

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 PENINSULA POWER COMPANY																				
Address of principal place of business: 1002 HARBOR HILLS DRIVE, MARQUETTE, MI 49855																				
Utility representative to whom inquires regarding this report may be directed: <table><tr><td>Name:</td><td>Victoria Jacques</td><td>Title:</td><td>MANAGER OF ACCOUNTING</td></tr><tr><td>Address:</td><td colspan="3">1002 HARBOR HILLS DRIVE</td></tr><tr><td>City:</td><td>MARQUETTE</td><td>State:</td><td>MI</td><td>Zip:</td><td>49855</td></tr><tr><td>Telephone, Including Area Code:</td><td colspan="5">906-232-1418</td></tr></table>	Name:	Victoria Jacques	Title:	MANAGER OF ACCOUNTING	Address:	1002 HARBOR HILLS DRIVE			City:	MARQUETTE	State:	MI	Zip:	49855	Telephone, Including Area Code:	906-232-1418				
Name:	Victoria Jacques	Title:	MANAGER OF ACCOUNTING																	
Address:	1002 HARBOR HILLS DRIVE																			
City:	MARQUETTE	State:	MI	Zip:	49855															
Telephone, Including Area Code:	906-232-1418																			
If the utility name has been changed during the past year: <table><tr><td>Prior Name:</td><td></td></tr><tr><td>Date of Change:</td><td></td></tr></table>	Prior Name:		Date of Change:																	
Prior Name:																				
Date of Change:																				
Two copies of the published annual report to stockholders: <table><tr><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td>were forwarded to the Commission</td></tr><tr><td><input type="checkbox"/></td><td><input type="checkbox"/></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"/>	<input type="checkbox"/>	were forwarded to the Commission	<input type="checkbox"/>	<input type="checkbox"/>	will be forwarded to the Commission	<u>on or about</u>													
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<input type="checkbox"/>	<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><input type="checkbox"/></td><td>are published</td></tr><tr><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td>are not published</td></tr></table>	<input type="checkbox"/>	<input type="checkbox"/>	are published	<input type="checkbox"/>	<input checked="" type="checkbox"/>	are not published														
<input type="checkbox"/>	<input type="checkbox"/>	are published																		
<input type="checkbox"/>	<input checked="" type="checkbox"/>	are not published																		

FOR ASSISTANCE IN COMPLETION OF THIS FORM:

Contact the Michigan Public Service Commission (Jennifer Brooks) at brooks10@michigan.gov OR forward correspondence to:

Michigan Public Service Commission
Regulated Energy Division (Jennifer Brooks)
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
Upper Peninsula Power Company:

We have audited the accompanying financial statements of Upper Peninsula Power Company (the "Company"), which comprise the balance sheet — regulatory basis as of December 31, 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(M) through 123 of the accompanying Michigan Public Service Commission Form P-521, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the regulatory-basis financial statements referred to above present fairly, in all material respects, the assets, liabilities, and proprietary capital of Upper Peninsula Power Company as of December 31, 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 A to the financial statements, these financial statements were prepared in accordance with the accounting requirements of the Michigan Public Service Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a basis of

accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Restricted Use

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

Deloitte & Touche LLP

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

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

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

III. What and Where to Submit:

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

Michigan Public Service Commission
Regulated Energy Division
7109 W Saginaw Hwy, PO Box 30221
Lansing, MI 48909

Retain one copy of this report for your files. Also submit the SEARCHABLE electronic version of this record to Jennifer Brooks at the address below or to brooks10@michigan.gov

(b) Submit immediately upon publication, one (1) copy of the latest annual report to

Michigan Public Service Commission
Regulated Energy Division
7109 W Saginaw Hwy, PO Box 30221
Lansing, MI 48909

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

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

(ii) Signed by independent certified public accountants or an independent licensed public accountant, certified or licensed by a regulatory authority or a state or other political subdivision of the U.S. (See 18 CFR 41.10-41.12 for specific qualifications)

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

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

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

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

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

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

Michigan Public Service Commission
 Regulated Energy Division
 7109 W Saginaw Hwy, PO Box 30221
 Lansing, MI 48909

IV. When to Submit

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

GENERAL INSTRUCTIONS

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

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


- III.** Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "NONE" where it truly and completely states the fact.
- IV.** For any page(s) that is not applicable to respondent, either
- (a) Enter the words "NOT APPLICABLE" on the particular page(s), OR
 - (b) Omit the page(s) and enter "NA", "NONE", or "NOT APPLICABLE" in column (c) on the List of Schedules, pages 2, 3, 4 and 5.
- V.** Complete this report by means which result in a permanent record. Complete the original copy in permanent black ink or typewriter print, if practical. Additional copies must be clear and readable.
- VI.** Enter the month, day, and year for all dates. Use customary abbreviations. The "Date of Report" included in the header of each page is to be completed only for resubmissions (See VIII. below). The date of the resubmission must be reported in the header for all form pages, whether or not they are changed from the previous filing.
- VII.** Indicate negative amounts (such as decreases) by enclosing the figures in parentheses ().
- VIII.** When making revisions, resubmit only those pages that have been changed from the original submission. Submit the same number of copies as required for filing the form. Include with the resubmission the identification and Attestation page, page 1. Mail dated resubmissions to:
- Michigan Public Service Commission
Regulated Energy Division
7109 W Saginaw Hwy, PO Box 30221
Lansing, MI 48909
- IX.** Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement (8 1/2 x 11 inch size) to the page being supplemented. Provide the appropriate identification information, including the title(s) of the page and page number supplemented.
- X.** Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.
- XI.** Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why the different figures were used.
- XII.** Respondents may submit computer printed schedules (reduced to 8 1/2 x 11 inch size) instead of preprinted schedules if they are in substantially the same format.
- XIII.** A copy of the FERC Annual Report Form is acceptable to substitute for the same schedules of this report.

DEFINITIONS

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

MPSC FORM P-521

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

IDENTIFICATION		
01 Exact Legal Name of Respondent UPPER PENINSULA POWER COMPANY	02 Year of Report 31-Dec-18	
03 Previous Name and Date of Change (if name changed during year)		
04 Address of Principal Business Office at End of Year (Street, City, State, Zip) 1002 HARBOR HILLS DRIVE, MARQUETTE, MI 49855		
05 Name of Contact Person VICTORIA JACQUES	06 Title of Contact Person MANAGER OF ACCOUNTING	
07 Address of Contact Person (Street, City, State, Zip) 1002 HARBOR HILLS DRIVE, MARQUETTE, MI 49855		
08 Telephone of Contact Person, Including Area Code: 906-232-1418	09 This Report is (1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission	10 Date of Report (Mo, Da, Yr) 4/30/2019
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 NICHOLAS E. KATES	03 Signature 	04 Date Signed (Mo, Da, Yr) 5/20/2019
02 Title CHIEF FINANCIAL OFFICER		

Name of Respondent UPPER PENINSULA POWER	This Report Is: (1) [X] An Original (2) [] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
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LIST OF SCHEDULES (Electric Utility)

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

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

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

Name of Respondent UPPER PENINSULA POWER	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
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		
Calculation of Federal Income Tax			
Taxes Accrued, Prepaid and Charged During Year	M 262-263		
Distribution of Taxes Charged	M 262-263		
Accumulated Deferred Income Taxes - Accelerated Amortization Property	M 272-273	None	
Accumulated Deferred Income Taxes - Other Property	M 274-275		
Accumulated Deferred Income Taxes - Other	M 276A-B		
Other Regulatory Liabilities	M 278		
INCOME ACCOUNT SUPPORTING SCHEDULES			
Electric Operating Revenues	M 300-301		
Sales of Electricity by Rate Schedules	304		
Sales for Resale	310-311		
Electric Operation and Maintenance Expenses	320-323		
Number of Electric Department Employees	323		
Purchased Power	326-327		
Transmission of Electricity for Others	328-330	None	
Transmission of Electricity by Others	332		
Miscellaneous General Expenses - Electric	M 335		
Depreciation and Amortization of Electric Plant	M 336-337		
Particulars Concerning Certain Income Deduction and Interest Charges Accounts	340	None	
COMMON SECTION			
Regulatory Commission Expenses	350-351		
Research, Development and Demonstration Activities	352-353	None	
Distribution of Salaries and Wages	354-355		
Common Utility Plant and Expenses	356	None	
ELECTRICAL PLANT STATISTICAL DATA			
Monthly Transmission System Peak Load	M 400	None	
Electric Energy Account	401		
Monthly Peaks and Output	401		
Steam-Electric Generating Plant Statistics (Large Plants)	402-403		
Hydroelectric Generating Plant Statistics (Large Plants)	406-407		
Pumped Storage Generating Plant Statistics (Large Plants)	408-409	None	
Generating Plant Statistics (Other Plants)	410-411		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
UPPER PENINSULA POWER COMPANY	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	4/30/2019	12/31/2018
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	None	
Environmental Protection Expenses	431	None	
Renewable Energy Resources	432		
Renewable Energy Resource Expenses	433		
Footnote Data	450		
Stockholders' Report	--		
MPSC SCHEDULES			
Reconciliation of Deferred Income Tax Expenses	117A-B		
Operating Loss Carry Forward	117C	None	
Plant Acquisition Adjustments and Accumulated Provision for Amortization of Plant Acquisition Adjustments	215	None	
Construction Work in Progress and Completed Construction Not Classified - Electric	216	None	
Accumulated Provision for Depreciation and Amortization of Nonutility Property	221	None	
Investments	222-223	None	
Notes & Accounts Receivable Summary for Balance Sheet	226A		
Accumulated Provision for Uncollectible Accounts - Credit Receivables From Associated Companies	226A 226B	None	
Production Fuel and Oil Stocks	227A-B		
Miscellaneous Current and Accrued Assets	230A		
Preliminary Survey and Investigation Charges	231A-B	None	
Deferred Losses from Disposition of Utility Plant	235A-B	None	
Unamortized Loss and Gain on Reacquired Debt	237A-B	None	
Securities Issued or Assumed and Securities Refunded or Retired During the Year	255	None	
Notes Payable	260A		
Payables to Associated Companies	260B	None	
Investment Tax Credit Generated and Utilized	264-265	None	
Miscellaneous Current and Accrued Assets	268		
Customer Advances for Construction	268		
Deferred Gains from Disposition of Utility Plant	270A-B	None	
Accumulated Deferred Income Taxes - Temporary	277	None	
Gain or Loss on Disposition of Property	280A-B	Page 280 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	None	
Number of Electric Department Employees	234N	None	
Sales to Railroad & Railways and Interdepartmental Sales	331A	None	
Rent From Electric Property & Interdepartmental Rents	331A		
Sales of Water and Water Power	331B		
Misc. Service Revenues & Other Electric Revenues	331B		
Lease Rentals Charged	333A-D	None	
Expenditures for Certain Civic, Political and Related Activities	341		

Name of Respondent	This Report Is:	Date of Report	Year of Report
UPPER PENINSULA POWER COMPANY	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 4/30/2019	12/31/2018

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	None
Summary of Costs Billed from Associated Companies	360-361	None
Monthly Transmission System Peak Load	400	None
Changes Made or Scheduled to be Made in Generating Plant Capacities	412	None
Steam-Electric Generating Plants	413A-B	
Hydroelectric Generating Plants	414-415	
Pumped Storage Generating Plants	416-418	None
Internal Combustion Engine and Gas Turbine Generating Plants	420-421	

Name of Respondent	This Report Is:	Date of Report	Year of Report
UPPER PENINSULA POWER COMPANY	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 4/30/2019	12/31/18

GENERAL INFORMATION

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

Nicholas E Kates, Chief Financial Officer, 1002 Harbor Hills Drive, Marquette, MI 49855

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

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

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

Not applicable

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

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

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

1. Yes..... Enter date when such independent accountant was initially engaged: _____

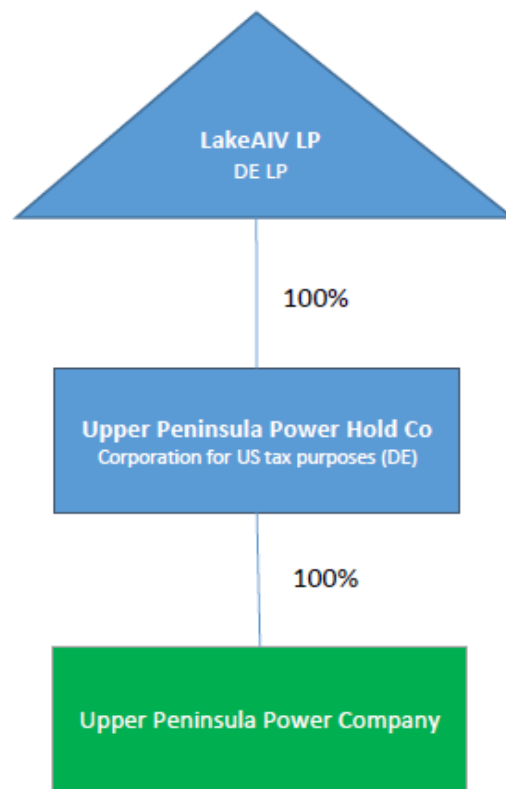
2. No

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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CONTROL OVER RESPONDENT & OTHER ASSOCIATED COMPANIES

1. If any corporation, business trust, or similar organization or combination of such organization jointly held control over respondent at the end of year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficiaries for whom trust was maintained, and purpose of the trust.
2. List any entities which respondent did not control either directly or indirectly and which did not control respondent, but which were associated companies at any time during the year.
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.

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



Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) [X] An Original (2) [] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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OFFICERS AND EMPLOYEES

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

Line	Name and Title	Base Wages	Other Compensation	Type of Other Compensation	Total Compensation
	(a)	(b)	(c)	(d)	(e)
1	Jim Larsen Chief Executive Officer	338,750	100,483	B, D	439,233
2	Nicholas E. Kates Chief Financial Officer	264,933	107,664	B, D	372,597
3	Stephen Serraino Secretary	172,048	37,047	B, D	209,095
4	Keith Moyle Chief Operations Officer	195,771	200,349	B, D	396,120
5					
1	Footnote Data				
2					
3					
4					
5					

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

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) [X] An Original (2) [] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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DIRECTORS

- 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.
- 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 Jim Larsen Chief Executive Officer	Upper Peninsula Power Company 1002 Harbor Hills Drive Marquette, MI 49855	4	
2 Jeffrey R. Neil	One Grand Central Place 60 East 42nd Street, Suite 3020 New York, NY 10165	2	
3 Robert J. Gregor	One Grand Central Place 60 East 42nd Street, Suite 3020 New York, NY 10165	4	
4 Roxanne Daust	Upper Peninsula Power Company 1002 Harbor Hills Drive Marquette, MI 49855	4	25,000

Footnote Data

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Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18				
SECURITY HOLDERS AND VOTING POWERS							
<p>1. (A) Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have had the right to cast on that date if a meeting were then in order. If any such holder held in trust, give a footnote the known particulars of the trust (whether voting trust, etc.), duration of trust, and principal holders of beneficiary interests in the trust. If the stock book was not closed or a list of stockholders was not compiled within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.</p> <p>1. (B) Give also the name and indicate the voting powers resulting from ownership of securities of the respondent of each officer and director not included in the list of 10 largest security holders.</p> <p>2. If any security other than stock carries voting rights, explain in a supplemental statement the circumstances whereby such security became vested with voting rights and give other important particulars (details) concerning the voting rights of such security. State whether voting rights are actual or contingent; if contingent, describe the contingency.</p> <p>3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.</p> <p>4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten largest security holders. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants, or rights were issued on a prorata basis.</p>							
<p>1. Give date of the latest closing of the stock book prior to end of year, and state the purpose of such closing:</p> <p>Stock books are not closed</p>							
<p>2. State the total number of votes cast at the latest general proxy meeting prior to the end of year for election of directors of the respondent and number of such notes cast by proxy:</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding-right: 20px;">Total:</td> <td style="text-align: center;">4</td> </tr> <tr> <td>By Proxy:</td> <td style="text-align: center;">0</td> </tr> </table>				Total:	4	By Proxy:	0
Total:	4						
By Proxy:	0						
<p>3. Give the date and place of such meeting:</p> <p>Via teleconference originating in Marquette, MI on October 30, 2018.</p>							

