | | | |
| 19 | Birmingham, AL | | | | |
| 20 | | | | | |
| 21 | Miller Canfield Paddock & Stone | Legal Consulting | Fees | 923 | \$ 274,710 |
| 22 | 1 Michigan Avenue, Suite 900 | | | | |
| 23 | Lansing, MI | | | | |
| 24 | | | | | |
| 25 | PIC Group, Inc. | Engineering Consulting | Fees | 107 | \$ 646,943 |
| 26 | 1000 Parkwood Circle, Suite 1000 | | | | |
| 27 | Atlanta, GA | | | | |
| 28 | | | | | |
| 29 | SPX Transformer Solutions, Inc. | Construction Services | Fees | 107 | \$ 3,465,032 |
| 30 | 400 South Prairie Avenue | | | | |
| 31 | Waukesha, WI | | | | |
| 32 | | | | | |
| 33 | | | | | |
| 34 | | | | | |
| 35 | | | | | \$ 67,778,996 |

| | | | |
|--------------------|---|--|-------------------------------------|
| 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) 04/29/2019 | Year of Report December 31, 2018 |
|--------------------|---|--|-------------------------------------|

SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES

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

| Line No. | Company (a) | Affiliation (b) | Description: Nature of Goods and Services (c) | Account Number (d) | Amount Classified to Operating Income (e) |
|----------|--------------------------------------|--------------------|---|-----------------------|--|
| 1 | | | Administrative & general | | |
| 2 | | | expenses, which may | | |
| 3 | | | include managerial, | | |
| 4 | | | financial, accounting, | | |
| 5 | | | legal, data processing, | | |
| 6 | | | and other services | | |
| 7 | | | | | |
| 8 | Wisconsin Electric Power Company | Utility Affiliate | Same as above | | |
| 9 | | | | | |
| 10 | Wisconsin Public Service Corporation | Utility Affiliate | Same as above | | |
| 11 | | | | | |
| 12 | | | | | |
| 13 | | | | | |
| 14 | | | | | |
| 15 | | | | | |
| 16 | | | | | |
| 17 | | | | | |
| 18 | | | | | |
| 19 | | | | | |
| 20 | | | | | |
| 21 | | | | | |
| 22 | | | | | |
| 23 | | | | | |
| 24 | | | | | |
| 25 | | | | | |
| 26 | | | | | |
| 27 | | | | | |
| 28 | | | | | |
| 29 | | | | | |
| 30 | | | | | |
| 31 | | | | | |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)

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

| Account Number (f) | Amount Classified to Non-Operating Income (g) | Account Number (h) | Amount Classified to Balance Sheet (i) | Total (j) | Pricing Method (k) | Line No. |
|-----------------------|--|-----------------------|---|----------------|-----------------------|----------|
| | | | | | | 1 |
| | | | | | | 2 |
| | | | | | | 3 |
| | | | | | | 4 |
| | | | | | | 5 |
| | | | | | | 6 |
| | | | | | | 7 |
| | | | | 240,403 | | 8 |
| | | | | | | 9 |
| | | | | 292,198 | | 10 |
| | | | | | | 11 |
| | | | | 532,601 | | 12 |
| | | | | | | 13 |
| | | | | | | 14 |
| | | | | | | 15 |
| | | | | | | 16 |
| | | | | | | 17 |
| | | | | | | 18 |
| | | | | | | 19 |
| | | | | | | 20 |
| | | | | | | 21 |
| | | | | | | 22 |
| | | | | | | 23 |
| | | | | | | 24 |
| | | | | | | 25 |
| | | | | | | 26 |
| | | | | | | 27 |
| | | | | | | 28 |
| | | | | | | 29 |
| | | | | | | 30 |
| | | | | | | 31 |

- (1) Fully Loaded Cost
- (2) Market
- (3) Tariff
- (4) Actual Cost

| | | | |
|---|--|----------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Upper Michigan Energy Resources Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) 04/29/2019 | December 31, 2018 |

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 Electric Power Company | Utility Affiliate | Labor and Non-Labor | | |
| 2 | | | | | |
| 3 | Wisconsin Public Service Corporation | Utility Affiliate | Labor and Non-Labor | | |
| 4 | | | | | |
| 5 | WEC Business Services LLC | Non-Utility | Labor and Non-Labor | | |
| 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 | | | | | |

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES (Continued)

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

| Account Number (f) | Amount Classified to Non-Operating Income (g) | Account Number (h) | Amount Classified to Balance Sheet (i) | Total (j) | Pricing Method (k) | Line No. |
|-----------------------|--|-----------------------|---|-------------------|-----------------------|----------|
| | | | | 16,951,757 | | 1 |
| | | | | 2,294,445 | | 2 |
| | | | | 3,715,117 | | 3 |
| | | | | 22,961,319 | | 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 |

- (1) Fully Loaded Cost
- (2) Market
- (3) Tariff
- (4) Actual Cost
- (5) Contract

| | | | |
|---|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|---|---|--|-------------------------------------|

ELECTRIC ENERGY ACCOUNT

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

| Line No. | Item (a) | MWH's (b) | Line No. | Item (a) | MWH's (b) |
|----------|---|-----------|----------|--|-----------|
| 1 | SOURCES OF ENERGY | | 18 | Net Transmission for other (<i>line 16 minus line 17</i>) | |
| 2 | Generation (Excluding Station Use): | | 19 | Transmission by others losses | |
| 3 | Steam | | 20 | TOTAL (<i>Total of lines 9, 10, 14, 18 & 19</i>) | 661,098 |
| 4 | Nuclear | | 21 | DISPOSITION OF ENERGY | |
| 5 | Hydro-Conventional | | 22 | Sales to Ultimate Consumers (Including Interdepartmental Sales) | 623,138 |
| 6 | Hydro-Pumped Storage | | 23 | Requirements Sales for Resale (See instruction 4, page 311.) | |
| 7 | Other | | 24 | Non-Requirements Sales For Resale (See instruction 4, page 311.) | |
| 8 | LESS Energy for Pumping | | 25 | Energy furnished without charge | |
| 9 | Net Generation (<i>Total of lines 3 thru 8</i>) | 0 | 26 | Energy used by the company (Electric Dept. only, excluding station use) | |
| 10 | Purchases | 661,098 | 27 | Total Energy Losses | 37,960 |
| 11 | Power Exchanges: | | 28 | TOTAL (<i>Enter total of lines 22 thru 27</i>) (MUST equal line 20) | 661,098 |
| 12 | Received | | | | |
| 13 | Delivered | | | | |
| 14 | NET Exchanges (<i>line 12 minus 13</i>) | | | | |
| 15 | Transmission for other (Wheeling) | | | | |
| 16 | Received | | | | |
| 17 | Delivered | | | | |

MONTHLY PEAKS AND OUTPUT

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

NAME of SYSTEM:

| Line No. | Month (a) | Total Monthly Energy (b) | Monthly Non-Requirements Sales for Resale & Associated Losses (c) | MONTHLY PEAK | | |
|----------|-----------|--------------------------|---|-----------------------------------|------------------|----------|
| | | | | Megawatts (See Instruction 4) (d) | Day of Month (e) | Hour (f) |
| 29 | January | 54,042 | | 102 | 3 | 18 |
| 30 | February | 61,045 | | 103 | 1 | 18 |
| 31 | March | 60,067 | | 92 | 21 | 9 |
| 32 | April | 50,384 | | 88 | 6 | 11 |
| 33 | May | 49,006 | | 100 | 25 | 19 |
| 34 | June | 50,036 | | 116 | 30 | 17 |
| 35 | July | 59,445 | | 113 | 3 | 15 |
| 36 | August | 58,136 | | 112 | 13 | 17 |
| 37 | September | 51,493 | | 100 | 17 | 16 |
| 38 | October | 52,394 | | 90 | 7 | 18 |
| 39 | November | 54,774 | | 95 | 20 | 12 |
| 40 | December | 60,276 | | 97 | 7 | 9 |
| 41 | TOTAL | 661,098 | 0 | | | |

| | | | |
|---|--|----------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Upper Michigan Energy Resources Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) 04/29/2019 | December 31, 2018 |