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IMPORTANT CHANGES DURING THE YEAR			
Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none", "not acceptable" or "NA" where applicable. If the information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.			
<p>1. None.</p> <p>2. None.</p> <p>3. None.</p> <p>4. None.</p> <p>5. None.</p> <p>6. Short Term Notes Payable to Affiliates up to \$15,000,000 FERC Authorization, Federal Power Act - Section 204 - docket ES 17-52-000.</p> <p>7. There are no changes in the Articles of Incorporation or bi-laws during this time.</p> <p>8. Union employees received a 2.75% general wage increase for highly technical union positions and a 2.25% general wage increase for less technical union positions effective April 08, 2018. Non-union employees received a 3% adjustment on April 08, 2018.</p> <p>9. None.</p> <p>10. There were no materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or known associate had a material interest.</p> <p>11. (Reserved.)</p> <p>12. There were no important changes during the year related to the respondent.</p>			

Name of Respondent	This Report Is:	Date of Report	Year of Report
UPPER PENINSULA POWER COMPANY	(1) [X] An Original (2) [] A Resubmission	(Mo, Da, Yr) 4/30/2019	12/31/18

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	323,244,215	337,458,940
3	Construction Work in Progress (107)	200-201	10,694,283	18,691,315
4	TOTAL Utility Plant (Enter total of lines 2 and 3)		333,938,498	356,150,255
5	(Less) Accum. Prov for Depr. Amort. Depl (108, 110, 111, 115)	200-201	134,888,559	146,395,802
6	Net Utility Plant (Enter total of line 4 less 5)		199,049,939	209,754,453
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab (120.1)			
8	Nuclear Fuel Materials & Assemblies - Stock Account (120.2)			
9	Nuclear Fuel Assemblies in Reactor (120.3)			
10	Spent Nuclear Fuel (120.4)			
11	Nuclear Fuel under Capital Leases (120.6)			
12	(Less) Accumulated Provision of Amortization of Nuclear Fuel Assemblies (120.5)	202-203		
13	Net Nuclear Fuel (Enter total of lines 7-11 less 12)		0	0
14	Net Utility Plant (Enter total of lines 6 and 13)		199,049,939	209,754,453
15	Utility Plant Adjustments (116)	122		
16	Gas Stored Underground-Noncurrent (117)	---		
17	OTHER PROPERTY AND INVESTMENTS			
18	Nonutility Property (121)	221	12,315,428	12,592,708
19	(Less) Accum.Prov. for Depr. and Amort. (122)	---	1,980,305	2,193,840
20	Investments in Associated Companies (123)	222-223		
21	Investments in Subsidiary Companies (123.1)	224-225		
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229		
24	Other Investments (124)			
25	Sinking Funds (125)			
26	Depreciation Fund (126)			
27	Amoritization Fund - Federal (127)			
28	Other Special Funds (128)		7,049,765	6,267,797
29	Special Funds (Non-Major Only) (129)			
30	Long-Term Portion of Derivative Assets (175)			
31	Long-Term Portion of Derivative Assets - Hedges (176)			
32	TOTAL Other Property and Investments (Total of lines 18 thru 21, 23 thru 31)		17,384,888	16,666,665
33	CURRENT AND ACCRUED ASSETS			
34	Cash and Working Funds (Non-Major Only) (130)			
35	Cash (131)	---	164,656	1,043,947
36	Special Deposits (132-134)	---	1,340,000	2,116,154
37	Working Fund (135)	---		
38	Temporary Cash Investments (136)	222-223		
39	Notes Receivable (141)	226A		
40	Customer Accounts Receivable (142)	226A	13,316,484	9,071,580
41	Other Accounts Receivable (143)	226A	2,342,936	1,523,901
42	(Less) Accum.Prov. for Uncoll. Acct.- Credit (144)	226A	1,730,000	1,735,000
43	Notes Receivable from Assoc. Companies (145)	226B		
44	Accounts Receivable from Assoc. Companies (146)	226B		
45	Fuel Stock (151)	227	354,550	420,438
46	Fuel Stock Expenses Undistributed (152)	227		
47	Residuals (Elec) and Extracted Products (153)	227		
48	Plant Materials and Operating Supplies (154)	227	2,217,121	2,333,466
49	Merchandise (155)	227		
50	Other Materials and Supplies (156)	227		
51	Nuclear Materials Held for Sale (157)	202-203, 227		
52	Allowances (158.1 and 158.2)	228-229		

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COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)				
Line	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
53	(Less) Noncurrent Portion of Allowances	---		
54	Stores Expense Undistributed (163)	227	477,373	590,218
55	Gas Stored Underground-Current (164.1)	---		
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)	---		
57	Prepayments (165)	---	1,486,674	1,441,049
58	Advances for Gas (166-167)	---		
59	Interest and Dividends Receivable (171)	---		
60	Rents Receivable (172)	---		
61	Accrued Utility Revenues (173)	---	5,436,875	4,600,378
62	Misc Current and Accrued Assets (174)		415,078	42,885
63	Derivative Instrument Assets (175)		52,659	45,147
64	(Less) LT Portion of Derivative Inst. Assets (175)			
65	Derivative Instrument Assets - Hedges (176)			
66	(Less) LT Portion of Derivative Inst. Assets - Hedges (176)			
67	TOTAL Current and Accrued Assets (Enter total of lines 34 thru 66)		25,874,406	21,494,163
68	DEFERRED DEBITS			
69	Unamortized Debt Expenses (181)	---	1,155,627	1,039,542
70	Extraordinary Property Losses (182.1)	230		
71	Unrecovered Plant & Regulatory Study Costs (182.2)	230		
72	Other Regulatory Assets (182.3)	232	52,373,563	51,805,572
73	Prelim. Survey & Invest. Charges (Elec) (183)	231	36,323	410,288
74	Prelim. Survey & Invest. Charges (Gas) (183.1)	---		
75	Other Prelim. Survey & Investigation Charges (183.2)			
76	Clearing Accounts (184)	---	131,481	(8,816)
77	Temporary Facilities (185)	---		
78	Miscellaneous Deferred Debits (186)	233	155,604	156,010
79	Def. Losses from Disposition of Utility Plant (187)	235		
80	Research, Devel. and Demonstration Expend (188)	352-353		
81	Unamortized Loss on Reacquired Debt (189)	237	394,979	
82	Accumulated Deferred Income Taxes (190)	234	55,137,370	52,771,688
83	Unrecovered Purchased Gas Costs (191)	---		
84	TOTAL Deferred Debits (Enter total of lines 69 thru 83)		109,384,947	106,174,284
85	TOTAL Assets and Other Debits (Enter total of lines 14 thru 16, 32, 67, and 84)		351,694,180	354,089,565

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COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	13,263,624	13,263,624
3	Preferred Stock Issued (204)	250-251		
4	Capital Stock Subscribed (202, 205)	252		
5	Stock Liability for Conversion (203, 206)	252		
6	Premium on Capital Stock (207)	252		
7	Other Paid-In Capital (208-211)	253	52,771,469	47,301,469
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	96,915,983	104,117,618
12	Unappropriated Undistributed Subsidiary Earnings	118-119		
13	(Less) Reacquired Capital Stock (217)	250-251		
14	Noncorporate Proprietorship (Non-major only) (218)			
15	Accumulated Other Comprehensive Income (219)	122(a)(b)		
16	TOTAL Proprietary Capital (Enter total of lines 2 thru 15)		162,951,076	164,682,711
17	LONG-TERM DEBT			
18	Bonds (221)	256-257		
19	(Less) Reacquired Bonds (222)	256-257		
20	Advances from Associated Companies (223)	256-257	108,200,000	108,200,000
21	Other Long-Term Debt (224)	256-257		
22	Unamortized Premium on Long-Term Debt (225)	---		
23	(Less) Unamortized Discount on Long-Term Debt -Debit (226)	---		
24	TOTAL Long-Term Debt (Enter total lines 18 thru 23)		108,200,000	108,200,000
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases-Noncurrent (227)			
27	Accumulated Prov. for Property Insurance (228.1)			
28	Accumulated Prov. for Injuries and Damage (228.2)			
29	Accumulated Prov. for Pensions and Benefits (228.3)		2,653,491	2,314,056
30	Accumulated Misc. Operating Provisions (228.4)			
31	Accumulated Provision for Rate Refunds (229)			
32	Long-Term Portion of Derivative Instrument Liabilities			
33	LT Portion of Derivative Instrument Liabilities - Hedges			
34	Asset Retirement Obligations (230)		549,545	577,810
35	TOTAL Other Noncurrent Liabilities (Enter total of lines 26 thru 34)		3,203,036	2,891,866
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		5,500,000	9,000,000
38	Accounts Payable (232)		10,943,662	9,562,829
39	Notes Payable to Associated Companies (233)			
40	Accounts Payable to Associated Companies (234)			
41	Customer Deposits (235)		27,318	29,218
42	Taxes Accrued (236)	262-263	2,608,987	2,689,081
43	Interest Accrued (237)		7,221	338,737
44	Dividends Declared (238)			
45	Matured Long-Term Debt (239)			

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COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)				
Line	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
46	Matured Interest (240)			
47	Tax Collections Payable (241)		54,745	
48	Misc. Current and Accrued Liabilities (242)		9,615,575	5,543,043
49	Obligations Under Capital Leases -Current (243)			
50	Derivative Instrument Liabilities (244)			
51	(Less) LT Portion of Derivative Instrument Liabilities			
52	Derivative Instrument Liabilities - Hedges (245)			
53	(Less) LT Portion of Derivative Instrument Liabilities - Hedges			
54	Federal Income Taxes Accrued for Prior Years (246)			
55	State and Local Taxes Accrued for Prior Years - (246.1)			
56	Federal Income Taxes Accrued for Prior Years - Adjustments (247)			
57	State and Local Taxes Accrued for Prior Years - Adjustments (247.1)			
58	TOTAL Current and Accrued Liabilities (Enter total of lines 37 thru 57)		28,757,508	27,162,908
59	DEFERRED CREDITS			
60	Customer Advances for Construction (252)		1,916,582	2,279,915
61	Accumulated Deferred Investment Tax Credits (255)	266-267		
62	Deferred Gains from Disposition of Utility Plt. (256)	270		
63	Other Deferred Credits (253)	269	1,709,356	1,464,060
64	Other Regulatory Liabilities (254)	278	7,223,272	9,510,741
65	Unamortized Gain on Reacquired Debt (257)	237		
66	Accum. Deferred Income Taxes-Accel. Amort. (281)			
67	Accum. Deferred Income Taxes-Other Property (282)		14,364,426	13,654,847
68	Accum. Deferred Income Taxes-Other (283)	272-277	23,368,924	24,242,517
69	TOTAL Deferred Credits (Enter total of lines 60 thru 68)		48,582,560	51,152,080
70	TOTAL Liabilities and Other Credits (Enter total of lines 16, 24, 35, 58 and 69)		351,694,180	354,089,565

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STATEMENT OF INCOME FOR THE YEAR

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

Line	Title of Account (a)	Ref. Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301	98,110,617	105,709,737
3	Operating Expenses			
4	Operation Expenses (401)	320-323	56,212,705	60,869,075
5	Maintenance Expenses (402)	320-323	7,089,067	9,372,221
6	Depreciation Expenses (403)	336-337	9,098,523	8,820,317
7	(403.1)			
8	Amortization and Depl. of Utility Plant (404-405)	336-337	3,515,396	2,968,201
9	Amortization of Utility Plant Acq. Adj (406)	336-337		
10	Amort. Of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)			
11	Amort. Of Conversion Expenses (407)			
12	Regulatory Debits			
13	(Less) Regulatory Credits			
14	Taxes Other Than Income Taxes (408.1)	262-263	6,737,385	6,460,330
15	Income Taxes-Federal (409.1)	262-263		
16	-Other (409.1)	262-263		
17	Provision for Deferred Income Taxes (410.1)	234,272-276	7,990,584	18,293,873
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234,272-276	5,902,439	14,063,916
19	Investment Tax Credit Adj.- Net (411.4)	266-267		
20	(Less) Gains from Disp. of Utility Plant (411.7)	270A-B		
21	Losses from Disposition of Utility Plant (411.6)	235A-B		
22	(Less) Gains from Disposition of Allowances			
23	Losses from Disposition of Allowances			
24	Accretion Expense (411.10)			
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		84,741,221	92,720,101
26	Net Utility Operating Income (Enter Total of line 2 less 25) (Carry forward to page 117, line 27)		13,369,396	12,989,636

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STATEMENT OF INCOME FOR THE YEAR (Continued)							
...retain such revenues or recover amounts paid with respect to power and gas purchases.							
6. Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.							
7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be included on pages 122-123.							
8. Enter on pages 122-123 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.							
9. Explain in a footnote if the previous year's figures are different from that reported in prior years.							
10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 2 to 23, and report the information in the blank space on pages 122-123 or in a footnote.							
ELECTIC UTILITY		GAS UTILITY		OTHER UTILITY			
Current Year (e)	Previous Year (f)	Current Year (g)	Previous Year (h)	Current Year (i)	Previous Year (j)	Line	
						1	
98,110,617	105,709,737					2	
						3	
56,212,705	60,869,075					4	
7,089,067	9,372,221					5	
9,098,523	8,820,317					6	
						7	
3,515,396	2,968,201					8	
						9	
						10	
						11	
						12	
						13	
6,737,385	6,460,330					14	
						15	
						16	
7,990,584	18,293,873					17	
5,902,439	14,063,916					18	
						19	
						20	
						21	
						22	
						23	
						24	
84,741,221	92,720,101	0	0	0	0	25	
13,369,396	12,989,636	0	0	0	0	26	

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STATEMENT OF INCOME FOR THE YEAR (Continued)					
Line	Account (a)	(Ref.) Page No. (b)	Total		
			Current Year (c)	Previous Year (d)	
27	Net Utility Operating Income (Carried forward from page 114)		13,369,396	12,989,636	
28	OTHER INCOME AND DEDUCTIONS				
29	Other Income				
30	Nonutility Operating Income				
31	Revenues From Merchandising, Jobbing and Contract Work (415)	282			
32	(Less) Costs and Exp. Of Merchandising, Job. And Contract Work	282			
33	Revenues From Nonutility Operations (417)	282	1,396,055	1,307,451	
34	(Less) Expenses of Nonutility Operations (417.1)	282	939,939	849,427	
35	Nonoperating Rental Income (418)	282			
36	Equity in Earnings of Subsidiary Companies (418.1)	119,282			
37	Interest and Dividend Income (419)	282	20,296	11,123	
38	Allowance for Other Funds Used During Construction (419.1)	282	7,990		
39	Miscellaneous Nonoperating Income (421)	282			
40	Gain on Disposition of Property (421.1)	280		9,506	
41	TOTAL Other Income (enter Total of lines 31 thru 40)		484,402	478,653	
42	Other Income Deductions				
43	Loss on Disposition of Property (421.2)	280		(38,550)	
44	Miscellaneous Amortization (425)	340			
45	Donations (426.1)		101,369	78,536	
46	Life Insurance (426.2)				
47	Penalties (426.3)		60	10,002	
48	Exp. For Certain Civic, Political & Related Activities (426.4)		1,556	25	
49	Other Deductions (426.5)		5,719	9,065	
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		108,704	59,078	
51	Taxes Applicable to Other Income and Deductions				
52	Taxes Other Than Income Taxes (408.2)	262-263	70,032	60,246	
53	Income Taxes - Federal (409.2)	262-263			
54	Income Taxes - Other (409.2)	262-263			
55	Provision for Deferred Income Taxes (410.2)	234,272-	2,040,389	16,698,832	
56	(Less) Provision for Deffered Income Taxes - Cr. (411.2)	234,272-	1,596,295	3,428,868	
57	Investment Tax Credit Adjustment - Net (411.5)	264-265			
58	(Less) Investment Tax Credits (420)	264-265			
59	TOTAL Taxes on Other Income and Deductions (total of 52 thru 58)		514,126	13,330,210	
60	Net Other Income and Deductions (total of lines 41,50 & 59)		(138,428)	(12,910,635)	
61	INTEREST CHARGES				
62	Interest on Long-Term Debt (427)	257			
63	Amort. Of Debt Disc. And Expense (428)	256-257	116,086	90,132	
64	Amortizaiton of Loss on Reacquired Debt (428.1)		394,978	474,242	
65	(Less) Amort. of Premium on Debt-Credit (429)	256-257			
66	(Less) Amort. of Gain on Reacquired Debt-Credit (429.1)				
67	Interest on Debt to Associated Companies (430)	257-340	5,027,633	4,718,061	
68	Other Interest Expense (431)	340	491,794	250,403	
69	(Less) Allow. for Borrowed Funds Used During Const.-Cr. (432)		1,158		
70	Net Interest Charges (total of lines 62 thru 69)		6,029,333	5,532,838	
71	Income Before Extraordinary Items (total lines 27,60,70)		7,201,635	(5,453,837)	
72	EXTRAORDINARY ITEMS				
73	Extraordinary Income (434)	342			
74	(Less) Extraordinary Deductions (435)	342			
75	Net Extraordinary Items (total line 73 less line 74)				
76	Income Taxes-Federal and Other (409.3)	262-263			
77	Extraordinary Items After Taxes (Enter Total of lines 75 less line 76)				
78	Net Income (Enter Total of lines 71 and 77)		7,201,635	(5,453,837)	

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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FOOTNOTE DATE

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
114	2	c	Includes \$700,746 for FERC Order 668-A.
114	4	c	Includes \$700,746 for FERC Order 668-A.
114	2	d	Includes \$406,849 for FERC Order 668-A.
114	4	d	Includes \$406,849 for FERC Order 668-A.
117	67	c	Interest on Long Term Debt to Associated Co \$5,027,633.
117	67	d	Interest on Long Term Debt to Associated Co \$4,718,061.

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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RECONCILIATION OF DEFERRED INCOME TAX EXPENSE

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

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

Line No.	Electric Utility	Gas Utility
1 Debits to Account 410 from:		
2 Account 190	4,635,611	
3 Account 281	0	
4 Account 282	2,345,004	
5 Account 283	1,347,601	
6 Account 284		
7 Reconciling Adjustments		
8 TOTAL Account 410.1 (on pages 114-115 line 17)	8,328,216	0
9 TOTAL Account 410.2 (on page 117 line 55)		
10 Credits to Account 411 from:		
11 Account 190	2,413,183	
12 Account 281		
13 Account 282	3,032,695	
14 Account 283	468,344	
15 Account 284		
16 Reconciling Adjustments		
17 TOTAL Account 411.1 (on page 114-115 line 18)	5,914,222	0
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 PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
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RECONCILIATION OF DEFERRED INCOME TAX EXPENSE

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

Other Utility	Total Utility	Other Income	Total Company	Line No.
		1,761,100	6,396,711	1
				2
				3
		1189	2,343,815	4
		0	1,347,601	5
				6
				7
0	0			8
		1,762,289		9
				10
		1,620,476	4,033,659	11
				12
		21,190	3,053,885	13
		5,664	468,344	14
				15
				16
0	0			17
		1,647,330		18
				19
			0	20
				21
				22
			0	23
			0	24
0	0	0		25
				26
		114,959		27

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) [X] An Original (2) [] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
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STATEMENT OF RETAINED EARNINGS FOR THE YEAR

1. Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.
2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).
3. State the purpose and amount for each reservation or appropriation of retained earnings.
4. List first account 439 (Adjustments to Retained Earnings), reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit, items in that order.
5. Show dividends for each class and series of capital stock.
6. Show separately the state and federal income tax effect of items shown in account 439 (Adjustments to Retained Earnings)
7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
8. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)		
1	Balance-Beginning of Year		96,882,797
2	Changes (<i>Identify by prescribed retained earnings accounts</i>)		
3	Adjustments to Retained Earnings (Account 439)		
4	Credit: Unrealized gain on securities		
5	Credit: Taxes related to unrealized gain on securities		
6	Credit: Minimum pension liability		
7	Credit: Taxes related to Minimum pension liability		
8	TOTAL Credits to Retained Earnings (439)		0
9	Debit: Redemption of Common Stock		
10	Debit:		
11	Debit:		
12	Debit:		
13	TOTAL Debits to Retained Earnings (439)		0
14	Balance Transferred from Income (Account 433 Less Account 418.1)		7,201,635
15	Appropriations of Retained Earnings (Account 436)		
16			
17			
18			
19			
20			
21	TOTAL Appropriations of Retained Earnings (Account 436)		0
22	Dividends Declared-Preferred Stock (Account 437)		
23	Dividends Declared-Preferred Stock		
24			
25			
26			
27			
28	TOTAL Dividends Declared-Preferred Stock (Account 437)		0

Name of Respondent UPPER PENINSULA POWER COMPANY		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
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				
31				
32				
33				
34				
35	TOTAL Dividends Declared-Common Stock (Account 438)		0	
36	Transfers from Account 216.1 Unappropriated Undistributed Subsidiary Earnings			
37	Balance - End of the Year (Enter Total of lines 1 thru 36)		104,084,432	
APPROPRIATED RETAINED EARNINGS (Account 215)				
State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.				
38				
39				
40				
41				
42			33,186	
43	TOTAL Appropriated Retained Earnings (Account 215)		33,186	
APPROPRIATED RETAINED EARNINGS-AMORTIZATION RESERVE, FEDERAL (Account 215.1)				
State below the total amount set aside through appropriations of retained earnings, as of the end of the year, in compliance with the provisions of Federally granted hydroelectric project licenses held by the respondent. If any reductions or changes other than the normal annual credits hereto have been made during the year, explain such items in a footnote.				
44	TOTAL Appropriated Retained Earnings-Amortization Reserve, Federal (Account 215.1)			
45	TOTAL Appropriated Retained Earnings (Account 215 & 215.1)		33,186	
46	TOTAL Retained Earnings (Accounts 215, 215.1 & 216)		104,117,618	
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)				
47	Balance-Beginning of Year (Debit or Credit)			
48	Equity in Earnings for Year (Credit) (Account 418.1)			
49	(Less) Dividends Received (Debit)			
50	Other Changes (Explain)			
51	Balance-End of Year (Enter Total of lines 47 thru 50)		0	

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
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STATEMENT OF CASH FLOWS

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

2. Under "Other" specify significant amounts and group others.
3. Operating Activities-Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on pages 122-123 the amounts of interest paid (net of amounts capitalized) and income taxes paid.

Line No.	Description (See instructions for Explanation of Codes) (a)	Amounts (b)
1	Net Cash Flow from Operating Activities: (enter outflows from company as negative #s)	
2	Net Income (Line 72 (c) on page 117)	7,201,635
3	Noncash Charges (Credits) to Income:	
4	Depreciation and Depletion	12,827,754
5	Amortization of (Specify)	
6	Intangible Plant	
7		
8	Deferred Income Taxes (Net)	2,532,240
9	Investment Tax Credit Adjustment (Net)	
10	Net (Increase) Decrease in Receivables	5,336,540
11	Net (Increase) Decrease in Inventory	(295,079)
12	Net (Increase) Decrease in Allowances Inventory	
13	Net (Increase) Decrease in Payables and Accrued Expenses	(6,785,847)
14	Net (Increase) Decrease in Other Regulatory Assets	2,302,414
15	Net (Increase) Decrease in Other Regulatory Liabilities	
16	(Less) Allowance for Other Funds Used During Construction	7,990
17	(Less) Undistributed Earnings from Subsidiary Companies	
18	Other:	
19	Pension and Post Retirement Expense	1,046,585
20	Other changes in working capital besides cash	894,495
21	Collateral on Deposit	(776,154)
22	Net Cash Provided by (Used in) Operating Activities (Total of lines 2 thru 21)	24,276,593
23		
24	Cash Flows from Investment Activities:	
25	Construction and Acquisition of Plant (including land):	
26	Gross Additions to Utility Plant (less nuclear fuel)	(21,149,721)
27	Gross Additions to Nuclear Fuel	
28	Gross Additions to Common Utility Plant	
29	Gross Additions to Nonutility Plant	(277,581)
30	(Less) Allowance to Other Funds Used During Construction	
31	Other:	
32		
33		
34	Cash Outflows for Plant (Total of lines 26 thru 33)	(21,427,302)
35		
36	Acquisition of Other Noncurrent Assets (d)	
37	Proceeds from Disposal of Noncurrent Assets (d)	
38		
39	Investments in and Advances to Associated and Subsidiary Companies	
40	Contributions and Advances from Associated and Subsidiary Companies	
41	Disposition of Investments in (and Advances to)	
42	Associated and Subsidiary Companies	
43		
44	Purchase of Investment Securities (a)	
45	Proceeds from Sales of Investment Securities (a)	

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
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STATEMENT OF CASH FLOWS (Continued)

4. Investing Activities

(a) Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of asset acquired with liabilities assumed on pages 122-123.

(b) Don not include on this statement the dollar amount of leases capitalized per USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on pages 122-123.

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 pages 122-123 clarifications and explanations.

Line No.	Description (See instructions for Explanation of Codes) (a)	Amount (b)
46	Loans Made or Purchased	
47	Collections on Loans	
48		
49	Net (Increase) Decrease in Receivables	
50	Net (Increase) Decrease in Inventory	
51	Net (Increase) Decrease in Allowances Held for Speculation	
52	Net Increase (Decrease) in Payables and Accrued Expenses	
53	Other:	
54		
55		
56	Net Cash Provided by (Used in) Investing Activities	
57	(Total of lines 34 thru 55)	(21,427,302)
58		
59	Cash Flows from Financing Activities:	
60	Proceeds from Issuance of:	
61	Long Term Debt (b)	
62	Preferred Stock	
63	Common Stock	
64	Other:	
65		
66	Net Increase in Short-Term Debt (c)	3,500,000
67	Other:	
68		
69		
70	Cash Provided by Outside Sources (Total of lines 61 thru 69)	3,500,000
71		
72	Payments for Retirement of:	
73	Long Term Debt (b)	
74	Preferred Stock	
75	Common Stock	
76	Other:	
77	Equity Adjustments to Parent	
78	Net Decrease in Short-Term Debt (c)	
79	Return of Capital to Parent	(5,470,000)
80	Dividends on Preferred Stock	
81	Dividends on Common Stock	
82	Net Cash Provided by (Used in) Financing Activities	
83	(Total of lines 70 thru 81)	(1,970,000)
84		
85	Net Increase (Decrease) in Cash and Cash Equivalents	
86	(Total of lines 22, 57 and 83)	879,291
87		
88	Cash and Cash Equivalents at Beginning of Year	164,656
89		
90	Cash and Cash Equivalents at End of Year	1,043,947

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
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, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year,</p> <p>references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.</p> <p>4. Where Accounts 189, <i>Unamortized Loss on Recquired Debt</i>, and 257, <i>Unamortized Gain on Recquired Debt</i>, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 16 of Uniform System of Accounts.</p> <p>5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.</p> <p>6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be herein.</p>			
<p>Page 122 Intentially left blank See Page 123 for required information</p>			

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1)[X] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
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NOTES TO FINANCIAL STATEMENTS

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

The accompanying financial statements have been prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission ("FERC") as set forth in the Uniform System of Accounts and accounting releases, which differs from United States Generally Accepted Accounting Principles ("GAAP"). As required by the FERC, Upper Peninsula Power Company ("UPPCO" or the "Company") classifies certain items in its 2018 Form 1 in a manner different from GAAP, as described below. These items have no impact on the reported net income.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Nature of Operations

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

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1)[X] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
--	--	---	------------------------------

As used in these notes, the term "financial statements" refers to the balance sheets as of December 31, 2018 and 2017, and the statements of income, equity, and cash flows for each of the years then ended as well as the notes thereto, unless otherwise noted.

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

b. Use of Estimates

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

c. Cash & Cash Equivalents

Short-term investments with an original maturity of three months or less are reported as cash equivalents. No cash was paid for income taxes in 2018 and 2017 respectively. Cash paid for interest was \$4,874.0 thousand in 2018 and \$4,342.5 thousand in 2017. Accrued capital expenditures included in accounts payable at December 31, 2018 was \$2,094.4 thousand and \$369.6 thousand at December 31, 2017.

d. Operating Revenues and Accounts Receivable

Revenues related to the sale of energy are recognized when service is provided or energy is delivered to customers. UPPCO carries its accounts receivable at the invoice amount, less an allowance for doubtful accounts. An allowance is established based on history of past write-offs and collections, and current credit conditions and expectations. The allowance for doubtful accounts at December 31, 2018 was \$1,735 thousand and \$1,730 thousand at December 31, 2017. Balances are written off after reasonable collection efforts are used. UPPCO also accrues estimated amounts of revenues for services provided or energy delivered but not yet billed to customers. Estimated unbilled revenues are calculated using a variety of judgments and assumptions related to customer class, contracted rates, weather, and customer use. At December 31, 2018 and 2017, UPPCO's unbilled revenues were \$4,600.4 thousand and \$5,436.9 thousand, respectively.

UPPCO presents revenue net of pass-through taxes on the income statement.

Below is a summary of the significant mechanisms UPPCO had in place in 2018 and 2017 that allowed the Company to recover or refund changes in prudently incurred costs from rate case-approved amounts:

- Fuel and purchased power costs are recovered from retail electric customers on a one-for-one basis.
- Billings to customers under the MPSC jurisdiction included base rate charges and a power supply cost recovery factor. UPPCO receives MPSC approval each year to recover projected power supply costs by establishment of power supply cost recovery factors. Annually, the MPSC reconciles these factors to actual costs and permits 100% recovery of allowed power supply costs. UPPCO recognizes any over or under recovery currently in its revenues, and a regulatory asset or liability is recognized on the balance sheet until settlement. The deferrals are relieved with additional billings or refunds.
- Impacts from the Tax Cuts Job Act, See Note 11 Regulatory Environment

Name of Respondent	This Report Is:	Date of Report	Year of Report
UPPER PENINSULA POWER CO	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 4/30/2019	12/31/2018

Revenues are also impacted by other accounting policies related to UPPCO's participation in the Midcontinent Independent System Operator, Inc. ("MISO") market. We sell and purchase power in the MISO market. If we were a net seller in a particular hour, the net amount was reported as revenue. If we were a net purchaser in a particular hour, the net amount was reported as electric production fuels and purchased power.

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1)[X] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
--	--	---	------------------------------

e. Inventories

Inventories consist of plant material and operating supplies and fossil fuels. Average cost is used to value materials and supplies and fossil fuels.

f. Utility Plant

Utility plant is stated at cost and includes any associated Allowance for Funds Used During Construction ("AFUDC") and asset retirement costs. The costs of renewals and betterments of units of property (as distinguished from minor items of property) are capitalized as additions to the utility plant accounts. Maintenance, repair, replacement, and renewal costs associated with items not qualifying as units of property are considered operating expenses. Except for land, no gains or losses are recognized in connection with ordinary retirements of utility property units. Ordinary retirements, sales, and other disposals of units of property at UPPCO are charged to accumulated depreciation at cost, less salvage value. The cost of removal associated with the retirement is also charged to accumulated depreciation.

UPPCO records straight-line depreciation expense over the estimated useful life of utility property, using depreciation rates as approved by the MPSC. UPPCO's annual utility composite depreciation rates for the years ending December 31, 2018 and 2017 was 3.78% and 3.40%, respectively.

Nonutility property mainly consists of three Escanaba River Hydroelectric generation units (8.94 MW total). Verso Corporation will purchase all energy produced by the hydros through March 31, 2023.

g. Regulatory Assets and Liabilities

Regulatory assets represent probable future revenue associated with certain costs or liabilities that have been deferred and are expected to be recovered from customers through the ratemaking process. Regulatory liabilities represent amounts that are expected to be refunded to customers in future rates or amounts collected in rates for future costs, including accumulated cost of removal previously included in customer rates. Recovery or refund of regulatory assets and liabilities is based on specific periods determined by the MPSC or occurs over the normal operating period of the assets and liabilities to which they relate. If at any reporting date a previously recorded regulatory asset is no longer probable of recovery, the regulatory asset is reduced to the amount considered probable of recovery with the reduction charged to expense in the year the determination is made. See Note 3, *Regulatory Assets and Liabilities*, for more information.

h. Retirement of Debt

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

i. Asset Retirement Obligations

UPPCO recognizes at fair value, legal obligations associated with the retirement of tangible long-lived assets that result from the acquisition, construction or development, and/or normal operation of the assets. A liability is recorded for these obligations as long as the fair value can be reasonably estimated, even if the timing or method of settling the obligation is unknown. The asset retirement obligations are accreted using a credit-adjusted risk-free interest rate commensurate with the expected settlement dates of the asset retirement obligations. This rate is determined at the date the obligation is incurred. The

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1)[X] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
--	--	---	------------------------------

associated retirement costs are capitalized as part of the related long-lived assets and are depreciated over the useful lives of the assets. Subsequent changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or decrease in the carrying amount of the liability and the associated retirement costs. See Note 6, “*Asset Retirement Obligations*,” for more information.

j. Environmental Remediation Liabilities

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

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

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

k. Income Taxes

UPPCO is included in the consolidated United States income tax return filed by Upper Peninsula Power Holding Company for activity through December 31, 2018. At December 31, 2018, there was no tax liability due.