CHANGES MADE OR SCHEDULED TO BE MADE IN GENERATING PLANT CAPACITIES

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

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

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

| Line No. | Name of Plant (a) | Disposition (b) | Installed Capacity (in megawatts) | | | Date (f) | If Sold or Leased, Give Name and Address of Purchaser or Lessee (g) |
|----------|----------------------|--------------------|-----------------------------------|--------------|----------------|-------------|--|
| | | | Hydro (c) | Steam (d) | (Other) (e) | | |
| 1 | None | | | | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |

B. Generating Units Scheduled for or Undergoing Major Modifications

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

C. New Generating Plants Scheduled for or Under Construction

| Line No. | Plant Name & Location (a) | TYPE (Hydro, pumped storage, steam, internal comb., gas-turbine, nuclear, etc. (b) | Installed Capacity (in megawatts) | | Estimated Dates of Construction | |
|----------|---------------------------------|--|--------------------------------------|-----------------|------------------------------------|-------------------|
| | | | Initial (c) | Ultimate (d) | Start (e) | Completion (f) |
| 15 | F.D. Kuester Generating Station | Internal Combustion | 132 | 132 | Late 2017 | Spring 2019 |
| 16 | A.J. Mihm Generating Station | Internal Combustion | 56 | 56 | Late 2017 | Spring 2019 |
| 17 | | | | | | |
| 18 | | | | | | |
| 19 | | | | | | |
| 20 | | | | | | |
| 21 | | | | | | |

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

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

| | | | |
|---|--|----------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Upper Michigan Energy Resources Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) 04/29/2019 | December 31, 2018 |

SUBSTATIONS

- | | |
|---|--|
| <p>1. Report below the information called for concerning substations of the respondent as of the end of the year.</p> <p>2. Substations which serve only one industrial or street railway customer should not be listed below.</p> <p>3. Substations with capacities of less than 10Mva, except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.</p> | <p>4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).</p> <p>5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.</p> |
|---|--|

| Line No. | Name and Location of Substation (a) | Character of Substation (b) | VOLTAGE (In Mva) | | |
|----------|---|--------------------------------|------------------|------------------|-----------------|
| | | | Primary (c) | Secondary (d) | Tertiary (e) |
| 1 | Aragon, Norway, Mich | Distribution U | 69.00 | 24.90 | |
| 2 | Armory**, Kinsford, Mich. | Distribution U | 69.00 | 13.80 | |
| 3 | Bass Lake, Iron Mountain, Mich. | Distribution U | 69.00 | 13.80 | |
| 4 | Bay DeNoc (Menominee) | Distribution U | 138.00 | 24.90 | |
| 5 | Bruce Crossing**, Stannard, Mich. | Distribution U | 69.00 | 13.80 | |
| 6 | Cornell**, Cornell, Mich. | Distribution U | 69.00 | 13.80 | |
| 7 | Crystal Falls**, Crystal Falls, Mich. | Distribution U | 24.90 | 12.47 | |
| 8 | Crystal Falls**, Crystal Falls, Mich. | Distribution U | 69.00 | 24.90 | |
| 9 | Felch Mountain**, Felch, Mich. | Distribution U | 69.00 | 24.90 | |
| 10 | Greenstone, Humboldt, Mich. | Distribution U | 69.00 | 24.90 | |
| 11 | Harris, Harris, Mich. | Distribution U | 69.00 | 24.90 | |
| 12 | Kuester | Distribution GT | 13.80 | 138.00 | |
| 13 | Land O' Lakes** Watersmeet, Mich. | Distribution U | 69.00 | 24.90 | |
| 14 | Mass**, Greenland, Mich. | Distribution U | 69.00 | 12.47 | |
| 15 | Menominee, Menominee, MI | Distribution U | 69.00 | 12.47 | |
| 16 | Mihm | Distribution GT | 13.80 | 138.00 | |
| 17 | Powers**, Spalding, Mich. | Distribution U | 69.00 | 24.90 | |
| 18 | Sagola, Sagola, Mich. | Distribution U | 69.00 | 24.90 | |
| 19 | Second St (Menominee) | Distribution U | 69.00 | 24.90 | |
| 20 | Strawberry Hill, Iron River, Mich. | Distribution U | 69.00 | 24.90 | |
| 21 | Thirteenth Ave (Menominee) | Distribution U | 69.00 | 12.50 | |
| 22 | Watersmeet**, Watersmeet, Mich. | Distribution U | 69.00 | 24.90 | |
| 23 | | | | | |
| 24 | | | | | |
| 25 | | | | | |
| 26 | | U=Unattended | | | |
| 27 | MVA Distrib (Listed-6 subs)>10 MVA subtotal | | 1,432.50 | 679.91 | |
| 28 | MVA Distrib Subs (Not Listed-1 Subs)<10 MVA | | | | |
| 29 | TOTAL MVA Distribution Substations 129 MVA | | 1,432.50 | 679.91 | |
| 30 | Total # Distrib Substations: 7 | | | | |
| 31 | | | | | |
| 32 | | | | | |
| 33 | | | | | |
| 34 | | | | | |
| 35 | | | | | |
| 36 | | | | | |
| 37 | | | | | |
| 38 | | | | | |
| 39 | | | | | |
| 40 | | | | | |