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

For more information regarding UPPCO’s accounting for income taxes, see Note 7, “*Income Taxes*.”

l. Employee Benefits

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

Name of Respondent	This Report Is:	Date of Report	Year of Report
UPPER PENINSULA POWER CO	(1)[X] An Original (2)[] A Resubmission	(Mo, Da, Yr) 4/30/2019	12/31/2018

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

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

m. Risk Management

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

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

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

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

n. Fair Value

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

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

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

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1)[X] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
--	--	---	------------------------------

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

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

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

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

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

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

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

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

o. Comprehensive Income

UPPCO had no other comprehensive income in 2018 or 2017. Therefore, UPPCO's net income equals its comprehensive income and a separate statement of comprehensive income is not presented.

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1)[X] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
--	--	---	------------------------------

2. RISK MANAGEMENT ACTIVITIES

UPPCO uses FTRs to manage electric transmission congestion costs. None of UPPCO's derivatives are designated as hedges for accounting purposes. The tables below show assets and liabilities from derivative activities:

<i>(Thousands)</i>	Balance Sheet Presentation	December 31, 2018		December 31, 2017	
		Assets	Liabilities	Assets	Liabilities
		FTRs	Current	\$45.1	-
Total		\$45.1	-	\$52.6	-

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

<i>(Thousands)</i>	December 31, 2018		
	Gross Amount	Potential effects of netting, including Cash Collateral	Net Amount
	Derivative assets subject to master netting or similar arrangements	\$45.1	-

<i>(Thousands)</i>	December 31, 2017		
	Gross Amount	Potential effects of netting, including Cash Collateral	Net Amount
	Derivative assets subject to master netting or similar arrangements	\$52.6	-

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

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1)[X] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
--	--	---	------------------------------

<i>(Thousands)</i>	December 31, 2018	December 31, 2017
Cash collateral provided to others related to contracts under master netting or similar arrangements	\$2,101.2	\$1,325.0

3. REGULATORY ASSETS AND LIABILITIES

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

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

<i>(Thousands)</i>	2018	2017	See Note
Regulatory Assets			
Unrecognized pension and other postretirement benefit costs ⁽¹⁾	\$ 50,401.4	\$ 50,955.8	9
Income Tax Related	87.9	87.9	7
Decoupling	66.8	66.8	
ARO Depreciation and Cost of Removal	604.7	603.0	
Environmental remediation costs (net of insurance recoveries) ⁽²⁾	605.0	660.0	
Derivatives	39.7	-	2
Total	\$ 51,805.5	\$ 52,373.5	
Regulatory Liabilities			
Derivatives	\$ -	\$ 17.5	2
2017 Tax Legislation impact	7,906.9	6,358.9	7
Pension Costs	1,603.8	846.9	
Total	\$ 9,510.7	\$ 7,223.3	

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

⁽²⁾ In 1999, UPPCO received authorization for recovery of costs related to environmental remediation at the JH Warden Ash Site. The recovery period is 30 years.

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1)[X] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
--	--	---	------------------------------

4. SHORT-TERM DEBT AND LINES OF CREDIT

On August 17, 2017 UPPCO terminated its three-year, \$15,000 thousand existing revolving credit facility between UPPCO and Royal Bank of Scotland and The Bank of Scotia Bank as Lenders with The Bank of Nova Scotia as Administrative Agent (the "Scotia Facility") in anticipation of the facility's expiration on August 28, 2017. On September 7, 2017 UPPCO replaced the Scotia Facility with a five-year, \$15,000.0 thousand revolving credit facility with Associated Bank as Lender and Administrative Agent (the "Associated Facility"). The Scotia Facility had been used for two letters of credit since August 28, 2014 aggregating \$876 thousand, for which it was charged a letter of credit fee of 1.25%. During the interim period between the termination of the Scotia Facility and the execution of the Associated Facility, UPPCO utilized temporary financing through its Holding Company (UPPHC).

The Associated Facility allows for borrowing for up to a five-year term for amounts up to \$15,000 thousand. Undrawn amounts are charged a commitment fee at the interest rate ranging from 0.200% to 0.350%, depending upon UPPHC's long term note credit rating. UPPCO's current commitment fee rate is 0.30%. Borrowings are initiated under either a Base Rate Loan or a LIBOR Loan. Base Rate Loans bear an interest rate equal to the Base Rate; the highest of: (a) Associated Bank's "Prime Rate", (b) the Federal Funds Rate plus 0.500%, or (c) the LIBOR plus 1.000%, plus an Applicable Margin (which ranges depending upon UPPHC's long term note credit rating from 0.250% to 1.625%). LIBOR Loans bear an interest rate comprised of LIBOR plus an Applicable Margin (which ranges depending upon UPPHC's long term note credit rating from 1.250% to 2.625%). UPPCO's current rate of Applicable Margin is set at 0.875% for Base Rate Loans and 1.875% for LIBOR Loans. At December 31, 2018 and 2017 respectively, UPPCO had \$9,000.0 thousand and \$5,500.0 thousand borrowed under these facilities. The UPPCO Associated Bank Facility has been utilized for two letters of credit since July 19, 2018 aggregating \$876 thousand, for which UPPCO has been charged a letter of credit fee of 1.5%. Total unused capacity under the facilities were \$5,124.0 thousand and \$9,500.0 thousand at December 31, 2018 and 2017, respectively.

5. LONG-TERM DEBT

Long-term debt for UPPCO consisted of long-term notes to UPPHC at December 31, 2018. UPPHC's Moody rating was downgraded from Baa3 to Ba1 during 2018. As a result of a Moody's credit downgrade, the interest on all long term debt outstanding increased by 100 basis points, effective September 18, 2018. This adjustment resulted in additional interest expense of \$309.6 thousand in 2018.

A summary of long-term debt outstanding at December 31, is as follows:

<i>(Thousands)</i>	December 31, 2018	December 31, 2017
Long-term notes payable to UPPHC		
\$16.23 million due 2024	\$16,230.0	\$16,230.0
\$27.05 million due 2029	27,050.0	27,050.0
\$51.395 million due 2034	51,395.0	51,395.0
\$13.525 million due 2044	13,525.0	13,525.0
Total long-term debt	\$108,200.0	\$108,200.0

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1)[X] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
--	--	---	------------------------------

6. ASSET RETIREMENT OBLIGATIONS

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

The following table shows changes to UPPCO's asset retirement obligations through December 31, 2018:

(Thousands)

<hr/>	
Asset retirement obligations at January 1, 2017	\$520.2
Accretion	29.3
Additions and revisions to estimated cash flows	0.0
Settlements	0.0
<hr/>	
Asset retirement obligations at December 31, 2017	\$549.5
<hr/>	
Accretion	28.3
Additions and revisions to estimated cash flows	0.0
Settlements	0.0
<hr/>	
Asset retirement obligations at December 31, 2018	\$577.8
<hr/>	

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1)[X] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
--	--	---	------------------------------

7. INCOME TAXES

The components of the provision for income taxes were as follows:

<i>(Thousands)</i>	2018	2017
Current provision		
Federal	\$0.0	\$0.0
State	<u>0.0</u>	<u>0.0</u>
Total current provision	\$0.0	\$0.0
Deferred provision		
Federal	\$1,948.6	\$17,027.0
State	<u>583.6</u>	<u>472.9</u>
Total deferred provision	\$2,532.2	\$17,499.9
Total provision for income taxes	\$2,532.2	\$17,499.9

The following table is the statutory rate reconciliation for the years ended December 31:

<i>(thousands)</i>	2018	Effective tax rate	2017	Effective tax rate
Expected tax at statutory federal rate	\$2,044.1	21.0%	\$4,216.1	35.0%
State income taxes net of federal tax benefit	465.5	4.7%	472.9	3.9%
Other items	22.6	0.3%	27.6	0.0%
Federal tax reform	0.0	0.0%	12,783.3	106.1%
Total Tax Expense	\$2,532.2	26.0%	17,499.9	145.2%

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1)[X] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
--	--	---	------------------------------

On December 22, 2017, the Tax Cut Jobs Act (TCJA) was signed into law. For businesses, the legislation reduces the corporate federal tax rate from a maximum of 35% to 21%, effective January 1, 2018. As of December 31, 2017, we estimated a preliminary regulatory liability related to the re-measurement of our utility deferred taxes in Deferred Income Tax Assets and Liabilities in the amount of \$6,358.5 thousand. This legislation also resulted in \$12,783.3 thousand dollar tax expense related to the remeasurement of our non-utility deferred tax assets and liabilities

On December 22, 2017, the SEC issued Staff Accounting Bulletin 118 (SAB 118), Income Tax Accounting Implications of the Tax Cuts and Jobs Act, was issued. The Financial Accounting Standards Board (FASB) did not object to private companies applying SAB 118. The bulletin 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 tax law changes, and the application under GAAP, certain amounts related to bonus depreciation and future tax liabilities recorded in the financial statements as a result of the Tax Legislation were "provisional" as discussed in the SAB 118 and subject to revision at December 31, 2017. These amounts were finalized in 2018 with no material changes to the amounts recorded in the prior year.

The deferred income tax assets included on the balance sheets as of December 31, 2018, and 2017, are primarily related to tax basis goodwill and net operating losses. The principal deferred income tax liabilities included on the balance sheets as of December 31, 2018, and 2017 are primarily related to employee benefits and plant. The table below details the deferred tax balances as of December 31, 2018, and 2017:

<u>(Thousands)</u>	<u>2018</u>	<u>2017</u>
Deferred Income Tax Assets		
Goodwill	\$ 28,390.7	\$ 31,073.3
Net Operating Losses	11,131.3	10,148.2
Tax Benefit - Regulatory impacts of tax reform	1,648.3	1,648.3
Other	542.9	748.8
Total Deferred Income Tax Assets	<u>\$ 41,713.2</u>	<u>\$ 43,618.6</u>
Deferred Income Tax Liabilities		
Employee Benefits	\$ (13,921.5)	\$ (14,167.6)
Plant	(12,247.7)	(11,244.6)
Deferred Income and Deductions	(1,940.4)	(1,868.9)
Regulatory Deferrals	(9.0)	1,169.4
Other	1,279.6	(102.8)
Total Deferred Income Tax Liabilities	<u>\$ (26,839.0)</u>	<u>\$ (26,214.5)</u>
Total Deferred Income Taxes	<u>\$ 14,874.2</u>	<u>\$ 17,404.1</u>

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1)[X] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
--	--	---	------------------------------

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

The table below details federal and state net operating loss carry forwards:

<u>Year</u>	<u>Federal</u>	<u>Michigan</u>
2014	\$ 12,289.8	\$ 4,813.3
2015	16,095.0	11,683.5
2016	9,009.7	7,854.8
2017	-	-
2018	7,279.1	8,407.3
Total	\$ 44,673.6	\$ 32,758.9

Federal net operating loss carryforwards do not expire pursuant to changes made by the TCJA. Federal net operating loss carryforwards incurred prior to January 1, 2018 expire 20 years after the year of origination. Michigan net operating loss carryforwards expire 10 years after the year of origination. UPPCO filed income tax returns under UPPHC in 2016 and 2017 and will file under UPPHC for 2018.

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

In December 2017, we remeasured our deferred tax assets and liabilities to the new federal corporate income tax rate of 21%. The result of this remeasurement was a reduction in the net deferred tax liability of approximately \$4.692.3 thousand (including related state income tax effects). Based on our estimate of the amount of excess deferred income taxes that would be used to reduce future customer rates, we recorded an increase in regulatory liabilities of approximately \$6.4 million. The additional \$1.6 million in regulatory liabilities was required to reflect the future revenue reduction required to return \$4.7 million of previously collected income taxes to customers. We also recorded a \$1.6 million deferred tax asset related to the \$6.3 million regulatory liability. The accounts that increased and (decreased) in the 2017 remeasurement of deferred income taxes are reflected below (in thousands):

<u>Jurisdiction</u>	<u>254</u>	<u>190</u>	<u>282</u>	<u>283</u>
STATE	\$ 6,358.9	\$ 1,648.3	\$ (4,710.6)	\$ -
Total	\$6,358.9	\$1,648.3	(\$4,710.6)	\$ -

The amount of excess deferred income taxes that is considered protected and unprotected as of December 31, 2018 and 2017 is reflected below (in thousands)

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1)[X] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
--	--	---	------------------------------

Jurisdiction	12/31/2018	12/31/2017
<i>Protected</i>		
STATE	\$6,857.0	\$6,857.0
<i>Unprotected</i>		
STATE	(\$2,164.7)	(\$2,164.7)
Total	\$4,692.3	\$4,692.3

In 2018 we filed a rate case in our Michigan jurisdiction regarding how customer rates should be reduced for excess deferred income taxes. We are currently awaiting the results of the filed rate case as discussed in Note 12 Regulatory Environment to conclude on the annual amortization.

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1)[X] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
--	--	---	------------------------------

8. COMMITMENTS AND CONTINGENCIES

Unconditional Purchase Obligations and Purchase Order Commitments

We routinely enter into long-term purchase and sale commitments for various quantities and lengths of time. We have obligations to distribute and sell electricity to our customers and expect to recover costs related to these obligations in future customer rates. The following table shows our minimum future commitments related to these purchase obligations as of December 31, 2018.

<i>(Thousands)</i>	Date Contract Extend	Through	Total Committed					
			Amounts	2019	2020	2021	2022	Later years
Electric Utility								
Purchased Power	2025	\$	31,589.1	\$ 15,134.5	\$ 10,518.1	\$ 4,784.9	\$ 289.7	\$ 861.9
Total		\$	31,589.1	\$ 15,134.5	\$ 10,518.1	\$ 4,784.9	\$ 289.7	\$ 861.9

We also had commitments of \$9,470.2 thousand in the form of purchase orders issued to various vendors at December 31, 2018 that relate to normal business operations and construction projects, including the ongoing Advanced Metering Infrastructure (AMI) project.

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1)[X] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
--	--	---	------------------------------

9. EMPLOYEE BENEFIT PLANS

Defined Benefit Plans

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

	Pension Plan		OPEB	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Obligation at Start	\$112,100.7	\$111,775.3	\$25,843.1	\$27,405.6
Service Cost	927.0	847.9	998.8	753.1
Interest Cost	3,877.2	4,280.4	933.3	1,039.4
Actuarial (gain) loss, net	(7,927.6)	2,537.3	(4,337.6)	(2,364.1)
Participant Contributions	-	-	599.2	792.0
Benefit Payments	(7,643.7)	(7,340.2)	(1,619.0)	(1,782.9)
Plan Amendments	-	-	(188.9)	-
Obligation at End	\$101,333.6	\$112,100.7	\$22,228.9	\$25,843.1
Change in Fair Value of Plan Assets				
Fair value of plan assets at start	\$116,320.1	\$109,087.8	\$25,919.8	\$24,560.0
Actual return on plan assets	(5,216.3)	14,517.4	(1,028.5)	2,321.1
Employer contributions	52.3	55.1	35.0	29.6
Participant contributions	-	-	599.1	792.0
Benefit payments	(7,643.7)	(7,340.2)	(1,594.8)	(1,782.9)
Fair value of plan assets at end	\$103,512.4	\$116,320.1	\$23,930.6	\$25,919.8

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1)[X] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
--	--	---	------------------------------

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

<i>(Thousands)</i>	Pension Benefits		Other Benefits	
	2018	2017	2018	2017
Noncurrent assets	\$ 2,704.2	\$ 4,800.3	\$ 3,563.6	\$ 2,249.4
Current Liabilities	(50.8)	(51.1)	(21.6)	(19.9)
Long-term liabilities	(474.6)	(529.9)	(1,839.5)	(2,127.8)
Total net balance sheet asset/(liability)	\$ 2,178.8	\$ 4,219.4	\$ 1,702.5	\$ 101.7

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

<i>(Thousands)</i>	December 31, 2018	December 31, 2017
Projected benefit obligation	\$101,333.6	\$112,100.7
Accumulated benefit obligation	\$98,717.6	\$109,013.8
Fair value of plan assets	\$103,512.4	\$116,320.1

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

<i>(Thousands)</i>	Pension Plan		OPEB	
	2018	2017	2018	2017
Net regulatory assets				
Net actuarial loss	\$ 54,048.4	\$ 52,961.4	\$1,495.4	\$ 3,763.4
Prior service cost	0.0	0.0	(5,107.5)	(5,769.0)
Total	\$ 54,048.4	\$ 52,961.4	(\$3,612.1)	\$ (2,005.6)

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1)[X] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
--	--	---	------------------------------

The following table shows the estimated amounts that will be amortized into net periodic benefit cost during 2019:

<i>(Thousands)</i>	Pension	Other Benefits	Total
Net actuarial loss	\$ 1,555.8	\$ 189.3	\$ 1,745.1
Prior service cost credit	-	(865.9)	\$ (865.9)

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

<i>(Thousands)</i>	Pension Benefits		Other Benefits	
	2018	2017	2018	2017
Service cost	\$ 927.0	\$ 847.9	\$ 998.8	\$ 753.1
Interest cost	3,877.2	4,280.4	933.3	1,039.4
Expected return on plan assets	(5,627.5)	(5,647.4)	(1,249.3)	(1,180.2)
Amortization of net actuarial loss (gain)	1,829.2	1,829.5	(850.4)	299.4
Amortization of prior service cost	-	-	208.2	(850.4)
Net periodic benefit cost (credit)	\$ 1,005.9	\$ 1,310.4	\$ 40.6	\$ 61.3

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1)[X] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
--	--	---	------------------------------

Assumptions – Pension and Other Postretirement Benefit Plans

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

<i>Period ending</i>	Pension Benefits		Other Benefits	
	2018	2017	2018	2017
Discount rate	4.20%	3.55%	4.34%	3.61%
Rate of compensation increase	4.00%	4.50%	N/A	N/A
Assumed medical cost trend rate	N/A	N/A	6.00%	6.25%
Ultimate trend rate	N/A	N/A	5.00%	5.00%
Year ultimate trend rate is reached	N/A	N/A	2023	2023
Assumed dental cost trend rate	N/A	N/A	5.00%	5.00%

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

<i>Period ending</i>	Pension Benefits		Other Benefits	
	2018	2017	2018	2017
Discount rate	4.20%	3.55%	4.34%	3.61%
Expected return on assets	5.15%	5.15%	5.15%	5.15%
Rate of compensation increase	4.00%	4.50%	N/A	N/A
Assumed medical cost trend rate (under age 65)	N/A	N/A	6.00%	6.25%
Ultimate trend rate	N/A	N/A	5.00%	5.00%
Year ultimate trend rate is reached	N/A	N/A	2023	2023

UPPCO establishes its expected return on assets assumption based on consideration of historical and projected asset class returns, as well as the target allocations of the benefit trust portfolios. For 2019, the expected return on assets assumption for the plans is 5.15%.