| | | | |
|--|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|--|---|--|-------------------------------------|

SUBSTATIONS (Continued)

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

| Capacity of Substation (In Service) (In Mva) (f) | Number of Transformers in Service (g) | Number of Spare Transformers (h) | CONVERSION APPARATUS AND SPECIAL EQUIPMENT | | | Line No. |
|---|--|---|---|-------------------------------|---------------------------------------|-------------|
| | | | Type of Equipment (i) | Number of Units (j) | Total Capacity (In Mva) (k) | |
| 7 | 1 | | | | | 1 |
| 28 | 2 | | | | | 2 |
| 28 | 2 | | | | | 3 |
| 22 | 1 | | | | | 4 |
| 7 | 1 | | | | | 5 |
| 8 | 1 | | | | | 6 |
| 5 | 1 | | | | | 7 |
| 11 | 1 | | | | | 8 |
| 4 | 1 | | | | | 9 |
| 7 | 1 | | | | | 10 |
| 11 | 1 | | | | | 11 |
| 190 | 2 | | | | | 12 |
| 11 | 1 | | | | | 13 |
| 2 | 3 | | | | | 14 |
| 7 | 1 | | | | | 15 |
| 95 | 1 | | | | | 16 |
| 11 | 1 | | | | | 17 |
| 11 | 1 | | | | | 18 |
| 22 | 1 | | | | | 19 |
| 4 | 1 | | | | | 20 |
| 15 | 3 | | | | | 21 |
| 7 | 1 | | | | | 22 |
| | | | | | | 23 |
| | | | | | | 24 |
| | | | | | | 25 |
| | | | | | | 26 |
| 513 | 29 | | | | | 27 |
| 7 | | | | | | 28 |
| 520 | 29 | | | | | 29 |
| | | | | | | 30 |
| | | | | | | 31 |
| | | | | | | 32 |
| | | | | | | 33 |
| | | | | | | 34 |
| | | | | | | 35 |
| | | | | | | 36 |
| | | | | | | 37 |
| | | | | | | 38 |
| | | | | | | 39 |
| | | | | | | 40 |

| | | | |
|--|---|--|-------------------------------------|
| Name of Respondent Upper Michigan Energy Resources Corporation | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/29/2019 | Year of Report December 31, 2018 |
|--|---|--|-------------------------------------|