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1)[X] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
--	--	---	------------------------------

Assumed health care cost trend rates have a significant effect on the amounts reported by UPPCO for the health care plans. For the year ended December 31, 2018, a one-percentage point change in assumed health care cost trend rates would have had the following effects using the assumptions used for the December 31, 2018, re-measurement:

<i>(Thousands)</i>	One-Percentage-Point	
	Increase	Decrease
Effect on total of service and interest cost components of net periodic postretirement health care benefit cost	\$ 492.2	\$ (357.9)
Effect on the health care component of the accumulated postretirement benefit obligation	\$ 2,424.4	\$ 1,574.3

Pension and Other Postretirement Benefit Plan Assets

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

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

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

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1)[X] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
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The following table provides the fair values of UPPCO's investments by asset class. The fair value below includes in the 401(h) in the pension plan totals.

Asset Class (Thousands)	December 31, 2018					
	Pension Plan Assets			OPEB Plan Assets		
	Level 1	Other	Total	Level 1	Other	Total
Cash and Cash Equivalents	\$ 1,313.0	\$ -	\$ 1,313.0	\$ 188.6	-	\$ 188.6
Equity Securities	-	36,511.7	\$ 36,511.7	-	8,924.0	\$ 8,924.0
Fixed Income Securities	-	67,232.1	\$ 67,232.1	-	13,270.3	\$ 13,270.3
Total ⁽¹⁾⁽²⁾	\$ 1,313.0	\$103,743.8	\$ 105,056.8	\$ 188.6	\$22,194.3	\$ 22,382.9

Asset Class (Thousands)	December 31, 2017					
	Pension Plan Assets			OPEB Plan Assets		
	Level 1	Other	Total	Level 1	Other	Total
Cash and Cash Equivalents	\$ 17.1	-	\$ 17.1	\$ 43.6	-	\$ 43.6
Equity Securities	-	41,111.6	41,111.6	-	8,510.3	8,510.3
Fixed Income Securities	-	76,967.9	76,967.9	-	15,588.5	15,588.5
Total ⁽¹⁾⁽²⁾	\$17.1	\$118,079.5	\$118,096.6	\$43.6	\$24,098.8	\$24,142.4

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

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

Cash Flows Related to Pension and Other Postretirement Benefit Plans

UPPCO's funding policy is to contribute at least the minimum amounts that are required to be funded under the Employee Retirement Income Security Act, but not more than the maximum amounts that are currently deductible for income tax purposes. UPPCO expects to contribute \$51.8 thousand to pension plans and \$21.9 thousand to other postretirement benefit plans in 2019, dependent on various factors affecting UPPCO, including its liquidity position and tax law changes.

Name of Respondent	This Report Is:	Date of Report	Year of Report
UPPER PENINSULA POWER CO	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 4/30/2019	12/31/2018

The following table reflects the future payments we expect to make for pension and other postretirement benefits. The "Pension Benefits" payments are the expected pension benefit payments made to the plan participants. The "Other Benefits" payments are UPPCO's portion of the expected retiree welfare benefits (medical, dental and life insurance benefits) to be paid to UPPCO's vendors to provide coverage to plan participants.

<i>(Thousands)</i>	Pension Benefits	Other Benefits
2019	\$ 6,904.2	\$ 1,004.5
2020	6,947.6	995.3
2021	6,726.6	1,031.7
2022	6,874.9	1,106.0
2023	6,710.6	1,165.1
2024 through 2028	\$ 32,727.8	\$ 6,327.2

Defined Contribution Benefit Plans

UPPCO maintains a 401(k) Savings Plan for substantially all UPPCO's full-time employees. A percentage of employee contributions are matched through a cash contribution to the 401(k) Savings Plan. Certain employees participate in a defined contribution pension plan, in which certain amounts are contributed to an employee's account based on the employee's wages, age, and years of service. UPPCO's total costs incurred under all these plans was \$1,314.3 and \$1,155.1 thousand in 2018 and 2017 respectively.

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1)[X] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
--	--	---	------------------------------

10. COMMON EQUITY

UPPCO's common stock consists of common stock without par value; \$9 stated value; 3,000,000 shares authorized; 1,473,736 shares issued and outstanding. The common stock balance was \$13,263.6 thousand at December 31, 2018 and 2017. All shares of UPPCO's common stock are owned by UPPHC.

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

11. FAIR VALUE

Fair Value Measurements

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

<i>(Thousands)</i>	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Derivative Assets				
FTRs	\$-	\$-	\$45.1	\$45.1
Total	\$-	\$-	\$45.1	\$45.1

<i>(Thousands)</i>	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Derivative Assets				
FTRs	\$-	\$-	\$52.6	\$52.6
Total	\$-	\$-	\$52.6	\$52.6

The risk management assets listed in the tables above include FTRs used to manage transmission congestion costs in the MISO market. See Note 2, "Risk Management Activities," for more information on derivative instruments. There were no transfers between the levels of the fair value hierarchy during 2018.

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1)[X] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
--	--	---	------------------------------

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

<i>(Thousands)</i>	2018	2017
Balance at Beginning of Period	52.6	\$187.8
Net unrealized (losses) gains	39.7	17.5
Purchases	302.5	90.5
Settlements	(349.7)	(243.2)
Balance at End of Period	\$45.1	\$52.6

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

12. REGULATORY ENVIRONMENT

Recent Rate Proceedings

On September 21, 2018, in Docket U-20276, UPPCO filed with the Michigan Public Service Commission (MPSC), a request to increase its retail electric rates by \$9,982.6 thousand annually (9.71%). The filing was based upon a 2019 projected test year. The requested increase reflects a 10.50% return on common equity with a regulatory capital structure reflecting a common equity ratio of 58.79%. Key factors contributing to the rate filing include declining sales volumes and continuing investment in reliability infrastructure, including advanced metering infrastructure (AMI). Also, UPPCO is proposing to pass cost savings through to customers regarding (1) Tax Cut and Jobs Act (TCJA) savings of approximately \$938.5 thousand pursuant to the Company's Calculation C filing requirement, and (2) lower depreciation and amortization expense of approximately \$1,808.8 thousand. An updated case schedule has been established and a Commission Order is expected on August 21, 2019 if settlement with parties can't be reached and a fully-litigated path is undertaken.

In Docket U-17895, the Commission issued a final order on September 8, 2016 authorizing a final rate increase of \$4,648.5 thousand, or 4.47% annually effective September 23, 2016. The order approved an overall authorized rate of return of 7.47% and a return on equity of 10%. As part of this final order, UPPCO is also required to file annual reports regarding distribution capital investments and operation and maintenance expenses to the MPSC. Also, UPPCO filed an application in MPSC Docket U-18220 for authority to conduct a self-implementation reconciliation proceeding on December 15, 2016 to address refunding the difference in revenues collected between self-implementation and final rates. On April 28, 2017, UPPCO was ordered to refund in June 2017, \$525.3 thousand. Any net residual balances should be calculated on a per-customer basis and applied by UPPCO during a subsequent month, but no later than three months from the initial implementation of the credits. The credit amount was calculated based on kwh's used in June of 2017. UPPCO over-refunded the self-implemented amount by \$42.9 thousand. This amount is included in the Company's current rate filing in Case No. U-20276.

Name of Respondent	This Report Is: (1)[X] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
UPPER PENINSULA POWER CO			

On June 6, 2014, the MPSC issued a final order in Docket U-17564 approving a settlement agreement that transferred ownership and control of UPPCO from Integrys Energy Group, Inc to UPPHC. Per the settlement agreement, UPPCO committed to providing a revenue offset of \$26,000.0 thousand, spread over six consecutive years. This was applied to the distribution portion of each applicable tariff and was effective with UPPCO's approved general rate case proceeding, U-17895. The first year of the revenue offset was 2016. An additional revenue offset of \$390.0 thousand annually pertaining to the ERISA-required incremental pension plan funding was ordered beginning in 2016 and running through December 31, 2021 in Case No. U-17895.

System Support Resources

Due to the state of the transmission system in the U.P., MISO designated the Presque Isle Power Plant ("PIPP"), the Escanaba Generating Station ("Escanaba"), and White Pine Units #1 and #2 ("White Pine") as System Support Resources ("SSRs"). SSR designation provides for compensation to be paid to the generator owner to remain in service pending a generation or transmission solution to MISO's reliability concerns. Originally, within the ATC footprint, the cost of SSR agreements was allocated to all ATC customers according to their load ratio share of the ATC footprint. In April 2014, the Public Service Commission of Wisconsin ("PSCW") submitted a filing with FERC protesting the load ratio share allocation methodology. FERC ultimately agreed with the PSCW and ordered MISO to change their allocation methodology. FERC ordered that MISO allocate SSR costs to the beneficiaries of the SSRs which placed the burden for the cost of all the SSR agreements in the U.P. almost entirely on the electric providers in the U.P. After FERC's order on September 17, 2015, generally accepting MISO's cost allocation compliance filing, UPPCO accrued \$8,118.3 thousand for its estimated share of the FERC ordered reallocation of SSR costs associated with PIPP, Escanaba, and White Pine. The cost reallocation relates to SSR costs from April 2014. PIPP relinquished its SSR status and returned to commercial service on February 1, 2015. FERC also approved termination of the SSR agreement for White Pine Units #1 and #2 effective November 26, 2016 and April 15, 2015, respectively. As of January 2019, UPPCO has completed the reallocation of SSR costs in accordance with the FERC orders. In addition, the electric providers in the U.P. unsuccessfully petitioned for review of the FERC orders involving the reallocation of SSR costs to the U.S. Court of Appeals for the District of Columbia Circuit ("DC Circuit"). After the D.C. Circuit denied their appeal in July 2018, the electric providers in the U.P. filed a petition for a writ of certiorari on January 23, 2019 which is currently pending before the U.S. Supreme Court. If the U.S. Supreme Court accepts the petition and overturns the FERC orders, further changes in the SSR cost reallocation may result. If the U.S. Supreme Court were to hear this case and overturn the FERC orders, all potential benefit or cost would accrue directly to ratepayers through the power supply recovery mechanism resulting in a net zero financial impact to UPPCO.

Revenue Decoupling

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

On August 14, 2012, the MPSC issued an order in Case No. U-16568 to consider the impact of the Michigan Court of Appeals ruling and found that it did not apply to UPPCO because UPPCO's RDM was adopted pursuant to a settlement agreement. Consequently, UPPCO was authorized to recover its RDM under-collection. Currently UPPCO has \$66.8 thousand related to under recovered decoupling charges. This amount was rolled into UPPCO's direct testimony and original filed position in Case No. U-20276.

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1)[X] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
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In Case No. U-20150, on April 6, 2018 the organization CARE filed a complaint regarding RDM surcharges from the period 2010 to 2013. On June 14, 2018, in its Answer to Complaint, UPPCO articulated the following: (i) CARE has failed to state a lawful claim of relief; (ii) CARE’s claim constitutes an improper collateral attack on the MPSC’s final, non-appealable orders issued in Case Nos. U-15988, U-16166, U-16417, U-16568, U-16990, and U-17555; and (iii) CARE’s claim is precluded by the statutes of limitation and/or the doctrine of laches. UPPCO filed motion to dismiss on Tuesday, August 7, 2018. CARE is seeking refunds on behalf of residential customers dating back to 2010 from the RDM, which was challenged by Enbridge and overturned. The Administrative Law Judge (ALJ) suspended the case schedule, directed the parties to file supplemental briefs and indicated that the ALJ will decide on the Motion for Summary Disposition thereafter. On March 7, 2019, the ALJ allowed Staff to file supplemental briefing addressing the Commission’s December 20, 2018 order in Case No. U-18333 in a related matter. The maximum potential impact of CARE’s RDM compliant is \$1,000.0 thousand for the years 2010 to 2013.

Enbridge Complaint

On October 23, 2012, Enbridge Energy, Limited Partnership (“Enbridge”) filed a formal complaint against UPPCO with the MPSC, in the 2010 RDM Reconciliation Case No. U-17077, alleging that the surcharges established by the MPSC pursuant to UPPCO’s approved RDM were unlawful. Enbridge was not a party to any of the prior RDM case settlements. On May 13, 2014, the MPSC issued its Order dismissing Enbridge’s complaint with prejudice on substantive grounds for failure to state a claim for which relief can be granted. Pursuant to MCL 462.26, Enbridge filed a Claim of Appeal with the Michigan Court of Appeals. The Court of Appeals issued its published decision in this case on December 22, 2015, which ruled in favor of Enbridge’s formal complaint. and remanded the matter to the Commission. On February 2, 2016, the MPSC and UPPCO filed Applications for Leave to Appeal this decision with the Michigan Supreme Court. Enbridge filed its Answer and Brief in Opposition to the Motions for Leave to Appeal on March 2, 2016. Replies to the Answer and Brief of Enbridge were filed on March 23, 2016. The Michigan Supreme Court issued an order on October 7, 2016 seeking additional information and oral argument in connection with granting leave. Briefs were filed by appellants on or before November 18, 2016. Oral arguments before the Michigan Supreme Court were held on March 8, 2017. On May 24, 2017, the Michigan Supreme Court issued an Order denying leave to appeal and allowing the Michigan Court of Appeals decision to stand; as mentioned, that appellate decision ruled in favor of Enbridge’s formal complaint. This remands the case back to the MPSC for determination consistent with the Michigan Court of Appeals decision. On July 12th, 2017, the Commission ordered that parties address the purpose and scope of the remand proceeding ordered by the Michigan Court of Appeals. On August 2nd, 2017, UPPCO and Enbridge entered a memo of understanding resolving all issues between the parties. On August 3rd, 2017, Enbridge filed a request to the MPSC for withdrawal of its formal complaint from the docket. MPSC has issued a final order on February 5, 2018 dismissing complaint with prejudice. There have been no appeals taken. This matter is complete.