ELECTRIC DISTRIBUTION METERS AND LINE TRANSFORMERS

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

| Line No. | Item (a) | Number of Watt-Hours Meters (b) | LINE TRANSFORMERS | |
|----------|---|--|-------------------|------------------------------------|
| | | | Number (c) | Total Capacity (In Mva) (d) |
| 1 | Number at Beginning of Year | 479,886 | 208,151 | 12,243 |
| 2 | Additions During Year | | | |
| 3 | Purchases | | 221 | 57 |
| 4 | Associated with Utility Plant Acquired | | | |
| 5 | TOTAL Additions (Enter Total of lines 3 and 4) | 0 | 221 | 57 |
| 6 | Reduction During Year | 469,047 | 186,637 | 6,597 |
| 7 | Retirements | 209 | 323 | 74 |
| 8 | Associated with Utility Plant Sold | | 3 | |
| 9 | TOTAL Reductions (Enter Total of lines 7 and 8) | 469,256 | 186,963 | 6,671 |
| 10 | Number at End of Year (Lines 1+ 5 - 9) * | 10,630 | 21,409 | 5,629 |
| 11 | In Stock | 418 | 151 | 48 |
| 12 | Locked Meters on Customers' Premises | | | |
| 13 | Inactive Transformers on System | | | |
| 14 | In Customers' Use | 9,314 | 4,398 | 146 |
| 15 | In Company's Use | 898 | 16,860 | 5,435 |
| 16 | Total End of Year (Enter Total of lines 11 to 15. This line should equal line 10) | 10,630 | 21,409 | 5,629 |

* One distribution watt-hour meter is leased and twenty-three distribution watt-hour meters are on loan.

INDEX

| Schedule | Page No. |
|--|-------------------------------|
| Accrued and prepaid taxes. | 262-263 |
| Accounts receivable. | 226A |
| Accumulated Deferred Income Taxes. | 234A-B, 272-5, 276A-B, 277 |
| Accumulated provisions for depreciation of | |
| common utility plant. | 356 |
| utility plant | 219 |
| utility plant (summary) | 200-201 |
| Acquisition adjustments. | 215 |
| Advances from associated companies. | 256-257 |
| Advances from customers for construction. | 268 |
| Allowances. | 228-229 |
| Amortization | |
| miscellaneous. | 340 |
| of nuclear fuel. | 202-203 |
| of plant acquisition adjustments, accumulated provision. | 215 |
| Appropriations of Retained Earnings. | 118-119 |
| Assets, miscellaneous current & accrued. | 230A |
| Associated Companies | |
| advances from | 256-257 |
| corporations controlled by respondent | 103 |
| control over respondent. | 102 |
| interest on debt to | 256-257 |
| payables to. | 260B |
| receivables from | 226A |
| summary of costs billed to. | 358-359 |
| summary of costs billed from | 360-361 |
| Attestation | 1 |
| Balance Sheet | |
| comparative. | 110-113 |
| notes to. | 122-123 |
| Bonds. | 256-257 |
| Calculation of Federal Income Taxes | 261C-D |
| Capital Stock. | 250-251 |
| discount | 254 |
| expenses | 254 |
| installments received | 252 |
| premiums | 252 |
| reacquired. | 251 |
| subscribed | 252 |
| Cash flows, statement of | 120-121 |
| Changes | |
| important during year. | 108-109 |
| made or scheduled to be made in generating plant capacities | 412 |
| Charges for outside professional and other consultative services | 357 |
| Civic activities, expenditures for. | 341 |
| Construction completed, not classified - electric. | 216 |
| Construction | |
| overheads, electric. | 217 |
| overhead procedures, general description of. | 218 |
| work in progress - common utility plant. | 356 |
| work in progress - electric. | 216 |
| work in progress - other utility departments. | 200-201 |
| Consultative services, charges for. | 357 |