2017 Tax Cut and Jobs Act “TCJA”

On December 27, 2017, the MPSC issued an order to consider changes in the rates of all Michigan rate-regulated utilities to reflect the effects of the federal TCJA. On January 19, 2018, UPPCO filed information with the MPSC regarding the potential change in revenue requirements due to the TCJA effective January 1, 2018 and outlined UPPCO’s recommended method to flow the current and deferred tax benefits of those impacts to ratepayers. UPPCO estimated a reduction in its revenue requirement of \$3,800 thousand and one-time reduction to its deferred tax balance of \$4,600.0 thousand related to regulated operations, because of the reduced federal tax rate. In its February 22, 2018 Order, the MPSC ordered that utilities, including UPPCO, implement a three-step approach to addressing the tax law change – Credit A, Credit B and Calculation C. Credit A is a “going-forward” tax credit addressing the impact of tax reform on the revenue requirement for 2018, which is based on our most recent previously approved revenue requirement in 2016, for amounts subject to refund for customers. Credit B is a “backward-looking” tax

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1)[X] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
--	--	---	------------------------------

credit addressing the period of January 1, 2018 to the date that Credit A is implemented, but is otherwise identical to Credit A. Calculation C addresses capturing excess deferred taxes, bonus depreciation and other impacts not captured by Credits A and B.

Credit A: In Case No. U-20111, on June 28, 2018, an order was issued directing UPPCO to implement a full Credit A amount of \$3,324 thousand, in rates, by July 1, 2018. This credit has been issued and represents the “going-forward” credit.

Credit B: On August 27, 2018, in Case No. U-20184, UPPCO filed application to implement a full Credit B amount of \$1,638.1 thousand for the period from January 1, 2018 through June 30, 2018. On November 21, 2018, the Commission issued an order approving settlement directing UPPCO to implement a full Credit B amount of \$1,688.7 thousand from December 1, 2018 through May 31, 2019. This “backward-looking” credit began being issued as of December 1, 2018 and will continue through May 31, 2019 as ordered.

Calculation C: Pursuant to the Order received in Case No. U-20111, UPPCO has included Calculation C in its current rate case proceeding in docket No. U-20276. Calculation C will be resolved contemporaneously with Case No. U-20276.

13. RELATED PARTY TRANSACTIONS

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

Apart from an intercompany loan and return of capital activities with UPPHC, there were no transactions that were directly conducted between UPPCO and its affiliates. UPPHC and Lake AIV, LP may incur costs on behalf of UPPCO. All costs incurred on behalf of UPPCO are reimbursed by UPPCO at cost.

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

<i>(Thousands)</i>	2018	2017
Amounts due to UPPHC from UPPCO		
Long Term Debt	\$108,200.0	\$108,200.0
Intercompany Interest	-	-
Amounts paid from UPPCO to UPPHC		
Return of Capital	\$5,470.0	\$4,250.0
Intercompany Interest	\$5,027.6	\$4,718.1

14. NEW ACCOUNTING PRONOUNCEMENTS

Revenue from Contracts with Customers

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. This standard provides companies with a

Name of Respondent	This Report Is:	Date of Report	Year of Report
UPPER PENINSULA POWER CO	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 4/30/2019	12/31/2018

single model for use in accounting for revenue arising from contracts with customers. The core principle of this model is to recognize revenue when control of the goods or services transfers to the customer, as opposed to recognizing revenue when the risks and rewards transfer to the customer under the existing revenue guidance. The guidance allows companies to either apply the requirements retrospectively to all prior periods presented or apply the requirements in the year of adoption through a cumulative adjustment. On August 12, 2015, the FASB issued ASU No. 2015-14, *Deferral of the Effective Date*, which defers the effective date of ASU No. 2014-09, by one year for all entities, the standard is now effective for annual reporting periods beginning after December 15, 2018. We expect the impact of this guidance to be minimal on our consolidated financial statements.

Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which supersedes ASC 840, *Leases*. This ASU is based on the principle that entities should recognize assets and liabilities arising from leases and provide enhanced disclosures of key information about leasing arrangements. The ASU amends the existing lease accounting model by requiring a lessee to recognize the rights and obligations resulting from certain leases as assets and liabilities on the balance sheet. ASU No. 2016-02 also requires a company to disclose key information about its leasing arrangements. The ASU is effective for annual periods beginning after December 15, 2019. We are currently evaluating the impact of this standard on our financial condition and results of operations and expect an increase in assets and liabilities from recognizing operating leases on the balance sheet.

Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost

In March 2017, the FASB issued ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. Under this ASU, an employer is required to disaggregate the service cost component from the other components of the net benefit cost. The amendments provide explicit guidance on how to present the service cost component and the other components of the net benefit cost in the income statement and allow only the service cost component of the net benefit cost to be eligible for capitalization. This ASU is effective for annual periods beginning after December 15, 2018. We believe the impact of this guidance will be minimal on our consolidated 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. The guidance will be effective for annual reporting periods, including interim reporting within those periods, beginning after December 15, 2019. 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 consolidated financial statements.

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1)[X] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
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15. SUBSEQUENT EVENTS

These financial statements have not been updated for subsequent events occurring after April 30, 2019, which is the date these financial statements were available to be issued. The company has no responsibility to update these financial statements for events occurring after this date.

Name of Respondent UPPER PENINSULA POWER COMPANY		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISION FOR DEPRECIATION, AMORTIZATION AND DEPLETION				
Line No.	Item (a)	Total (b)	Electric (c)	
1	UTILITY PLANT			
2	In Service			
3	Plant in Service (Classified)	333,873,494	333,873,494	
4	Property Under Capital Leases			
5	Plant Purchased or Sold			
6	Completed Construction not Classified	3,585,446	3,585,446	
7	Experimental Plant Unclassified			
8	TOTAL (Enter Total of lines 3 thru 7)	337,458,940	337,458,940	
9	Leased to Others			
10	Held for Future Use			
11	Construction Work in Progress	18,691,315	18,691,315	
12	Acquisition Adjustments			
13	TOTAL Utility Plant (Enter Total of lines 8 thru 12)	356,150,255	356,150,255	
14	Accum. Prov. For Depr., Amort., & Depl.	146,395,802	146,395,802	
15	Net Utility Plant (Enter Total of line 13 less 14)	209,754,453	209,754,453	
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION			
17	In Service:			
18	Depreciation	136,082,687	136,082,687	
19	Amort. & Depl. Of Producing Natural Gas Land & Land Rights			
20	Amort. Of Underground Storage Land & Land Rights			
21	Amort. Of Other Utility Plant	10,313,115	10,313,115	
22	TOTAL In Service (Enter Total of lines 18 thru 21)	146,395,802	146,395,802	
23	Leased to Others			
24	Depreciation			
25	Amortization & Depletion			
26	TOTAL Leased to Others (Enter Total of lines 24 and 25)			
27	Held for Future Use			
28	Depreciation			
29	Amortization			
30	TOTAL held for Future Use (Enter Total of Lines 28 and 29)			
31	Abandonment of leases (Natural Gas)			
32	Amortization of Plant Acquisition Adjustment			
33	TOTAL Accumulated Provisions (Should agree with line 14 above) (Enter Total of lines 22, 26, 30, 31 & 32)	146,395,802	146,395,802	

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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**SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISION FOR DEPRECIATION,
AMORTIZATION AND DEPLETION (Continued)**

Gas (d)	Other (Specify) _____ (e)	Other (Specify) _____ (e)	Other (Specify) _____ (e)	Common (h)	Line No.
					1
					2
					3
					4
					5
					6
					7
0	0	0	0	0	8
					9
					10
					11
					12
0	0	0	0	0	13
					14
0	0	0	0	0	15
					16
					17
					18
					19
					20
					21
0	0	0	0	0	22
					23
					24
					25
0	0	0	0	0	26
					27
					28
					29
0	0	0	0	0	30
					31
					32
0	0	0	0	0	33

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
---	---	---	----------------------------

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

1. Report below the original cost of plant in service in the same detail as in the current depreciation order.
2. In addition to Account 101, Electric Plant in service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified - Electric.
3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such amounts.
5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and

include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year of unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d), including the

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	301 Organization		
3	302 Franchises and Consents	5,959,890	
4	303 Miscellaneous Intangible Plant	21,607,838	2,696,671
5	TOTAL Intangible Plant	27,567,728	2,696,671
6	2. PRODUCTION PLANT		
7	Steam Production Plant		
8	310.1 Land	143,334	
9	310.2 Land Rights		
10	311 Structures and Improvements		
11	312 Boiler Plant Equipment		
12	313 Engines and Engine-Driven Generators		
13	314 Turbogenerator Units		
14	315 Accessory Electric Equipment		
15	316 Miscellaneous Power Plant Equipment		
16	TOTAL Steam Production Plant	143,334	0
17	Nuclear Production Plant		
18	320.1 Land		
19	320.2 Land Rights		
20	321 Structures and Improvements		
21	322 Reactor Plant Equipment		
22	323 Turbogenerator Units		
23	324 Accessory Electric Equipment		

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)

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

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

to primary account classifications.

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

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

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					1
				301	2
			5,959,890	302	3
			24,304,509	303	4
0	0	0	30,264,399		5
					6
					7
			143,334	310.1	8
				310.2	9
				311	10
				312	11
				313	12
				314	13
				315	14
				316	15
0	0	0	143,334		16
					17
				320.1	18
				320.2	19
				321	20
				322	21
				323	22
				324	23

Name of Respondent		This Report Is:	Date of Report	Year of Report
UPPER PENINSULA POWER COMPANY		(1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission	(Mo, Da, Yr) 4/30/2019	12/31/18
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	0	0	
26	Hydraulic Production Plant			
27	330.1 Land	630,727		
28	330.2 Land Rights	0		
29	331 Structures and Improvements	2,054,685	40,777	
30	332 Reservoirs, Dams and Waterways	78,727,615	2,822	
31	333 Water Wheels, Turbines and Generators	624,791		
32	334 Accessory Electric Equipment	5,011,825		
33	335 Miscellaneous Power Plant Equipment	782,229		
34	336 Roads, Railroads and Bridges	900,562		
35	TOTAL Hydraulic Production Plant	88,732,434	43,599	
36	Other Production Plant			
37	340.1 Land	63,016		
38	340.2 Land Rights	0		
39	341 Structures and Improvements	205,147		
40	342 Fuel Holders, Products and Accessories	1,351,574		
41	343 Prime Movers	2,487,784		
42	344 Generators	1,056,338		
43	345 Accessory Electric Equipment	753,936		
44	346 Miscellaneous Power Plant Equipment	28,291		
45	TOTAL Other Production Plant	5,946,086	0	
46	TOTAL Production Plant	94,821,854	43,599	
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		This Report Is:	Date of Report	Year of Report	
UPPER PENINSULA POWER COMPANY		(1) [] An Original (2) [X] A Resubmission	(Mo, Da, Yr) 4/30/2019	12/31/18	
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
0	0	0	0		25
					26
			630,727	330.1	27
				330.2	28
			2,095,462	331	29
			78,730,437	332	30
			624,791	333	31
(17,129)			5,028,954	334	32
			782,229	335	33
			900,562	336	34
(17,129)	0	0	88,793,162		35
					36
			63,016	340.1	37
				340.2	38
			205,147	341	39
			1,351,574	342	40
			2,487,784	343	41
			1,056,338	344	42
			753,936	345	43
			28,291	346	44
			5,946,086		45
(17,129)	0	0	94,882,582		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		This Report Is:	Date of Report	Year of Report
UPPER PENINSULA POWER COMPANY		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 4/30/2019	12/31/18
ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
57	359 Roads and Trails			
58	TOTAL Transmission Plant	0	0	
59	4. DISTRIBUTION PLANT			
60	360.1 Land	745,813		
61	360.2 Land Rights			
62	361 Structures and Improvements	1,204,150		
63	362 Station Equipment	34,170,071	1,199,616	
64	363 Storage Battery Equipment			
65	364 Poles, Towers and Fixtures	36,957,088	1,578,344	
66	365 Overhead Conductors and Devices	19,011,863	953,356	
67	366 Underground Conduit			
68	367 Underground Conductors and Devices	23,985,753	4,771,492	
69	368 Line Transformers	29,501,874	1,694,441	
70	368.1 Capacitors			
71	369 Services	16,167,149	628,493	
72	370 Meters	4,580,173	52,021	
73	371 Installations on Customers' Premises	380,636	18,069	
74	372 Leased Property on Customers' Premises			
75	373 Street Lighting and Signal Systems	1,930,932	46,144	
75a	374 Asset Retirement Costs for Distrib. Plant	(49,058)		
76	TOTAL Distribution Plant	168,586,444	10,941,976	
77	5. GENERAL PLANT			
78	389.1 Land	591,264		
79	389.2 Lands Rights			
80	390 Structures and Improvements	8,026,206		
81	391 Office Furniture and Equipment	1,836,263	373,938	
82	391.1 Computers / Computer Related Equipment			
83	392 Transportation Equipment	10,831,233	454,945	
84	393 Stores Equipment	108,683		
85	394 Tools, Shop and Garage Equipment	2,378,483	8,991	
86	395 Laboratory Equipment	2,091,057		
87	396 Power Operated Equipment	1,600,956	324,346	
88	397 Communication Equipment	4,627,316	32,154	
89	398 Miscellaneous Equipment	22,436		
90	SUBTOTAL	32,113,897	1,194,374	

Name of Respondent		This Report Is:	Date of Report	Year of Report	
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ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
				359	57
0	0	0	0		58
					59
			745,813	360.1	60
				360.2	61
			1,204,150	361	62
145,878			35,223,809	362	63
			0	363	64
91,732			38,443,700	364	65
46,979			19,918,240	365	66
			0	366	67
262,725			28,494,520	367	68
39,548			31,156,767	368	69
			0	368.1	70
(32,867)			16,828,509	369	71
84,314			4,547,880	370	72
6,116			392,589	371	73
			0	372	74
(1,143)			1,978,219	373	75
			(49,058)	374	76
643,282	0	0	178,885,138		76
					77
			591,264	389.1	78
				389.2	79
			8,026,206	390	80
35,742			2,174,459	391	81
				391.1	82
			11,286,178	392	83
			108,683	393	84
			2,387,474	394	85
			2,091,057	395	86
			1,925,302	396	87
			4,659,470	397	88
			22,436	398	89
35,742			33,272,529		90

Name of Respondent UPPER PENINSULA POWER COMPANY		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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	154,292		
92	TOTAL General Plant	32,268,189	1,194,374	
93	TOTAL (Accounts 101 and 106)	323,244,215	14,876,620	
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>	323,244,215	14,876,620	

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
			154,292	399	91
35,742	0	0	33,426,821		92
661,895	0	0	337,458,940		93
					94
				102	95
					96
				103	97
661,895	0	0	337,458,940		98

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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**CONSTRUCTION WORK IN PROGRESS AND COMPLETED CONSTRUCTION
NOT CLASSIFIED - ELECTRIC (Accounts 107 and 106)**

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

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.

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

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	Ishpeming Building Renovation Projects	2,911,169		322,548
2	PowerPlan Implementation	1,881,132		
3	Adv metering Infrstructure Project	1,704,958		13,899,810
4	Hoist Hydro Protection and Cont. Install	1,500,526		
5	Gladstone Combustion Turbine Overhaul	607,922		132,078
6	Projects with balances less than \$500,000	10,085,608		
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
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23				
24				
25				
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29				
30				
31				
32				
33				
34				
35	TOTAL	18,691,315		

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) [] An Original (2) [X] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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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	9,148
2	Benefits and Payroll Tax - based on labor dollars charged	1,296,446
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
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25		
26		
27		
28		
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35		
36		
37		
38		
39	TOTAL	1,305,594

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report 12/31/2018
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GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE

1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.
2. Show below the computation of allowance for funds used during construction rates, if those differ from the overall rate of return authorized by the Michigan Public Service Commission.

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

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

3. Items 2&3 below (Gross Rate for Borrowed Funds and Rate for Other Funds) are based on Michigan Public Service Commissions's found overall rates of return by Case No. U-17895 dated September 8, 2016

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			1.77%
3	Long-Term Debt	D		5.16% d
4	Preferred Stock	P		
5	Common Equity	C		10.0% C
6	Total Capitalization	0	100.00%	
7	Average Construction Work in Progress Balance			

2. Gross Rate for Borrowed Funds

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

3. Rate of Other Funds

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

4. Weighted Average Actually Used for the Year.

1.77%

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108 & 110)

- | | |
|---|--|
| <p>1. Explain in a footnote any important adjustments during year.</p> <p>2. Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c), and that reported for electric plant in service, pages 202-204A, column (d), excluding retirements of non-depreciable property.</p> <p>3. Accounts 108 and 110 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service.</p> | <p>If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all cost included in retirement work in progress at year end in the appropriate functional classifications.</p> <p>4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.</p> |
|---|--|

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	128,090,840	128,090,840		
2	Depreciation Prov. for Year, Charged to				
3	(403) Depreciation Expense	9,098,523	9,098,523		
4	(403.1) Decommissioning Expense	0	0		
5	(413) Exp. Of Elec. Plt. Leas. to Others	0	0		
6	Transportation Expenses-Clearing	0	0		
7	Other Clearing Accounts	0	0		
8	Other Accounts (Specify):				
9	ARO Depreciation	(1,624)	(1,624)		
	TOTAL Deprec. Prov. For Year (Enter	9,096,899	9,096,899		
10	Total of Lines 3 thru 9)				
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	8,257	8,257		
13	Cost of Removal	(767,700)	(767,700)		
14	Salvage (Credit)	(39,933)	(39,933)		
	TOTAL Net Chrgs. For Plant Ret.	(719,510)	(719,510)		
15	(Enter Total of lines 12 thru 14)				
16	Net Earnings of Decommissioning Funds				
17	Other Debit or Credit Items (Described)	(1,824,564)	(1,824,564)		
18	Retirement WIP				
19	Balance End of Year (Enter total of lines 1, 10, 15, 16 & 17)	136,082,685	136,082,685		

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

20	Steam Production	0	0		
21	Nuclear Production-Depreciation	0	0		
22	Nuclear Production-Decommissioning	0	0		
23	Hydraulic Production-Conventional	30,951,108	30,951,108		
24	Hydraulic Production-Pumped Storage	0	0		
25	Other Production	5,834,459	5,834,459		
26	Transmission	0	0		
27	Distribution	83,873,553	83,873,553		
28	General	15,423,565	15,423,565		
29	TOTAL (Enter total of lines 20 thru 28)	136,082,685	136,082,685		

Name of Respondent		This Report Is:		Date of Report	Year of Report
UPPER PENINSULA POWER COMPANY		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr) 04/30/19	12/31/18
FOOTNOTE DATE					
Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)		
219	16	c	Other Debit or Credit Items:		
			ARO Reclassification	0	
			Other Transfers and Reclassifications	(1,824,564)	
			Total other	(1,824,564)	
219	22	c	Hydraulic Production - Conventional:		
			End Balance	30,951,108	
			Less: 108 ARO Depreciation (Non-Rate Base)	0	
			Add: 182.3 ARO COR Depr (Rate Base)	0	
			Ending Rate Base Reserve	30,950,108	
219	24	c	Other Production:		
			End Balance	5,834,459	
			Less: 108 ARO Depreciation (Non-Rate Base)	0	
			Add: 182.3 ARO COR Depr (Rate Base)	0	
			Ending Rate Base Reserve	5,834,459	
219	26	c	Distribution:		
			End Balance:	83,873,553	
			Less 108 ARO Depreciation (Non-Rate Base)	19,884	
			Add: 182.3 ARO COR Depr (Rate Base)	0	
			Ending Rate Base Reserve	83,893,437	
219	28	c	End Balance	15,423,565	
			Less: 108 ARO Depreciation (Non-Rate Base)	(151,975)	
			Add: 182.3 ARO COR Depr (Rate Base)	0	
			Ending Rate Base Reserve	15,271,590	
219	29	c	End Balance	136,082,685	
			Less: 108 ARO Depreciation (Non-Rate Base)	(132,091)	
			Add: 182.3 ARO COR Depr (Rate Base)	0	
			Ending Rate Base Reserve	135,950,594	

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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NONUTILITY PROPERTY (Account 121)

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

Line No.	Description and Location (a)	Balance at Beginning of Year (b)	Purchases, Sales Transfers, etc. (c)	Balance at End of Year (d)
1	(2) Dam Sites Baraga & Houghton Cty	9,949		9,949
2	Land on Ontonagon River Area	1,900,556		1,900,556
3	Land in City of Gladstone	55,031		55,031
4	Escanaba River Hydro Delta Cty	2,558,205		2,558,205
5	Boney Falls Delta Cty	5,997,917		5,997,917
6	Bond Falls Ontonagon Cty	454,062		454,879
7	Eastern Hydro Dams	603,699	(2,089)	601,609
8	Boney Falls Spillway Anchor		705,373	705,373
9	Esc Dam 1 Flash Board Gates		3,162	3,162
10	Esc. Dam 1 Roof		29,563	29,563
11	CWIP			276,463
12				
13				
14				
15				
16				
17				
	TOTAL	11,579,419	736,009	12,592,707

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

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

Line No.	Item (a)	Amount (b)
1	Balance, Beginning of Year	1,980,305
2	Accruals for Year, Charged to	
3	(417) Income from Nonutility Operations	213,535
4	(418) Nonoperating Rental Income	0
5	Other Accounts (Specify):	
6		
7	TOTAL Accruals for Year (Enter Total of lines 3 thru 6)	213,535
8	Net Charges for Plant Retired:	
9	Book Cost of Plant Retired	
10	Cost of Removal	
11	Salvage (Credit)	
12	TOTAL Net Charges (Enter Total of lines 9 thru 11)	0
13	Other Debit or Credit Items (Describe):	
14		
15	Balance, End of Year (Enter Total of lines 1, 7, 12, and 14)	2,193,840

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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NOTES AND ACCOUNTS RECEIVABLE SUMMARY FOR BALANCE SHEET

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

Line No.	Accounts (a)	Balance Beginning of Year (b)	Balance End of Year (c)
1	Notes Receivable (Account 141)		
2	Customer Accounts Receivable (Account 142)	13,338,675	9,071,580
3	Other Accounts Receivable (Account 143) (Disclose any capital stock subscriptions received)	2,342,936	1,523,901
4	TOTAL	15,681,611	10,595,481
5	Less: Accumulated Provision for Uncollectible Accounts-Cr. (Account 144)	1,730,000	1,735,000
6	TOTAL, Less Accumulated Provision for Uncollectible Accounts	13,951,611	8,860,481
7			
8			
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ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNT-CR. (Account 144)

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

Line No.	Item (a)	Utility Customers (b)	Merchandise Jobbing and Contract Work (c)	Officers and Employees (d)	Other (e)	Total (f)
1	Balance beginning of year	1,741,742			(11,742)	1,730,000
2	Prov. For uncollectibles for current year	569,751				569,751
3	Account written off (less)	796,678			13,333	810,011
4	Coll. Of accounts written off	245,260				245,260
5	Adjustments (explain):					0
6	Balance end of year	1,760,075	0	0	(25,075)	1,735,000
7						
8						
9						
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11						

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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MATERIALS AND SUPPLIES

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

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

Line No.	Account (a)	Balance Beginning of Year (b)	Balance End of Year (c)	Dept. or Departments Which Use Material (d)
1	Fuel Stock (Account 151)	354,550	420,438	Electric
2	Fuel Stock Expenses Undistributed (Account 152)			
3	Residuals and Extracted Products (Account 153)			
4	Plant Materials & Operating Supplies (Account 154)			
5	Assigned to - Construction (Estimated)	1,175,074	1,236,737	Electric
6	Assigned to - Operations & Maintenance			
7	Production Plant (Estimated)			
8	Transmission Plant (Estimated)			
9	Distribution Plant (Estimated)	1,042,047	1,096,729	Electric
10	Assigned to - Other			
11	TOTAL Account 154 (Enter total of line 5 thru 10)	2,217,121	2,333,466	
12	Merchandise (Account 155)			
13	Other Material & Supplies (Account 156)			
14	Nuclear Materials Held for Sale (Account 157) (not applicable to Gas utilities)			
15	Stores Expense Undistributed (Account 163)	477,373	590,218	Electric
16				
17				
18				
19				
20	TOTAL Materials & Supplies (Per Balance Sheet)	3,049,044	3,344,122	

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report December 31, 2018
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PRODUCTION FUEL AND OIL STOCKS (Included in Account 151)

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

Line No.	Item (a)	Total Cost (b)	KINDS OF FUEL AND OIL	
			Quantity (c)	Cost (d)
1	On hand beginning of year	354,550		
2	Received during year	469,553		
3	TOTAL	824,103	0	0
4	Used during year (specify department)	403,665		
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15	Sold or transferred			
16	TOTAL DISPOSED OF	403,665	0	0
17	BALANCE END OF YEAR	420,438	0	0

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report December 31, 2018
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PRODUCTION FUEL AND OIL STOCKS (Included in Account 151 (Continued))

KINDS OF FUEL AND OIL (Continued)

Quantity (e)	Cost (f)	Quantity (g)	Cost (h)	Quantity (i)	Cost (j)	Line No.
174,185	354,550					1
192,524	469,553					2
366,709	824,103					3
190,650	403,665					4
						5
						6
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						8
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190,650	403,665					16
176,059	420,438					17

Name of Respondent UPPER PENINSULA POWER COMPANY		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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	UPPCO Self Implemented Rate Refund	42,885		
2				
3				
4				
5				
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25	TOTAL	42,885		

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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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	Integrated Resource Plan	333,581
2	Escanaba Grid Connection Investment	28,855
3	Other Projects (4)	47,852
4		
5		
6		
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TOTAL		410,288

Name of Respondent UPPER PENINSULA POWER COMPANY		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission		Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
PRELIMINARY SURVEY AND INVESTIGATION CHARGES (Account 183)					
Debits (c)	CREDITS		Balance End of Year (f)	Line No.	
	Account Charged (d)	Amount (e)			
333,581			333,581	1	
28,855			28,855	2	
195,721	107	184,191	11,530	3	
				4	
				5	
				6	
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558,156		184,191	410,288	TOTAL	

Name of Respondent UPPER PENINSULA POWER COMPANY		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A resubmission		Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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.)			3. Minor items (amounts less than \$50,000) may be grouped by classes.		
2. For regulatory assets being amortized, show period of amortization in column (a).			4. Give the number and name of the account(s) where each amount is recorded.		
Line No.	Description and Purpose of Other Regulatory Assets (a)	Debits (b)	CREDITS		Balance at End of Year (e)
			Account Charged (c)	Amount (d)	
1	Warden Ash Site Cost		253	55,000	605,000
2					
3	Minimum Pension Liability Adjustment	1,488,614	128/228	2,042,943	50,401,486
4					
5	ARO Depr/Accr NonRate Base	6,060	182/230	4,436	604,668
6					
7	Decoupling				66,777
8					
9	Deferred Taxes				87,927
10					
11	Derivatives	39,714	175/254		39,714
12					
13	See Footnote				
14					
15					
16					
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35	TOTAL	1,534,388		2,102,379	51,805,572

NOTE: All amounts are recorded in Account 182.3.

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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FOOTNOTE DATE

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
232	11	a	<p>Formula Rate Regulatory Assets - Allocable to Distribution, Average of Line 3, Columns (b) and (f).</p> <p>Formula Rate Regulatory Assets - Direct Assigned to Distribution, None.</p>

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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MISCELLANEOUS DEFERRED DEBITS (Account 186)

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

Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	Warden Ash Site Cost	104,728	11,127	511	19,875	95,980
2						
3	Work Orders	0	9,147		0	9,147
4						
5	Insurance Recovery	48,861	0		0	48,861
6						
7	Other deferred charges	0	543,581	Various	543,581	0
8						
9	JH Warden Landfill Trust	2,015	7		0	2,022
10						
11						
12						
13						
14						
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24						
25						
26						
27						
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30						
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36						
37						
38	Miscellaneous Work in Progress					
39	TOTAL	155,604	563,862		563,456	156,010

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

TAX SCHEDULES

I Purpose:

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

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

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.

2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Account Subdivision (a)	Balance at Beginning of Year (b)	Changes During Year	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Electric			
2	Plant	1,311,567	(4,578)	112,111
3	Other Than Plant	28,121,386	(4,361,033)	2,301,072
4	Plant (FAS 109)	1,648,343		
5	Other Than Plant (FAS 109)			
6				
7	Other			
8	TOTAL (Account 190) (Enter total of lines 2 thru 7)	31,081,296	(4,365,611)	2,413,183
9				
10				
11				
12				
13				
14				
15	Other			
16	TOTAL Gas (Enter total of lines 10 thru 15)			
17	Other (Specify) Nonutility	24,056,074	(1,764,386)	1,620,476
18	TOTAL (Account 190) (Enter total of lines 8, 16 & 17)	55,137,370	(6,129,997)	4,033,659
19	Classification of Total:			
20	Federal Income Tax	45,291,878	(5,001,163)	3,290,864
21	State Income Tax	9,845,492	(1,128,834)	742,795
22	Local Income Tax			

NOTES

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

Name of Respondent UPPER PENINSULA POWER COMPANY		This Report Is: (1) [] An Original (2) [X] A Resubmission		Date of Report (Mo, Da, Yr) 4/30/2019		Year of Report 12/31/18	
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
						1,419,100	2
			(269,340)			25,792,081	3
						1,648,343	4
							5
							6
							7
						28,859,524	8
							9
							10
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							14
							15
							16
						23,912,164	17
						52,771,688	18
							19
			(269,083)			43,312,496	20
			(261)			9,459,192	21
							22
NOTES (Continued)							

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (Account 189, 257)

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

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

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

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Princ. Amt. Of Debt Reacquired (c)	Net Gain or Net Loss (d)
1	10.75% First Mortgage Bond			
2	9.32% First Mortgage Bond			
3				
4				
5				
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Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (Account 189, 257) (Continued)

4. Show loss amounts in red or by enclosure in parentheses.
5. Explain any debits and credits other than amortization debited to Account 428.1,

Amortization of Loss on Reacquired Debt or credited to Account 429.1, Amortization of Gain on Reacquired Debt-Credit.

Balance Beginning of Year (e)	Debits During Year (f)	Credits During Year (g)	Balance End of Year (h)	Line No.
3,089		3,089	0	1
391,889		391,889	0	2
				3
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Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18	
CAPITAL STOCK (Accounts 201 and 204)				
<p>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</p>		<p>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.</p>		
Line No.	Class and Series of Stock and Name of Stock Exchange (a)	Number of Shares Authorized by Charter (b)	Par or Stated Value Per Share (c)	Call Price at End of Year (d)
1	Common Stock Without Par	3,000,000	9.00	
2				
3	Cumulative Preferred Stock	300,000		
4				
5	Cumulative Preference Stock	1,000,000	1.00	
6				
7	Note: Respondent's common stock is held			
8	entirely by its parent holding company,			
9	Upper Peninsula Power Holding Company.			
10				
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Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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CAPITAL STOCK (Accounts 201 and 204) (Continued)

3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.
4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.

5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.
6. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purposes of pledge.

OUTSTANDING PER BALANCE SHEET <i>(Total amount outstanding without reduction for amounts held by respondents.)</i>		HELD BY RESPONDENT				
		AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	Line No.
1,473,736	13,263,624					1
						2
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Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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CAPITAL STOCK SUBSCRIBED, CAPITAL STOCK LIABILITY FOR CONVERSION, PREMIUM ON CAPITAL STOCK AND INSTALLMENTS RECEIVED ON CAPITAL STOCK
(Accounts 202 & 205, 203 & 206, 207, 212)

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

Line No.	Name of Account & Description of Item (a)	Number of Shares (b)	Amount (c)
1			
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40	TOTAL		

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
OTHER PAID - IN CAPITAL (Accounts 208-211, inc.)			
<p>Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as total of all accounts for reconciliation with balance sheet, page 112. Add more columns for any account if deemed necessary. Explain changes made in any account during the year and give the accounting entries effecting such change.</p> <p>(a) <i>Donations Received from Stockholders</i> (Account 208)-State amount and give brief explanation of the origin and purpose of each donation.</p> <p>(b) <i>Reduction in Par or Stated Value of Capital Stock</i> (account 209)-State amount and give brief explanation of</p>		<p>the capital changes which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.</p> <p>(c) <i>Gain on Resale or Cancellation of Reacquired Capital Stock</i> (Account 210)-Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.</p> <p>(d) <i>Miscellaneous Paid-In Capital</i> (Account 211)- Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.</p>	
Line No.	Item (a)	Amount (b)	
1	Beginning Balance - January 1, 2018	52,771,469	
2			
3	Return of Capital to Parent	(5,470,000)	
4			
5			
6			
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35	TOTAL	47,301,469	

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Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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LONG-TERM DEBT (Accounts 221, 222, 223 and 224)

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

Line No.	Class and Series of Obligation, Coupon Rate (For new issue, give Commission Authorization numbers and dates) (a)	Principal Amount of Debt Issued (b)	Total Expense, Premium or Discount (c)
1			
2	Account 223		
3			
4	4.95% Issue	16,230,000	180,846
5	5.20% Issue	27,050,000	300,581
6	5.43% Issue	51,395,000	571,104
7	5.91% Issue	13,525,000	150,291
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25	TOTAL	108,200,000	1,202,822

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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LONG-TERM DEBT (Accounts 221, 222, 223 and 224) (Continued)

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

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD		Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
						1
						2
						3
						4
						5
8/27/2014	8/27/2024			16,230,000	687,521	6
8/27/2014	8/27/2029			27,050,000	1,213,493	7
8/27/2014	8/27/2034			51,395,000	2,423,845	8
8/27/2014	8/27/2044			13,525,000	702,774	9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
				108,200,000	5,027,633	25

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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NOTES PAYABLE (Accounts 231)

1. Report the particulars indicated concerning notes payable at end of year.
2. Give particulars of collateral pledged, if any.
3. Furnish particulars for any formal or informal compensating balance agreements covering open lines or credit.
4. Any demand notes should be designated as such in column (d).
5. Minor amounts may be grouped by classes, showing the number of such amounts.