INDEX

| <u>Schedule</u> | Page No. |
|---|------------------|
| Control | |
| corporation controlled by respondent | 103 |
| over respondent | 102 |
| security holders and voting powers | 106-107 |
| Corporation | |
| controlled by | 103 |
| incorporated | 101 |
| CPA, background information on | 101 |
| CPA Certification, this report form | i-ii |
| Current assets, miscellaneous | 230A |
| 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 | 276A-B |
| income taxes accumulated - pollution control facilities | 234A-B |
| income taxes accumulated - temporary | 277 |
| Definitions, this report form | iii |
| Depreciation and amortization | |
| of common utility plant | 356 |
| of electric plant | 219, 336-337 |
| Directors | 105 |
| Discount on capital stock | 254 |
| Discount - premium on long-term debt | 256-257 |
| Disposition of property, gain or loss | 280A-B |
| Disposition of utility plant | |
| deferred gains | 270A-B |
| deferred losses | 235A-B |
| Distribution of salaries and wages | 354-355 |
| Dividend appropriations | 118-119 |
| Earnings, Retained | 118-119 |
| Electric energy account | 401 |
| Environmental protection | |
| expenses | 431 |
| facilities | 430 |
| Expenses | |
| electric operation and maintenance | 320-323 |
| electric operation and maintenance (nonmajor) | 320N-324N |
| electric operation and maintenance, summary | 323 |
| unamortized debt | 256-257 |
| Extraordinary items | 342 |
| Extraordinary property losses | 230B |
| Filing requirements, this report form | i-ii |
| Gains | |
| deferred gains, from disposition of utility plants | 270A-B |
| on disposition of property | 280A-B |
| unamortized, on reacquired debt | 237A-B |
| General description of construction overhead procedure | 218 |
| General information | 101 |
| General instructions | i-vi |
| Generating plant statistics | |
| hydroelectric (large) | 406-407, 414-415 |
| internal-combustion engine and gas-turbine | 420-421 |
| pumped storage (large) | 408-409, 416-418 |

INDEX

| <u>Schedule</u> | Page No. |
|---|------------------|
| Generating plant statistics (continued) | |
| small plants | 410-411 |
| steam electric (large). | 402-413A-B |
| Hydro-electric generating plant statistics. | 406-407, 414-415 |
| 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, interest on debt to associated companies | 340 |
| deductions, miscellaneous amortization | 340 |
| deductions, other income deduction | 340 |
| deductions, other interest charges | 340 |
| Incorporation information | 101 |
| Installments received on capital stock. | 252 |
| Interdepartmental sales and rents | 331A |
| Internal-Combustion Engine and Gas-Turbine Generating Plant | 420-421 |
| Interest | |
| charges, on debt to associated companies | 340 |
| charges, other | 340 |
| charges, paid on long-term debt, advances, etc. | 256-257 |
| Investments | 222-223 |
| Investments | |
| nonutility property | 221 |
| subsidiary companies. | 224-225 |
| Investment tax credits, accumulated deferred | 266-267 |
| Investment tax credits, generated and utilized. | 264-265 |
| Law, excerpts applicable to this report form | iii-iv |
| Leases | |
| income from utility plant leased to others | 281 |
| lease rentals charged. | 333A-D |
| Liabilities, miscellaneous current & accrued. | 268 |
| List of schedules, this report form | 2-5 |
| Long-term debt | 256-257 |
| Losses - Extraordinary property. | 230B |
| Losses | |
| deferred, from disposition of utility plant. | 235A-B |
| on disposition of property. | 280A-B |
| operating, carryforward | 117C |
| unamortized, on reacquired debt. | 237A-B |
| Materials and supplies. | 227 |
| Meters and line transformers | 429 |
| Miscellaneous general expenses | 335 |
| Notes | |
| to balance sheet. | 122-123 |
| payable | 260A |
| receivable. | 226A |
| to statement of cash flow. | 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 |
| Number of Electric Department Employees. | 323 |
| Officers and officers' salaries. | 104 |

INDEX

| <u>Schedule</u> | Page No. |
|--|-------------------------------|
| Operating | |
| expenses - electric | 320-323 |
| expenses - electric (summary). | 323 |
| loss carryforward | 117C |
| Operation and maintenance expense (nonmajor). | 320N-324N |
| Other | |
| donations received from stockholders | 253 |
| gains on resale or cancellations of reacquired capital stock. | 253 |
| income accounts. | 282 |
| miscellaneous paid-in capital | 253 |
| paid-in capital | 253 |
| reduction in par or stated value of capital stock. | 253 |
| regulatory assets. | 232 |
| regulatory liabilities | 278 |
| Outside services, charges for | 357 |
| Overhead, construction - electric. | 217 |
| Payables | 260B |
| Peaks, monthly, and output | 401 |
| Plant acquisition adjustment. | 215 |
| 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 | 217-218 336-338 401-429 |
| Plant - electric | |
| accumulated provision for depreciation | 219 |
| construction work in progress | 216 |
| held for future use. | 214 |
| in service. | 204-211 |
| leased to others. | 213 |
| Plant - utility and accumulated provisions for depreciation | |
| amortization and depletion (summary) | 200-201 |
| Political activities, expenditures for | 341 |
| Pollution control facilities, accumulated deferred income taxes. | 234A-B |
| Preliminary survey and investigation charges | 231A-B |
| Premium and discount on long-term debt. | 256-257 |
| Premium on capital stock. | 251 |
| Prepaid taxes | 262-263 |
| Production fuel and oil stocks | 227A-B |
| Professional services, charges for | 357 |
| Property - losses, extraordinary | 230B |
| Pumped storage generating plant statistics | 408-409, 416-418 |
| Purchased power. | 326-327 |
| Railroads and railways, sales to | 331A |
| Reacquired capital stock | 250 |
| Reacquired debt, unamortized loss and gain on | 237A-B |
| Reacquired long-term debt | 256-257 |

INDEX

| <u>Schedule</u> | Page No. |
|---|-----------------|
| Receivables | |
| from associated companies. | 226B |
| notes and accounts | 226A |
| Receivers' certificates. | 256-257 |
| Reconciliation of deferred income tax expense | 117A-B |
| Reconciliation of reported net income with taxable income | |
| for Federal income taxes. | 261A-B |
| Regulatory Assets, Other | 232 |
| Regulatory Commission Expenses Deferred | 233 |
| Regulatory Commission Expenses For Year | 350-351 |
| Regulatory Liabilities, Other | 278 |
| Renewable Energy | |
| Renewable Energy Resources. | 432 |
| Renewable Energy Resource Expenses. | 433 |
| Rent | |
| from electric property | 331A |
| interdepartmental. | 331A |
| lease rentals charged. | 333A-D |
| Research, development and demonstration activities. | 352-353 |
| Retained Earnings | |
| amortization reserve Federal. | 119 |
| appropriated | 118-119 |
| statement of, for year. | 118-119 |
| unappropriated. | 118-119 |
| Revenues - electric operating | 300-301 |
| Revenues, miscellaneous service and other electric | 331B |
| Salaries and wages | |
| directors fees. | 105 |
| distribution of. | 354-355 |
| officers'. | 104 |
| Sales | |
| interdepartmental. | 331A |
| of water and water power. | 331B |
| to railroads and railways | 331A |
| Sales of electricity by rate schedules | 304 |
| Sales - for resale. | 310-311 |
| Salvage - nuclear fuel. | 202-203 |
| Schedules, this report form. | 2-5 |
| Securities | |
| exchange registration. | 250-251 |
| holders and voting powers. | 106-107 |
| Securities issues or assumed and refunded or retired during year. | 255 |
| 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 | 402-404, 413A-B |
| Stock liability for conversion. | 252 |
| Substations | 426-427 |
| Supplies - materials and | 227 |
| Survey and investigation, preliminary charges | 231A-B |
| Taxes | |
| accrued and prepaid. | 262-263 |
| accumulated deferred income - temporary. | 277 |
| calculation of, Federal. | 261C-D |
| charged during year | 262-263 |
| on income, deferred and accumulated | 234A-B, 272-275 |
| reconciliation of deferred income tax expense. | 276A-B |
| reconciliation of net income with taxable income for | 117A-B |
| reconciliation of net income with taxable income for | 261A-B |
| Transformers, line - electric | 429 |

INDEX

| <u>Schedule</u> | Page No. |
|--|--------------|
| Transmission | |
| lines added during year. | 424-425 |
| lines statistics. | 422-423 |
| of electricity for or by others | 328-330, 332 |
| Unamortized | |
| debt discount. | 256-257 |
| debt expense. | 256-257 |
| premium on debt | 256-257 |
| Unamortized loss and gain on reacquired debt | 237A-B |
| Uncollectible accounts, provision for. | 226A |
| Unrecovered Plant and Regulatory Study Costs. | 230B |
| Water and water power, sales of | 331B |