Line No.	Payee (a)	Purpose for which issued (b)	Date of Note (c)	Date of Maturity (d)	Int. Rate (e)	Balance End of Year (f)
1	Associated Bank		Various	Various	Various	\$9,000,000
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						
	TOTAL					\$9,000,000

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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)	7,201,635	
6	Allocation of Net income for the year		
7	Add: Federal income tax expenses	2,532,240	
8			
9	Total pre-tax income	9,733,875	
10			
11	Add: Taxable income not reported on books:	0	
12			
13			
14			
15	Add: Deductions recorded on books not deducted from return	9,421,383	
16			
17			
18			
19	Subtract: Income recorded on books not included in return:		
20	Plant related		
21	Other than Plant		
22			
23	Subtract: Deductions on return not charged against book income:		
24	Other than plant	15,532,714	
25	Plant related	3,622,544	
26	Federal taxable income for the year	0	

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES (Continued)

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

Utility	Other	Line No.
		1
		2
		3
		4
		5
		6
		7
		8
9,268,113	465,762	9
		10
		11
		12
		13
		14
3,749,590	5,571,793	15
		16
		17
		18
		19
		20
		21
		22
		23
9,255,392	6,277,322	24
3,723,451	(100,907)	25
		26

Name of Respondent		This Report Is:	Date of Report	Year of Report
UPPER PENINSULA POWER COMPANY		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 4/30/2019	12/31/18
FOOTNOTE DATE				
Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)	
261	7	(a)	Benefits & Incentives Benefits & Incentives Accrued \$862,099 CGL & NOL Gain/Loss 7,287,084 Other Bad Debts 5,000 Customer Advances 363,333 Price Risk Hedging (57,202) Deferred Income Ded (277,753) Interest 399,185 Meals & Entertainment 64,973 Charitable Contributions 101,369 Penalties & Lobby 1,616 Plant & Other Depreciation (3,622,544) Goodwill (10,421,748) CIAC 51,855 Regulatory Deferral Environmental Cleanup 63,749 Regulatory Assets (4,216,899) Regulatory Liabilities (330,000) (9,725,883)	

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Account 236)

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

Line No.	Kind of Tax Subaccount (See Instruction 5) (a)	BALANCE AT BEGINNING OF YEAR	
		Taxes Accrued (Account 236) (b)	Prepaid Taxes (Incl. In Account 165) (c)
1			
2	FICA	95,090	
3	FUTA	3,444	
4	Federal Withholding	86,353	
5	State of Michigan TOTIT		
6	Unemployment	8,039	
7	Use Tax		
8	Local MI TOTIT		
9	Real Estate & Property	2,416,062	
10	State of Michigan Witholding		
11	State of Wisconsin Witholding		
12	SUTA		
13	Michigan Obligation Assessment		
14		2,608,987	

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				
2	728,588			
3	6,765			
4				
5	26,137			
6				
7				
8				70,032
9	5,960,546			
10				
11				
12	6,722,036			70,032

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

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

Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	BALANCE AT END OF YEAR		Line No.
			Taxes Accrued (Account 236) (g)	Prepaid Taxes (Incl. In Account 165) (h)	
					1
2,396,081	1,202,583		92,259		2
7,465	8,474		3,886		3
1,962,569			71,129		4
					5
	8,039				6
	373,537				7
					8
6,026,703			2,482,009		9
628,161	5,960,755		25,044		10
2,503					11
20,685	33,189		8,391		12
14,798			6,363		13
11,058,965	7,586,577		2,689,081		14

DISTRIBUTION OF TAXES CHARGED

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

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)			
1. Give description and amount of other current and accrued liabilities as of the end of year. 2. Minor items may be grouped by classes, showing number of items in each class.			
Line No.	Item (a)	Balance End of Year (b)	
1	Curr & Accr Liab - 401K Serv Acc	549,584	
2	Empl Garnish Payroll	2,910	
3	Curr & Accr Liab - Misc Payroll	2,816	
4	Cur & Acc Liab - Union Dues Pay	90	
5	Current SERP Obligation	22,111	
6	Current Sick Pay Plan Obligation	43,229	
7	Current Pension Restoratoin	28,733	
8	Curr Post Retirement Obligation	21,834	
9	C&A Liab - 401K Deducts	85,660	
10	Curr & Acc Liab - Vac Pay Accrued	1,580,621	
11	Accrued Wages Payable	444,951	
12	Empl Cost - Flex Spending Plan	1,839	
13	EWR Program Liability	258,907	
14	HSA Contribution Payable	83	
15	Accrued Workers Comp Claim Liability	41,579	
16	Accrued Pay at Risk	1,008,000	
17	PSCR Overcollection 2018	1,450,096	
18			
19			
20	TOTAL	5,543,043	

CUSTOMER ADVANCES FOR CONSTRUCTION (Account 252)		
Line No.	List Advances by department (a)	Balance End of Year (b)
21	Electric	2,279,915
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39	TOTAL	2,279,915

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) [] An Original (2) [X] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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OTHER DEFERRED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (less than \$10,000) may be grouped by classes.

Line No.	Description of Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year of Report (f)
			Contra Account (c)	Amount (d)		
1	Bond Falls Mitigation	454,431	Various	57,826	115,360	511,965
2	Outstanding Checks Cancelled	4,897	Various			4,897
3	Warden Ash Site	660,000	186	55,000		605,000
4	Sick Leave Term Pay	101,945	131	14,408		87,537
5	Deferred Comp	195,156		158,832	84,090	120,414
6	Workers Comp Claim Reserve	152,202		86,793		65,409
7	Deferred Income Plan	94,339	131	94,131	68,630	68,838
8	Other Def Cr/Cust Work	46,386		46,386		0
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
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42						
43						
44						
45						
46						
47	TOTAL	1,709,356		513,376	268,080	1,464,060

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) [] An Original (2) [X] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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**ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY
(Account 282)**

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

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Acct. 410.1 (c)	Amounts Credited to Acct. 411.1 (d)
1	Account 282			
2	Electric	13,691,120	2,345,004	3,032,695
3	Gas			
4	Other (Define)			
5	TOTAL (Enter total of lines 2 thru 4)	13,691,120	2,345,004	3,032,695
6	Other (Specify)			
7				
8	Non Utility	673,306	1,190	(21,190)
9	TOTAL Account 282 (Enter total of lines 5 thru 8)	14,364,426	2,346,194	3,011,505
10	Classification of TOTAL			
11	Federal Income Tax	11,989,080	1,915,558	2,626,883
12	State Income Tax	2,375,344	430,606	427,003
13	Local Income Tax			

NOTES

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) [] An Original (2) [X] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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**ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY
(Account 282) (Continued)**

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

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year	Line No.
Amounts Debited to Acct. 410.2 (e)	Amounts Credited to Acct. 411.2 (f)	DEBITS		CREDITS			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	(k)	
							1
			1,333,910		1,292,549	12,962,068	2
							3
							4
			1,333,910		1,292,549	12,962,068	5
							6
							7
			136		(2,771)	692,779	8
0	0		1,334,046		1,289,778	13,654,847	9
							10
			971,902		792,948	11,098,801	11
			60,412		237,511	2,556,046	12
							13

NOTES (Continued)

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283)

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

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Acct. 410.1 (c)	Amounts Credited to Acct. 411.1 (d)
1	Electric			
2	Plant			
3	Other Than Plant	23,594,989	1,347,601	468,344
4	Other Than Plant (FAS 109)			
5				
6	Other			
7	TOTAL Electric <i>(total of lines 2 thru 6)</i>	23,594,989	1,347,601	468,344
8	Gas			
9				
10				
11				
12				
13	Other			
14	TOTAL Gas <i>(Total of lines 9 thru 13)</i>			
15	Other (Specify) Non Utility	(226,065)		5,664
16	TOTAL (Account 283) <i>(Enter total of lines 7, 14 and 15)</i>	23,368,924	1,347,601	474,008
17	Classification of TOTAL			
18	Federal Income Tax	19,955,659	1,052,348	378,046
19	State Income Tax	3,413,265	295,253	95,962
20	Local Income Tax			

NOTES

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

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

4. Fill in all columns for all items as appropriate.

5. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Acct. 410.2 (e)	Amounts Credited to Acct. 411.2 (f)	DEBITS		CREDITS			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	(k)	
							1
							2
						24,474,246	3
							4
							5
							6
0	0		0		0	24,474,246	7
							8
							9
							10
							11
							12
							13
0	0		0		0		14
						(231,729)	15
0	0		0		0	24,242,517	16
							17
						20,629,961	18
						3,612,556	19
							20

NOTES (Continued)

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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OTHER REGULATORY LIABILITIES

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

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	DEBITS		Credits (d)	Balance at End of Year (e)
		Account Credited (b)	Amount (c)		
1	Derivatives	175	60,359	42,870	33
2	Regulatory Liability Pension Expense	449	3,344	760,261	1,603,802
3	Regulatory Liability Deferred Taxes	282	2,769	5,312	6,361,408
4	Regulatory Liability Deferred Tax Revenue	449		1,545,498	1,545,498
5					
6	See Footnote				
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21	TOTAL		66,472	2,353,941	9,510,741

NOTE: All amounts are recorded in Account 254.

Name of Respondent UPPER PENINSULA POWER COMPANY		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
FOOTNOTE DATE				
Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)	
278	6	a	<p>Formula Rate Regulatory Liabilities - Allocable to Distribution, Average of Line 5, Columns (b) and (f).</p> <p>Formula Rate Regulatory Liabilities - Direct Assigned to Distribution, None.</p>	

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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PARTICULARS CONCERNING CERTAIN OTHER INCOME ACCOUNTS

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

Line No.	Item (a)	Amount (b)
1	Revenues from Nonutility Operations	
2	NU hydro revenue	1,371,367
3	Renewable Energy Credits - NU hydro	24,688
4	Operation & Depreciation Expenses of Non-Utility Hydro	(939,939)
5		
6		
7		
8	Subtotal 417	456,116
9		
10	Non-Operating Rental Income	
11		0
12		
13	Subtotal 418	0
14		
15		
16	Equity Earning of Subsidiaries	
17		
18	Subtotal 419	0
19		
20		
21	Interates and Dividend Income	
22		
23	Miscellaneous Interest & Div Inc	20,296
24		
25	Allowance for Funds Used for Construction	1,158
26		
27	Subtotal 419	21,454
28		
29		
30		
31		
32		

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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	54,758,676	59,011,988
3	(442) Commercial and Industrial Sales		
4	Small (or Commercial)	19,806,470	25,613,393
5	Large (or Industrial)	17,739,931	23,078,113
6	(444) Public Street and Highway Lighting	1,611,296	1,866,761
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	93,916,373	109,570,255
13			
14	(447) Sales for Resale	895,200	671,071
15	TOTAL Sales of Electricity	94,811,573 *	110,241,326
16			
17	(Less) (449.1) Provision for Rate Refunds	(1,200,083)	5,999,467
18	TOTAL Revenue Net of Provision for Refunds	96,011,656	104,241,859
19	Other Operating Revenues		
20	(450) Forfeited discounts	632,145	118,158
21	(451) Miscellaneous Service Revenues	2,728	2,153
22	(453) Sales of Water and Water Power	45,462	44,571
23	(454) Rent from Electric Property	211,135	197,252
24	(455) Interdepartmental Rents		
25	(456) Other Electric Revenues	1,207,491	1,105,744
26			
27			
28			
29			
30	TOTAL Other Operating Revenues	2,098,961	1,467,878
31			
32	TOTAL Electric Operating Revenues	98,110,617	105,709,737

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) [X] An Original (2) [] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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ELECTRIC OPERATING REVENUES (Account 400) (Continued)

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

MEGAWATT HOURS SOLD		AVERAGE NUMBER OF CUSTOMERS PER MONTH		Line No.
Amount for Year (d)	Amount for Previous Year (e)	Number for Year (f)	Number or Previous Year (g)	
251,968	241,786	47,244	46,389	1
				2
				3
149,946	144,084	5,812	5,648	4
321,862	341,353	60	56	5
4,505	4,704	75	72	6
				7
				8
				9
				10
				11
728,281	731,927	53,191	52,165	12
25,066	13,266	1	1	13
				14
753,347 *	745,193	53,192	52,166	15
				16
				17
753,347	745,193	53,192	52,166	18

* Include \$ (836,497) unbilled revenues.

** Includes 7,267 MWH relating to unbilled revenues.

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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FOOTNOTE DATE

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
300	14	b	Includes \$700,746 for FERC Order 668-A.
300	14	c	Includes \$406,849 for FERC Order 668-A.
301	14	d	Includes 24,240 Mwh for FERC Order 668-A
301	14	e	Includes 12,634 Mwh for FERC Order 668-A.

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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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)
1	440 Residential Sales	0	0	0	0	0
2	A-1 Residential	205,017	45,924,556	40,529	5,059	0.2240
3	A-2 Residential	18,081	3,833,491	3,280	5,513	0.2120
4	AH-1 Electric Heat	27,581	5,265,229	3,435	8,029	0.1909
5	AH-2 Electric Heat	0	0	0	0	0.0000
6	Z-1&3 Dusk to Dawn	444	193,244	0	0	0.4352
7	Z-2&4 Dusk to Dawn	53	18,567	0	0	0.3503
8	TOTAL	251,176	55,235,087	47,244	5,317	0.2199
9	442 Comercial & Industrial	0	0	0	0	0.0000
10	C-1 General Commercial	64,172	9,874,050	5,079	12,635	0.1539
11	C-2 General Commercial	0	0	0	0	0.0000
12	H-1 Commercial Heating	7,928	960,116	232	34,172	0.1211
13	H-2 Commercial Heating	0	0	0	0	0.0000
14	P-1 Light & Power	77,106	9,985,980	502	153,598	0.1295
15	RTMP	172,137	7,095,603	1	172,137,000	0.0412
16	CP-I Interruptible Rider	403	46,301	19	21,211	0.1149
17	WP-3	28,754	1,245,298	5	5,750,800	0.0433
18	Z-1&3 Dusk to Dawn	658	225,192	0	0	0.3422
19	Z-2&4 Dusk to Dawn	83	26,583	0	0	0.3203
20	C-1 Commercial	0	0	0	0	0.0000
21	C-2 Commercial-IR	0	0	0	0	0.0000
22	CPU	114,068	8,441,230	54	2,112,370	0.0740
23						
24	TOTAL	465,309	37,900,353	5,892	78,973	0.0815
25						
26	444 Public Street Hwy Light	4,529	1,617,430	75	60,387	0.3571
27	TOTAL	4,529	1,617,430	75	60,387	0.3571
28	Unbilled Revenue by					
29	Revenue Class:					
30	Residential	792	(473,646)			(0.5980)
31	Comm & Industrial	6,500	(353,152)			(0.0543)
32	Public Street Hwy Light	(25)	(9,699)			0.3880
33						
34	Total Billed	721,014	94,752,870			
35	Total Unbilled Rev. (See Instr. 6)	7,267	(836,497)			
36	TOTAL	728,281	93,916,373			

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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FOOTNOTE DATE

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
304	6	d	No count customer
304	7	d	No count customer
304	18	d	No count customer
304	19	d	No count customer

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(Next is 310)

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
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SALES FOR RESALE (Account 447)

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

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

3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

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

LF - for long-term service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended

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

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

SF - for short-term firm service. Use this category for commitment for service is one year or less.

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

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

OS - for other service. Use this category only for

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff No. (c)	Avg. Monthly Billing Dmnd. (MW) (d)	Actual Demand (MW)	
					Avg. Monthly NCP Demand (e)	Avg. Monthly CP Demand (f)
1	Michigan Public Power Agency	OS				
2	Renewable Energy Credits	OS				
3						
4	Midcontinent ISO (MISO)					
5	General Purpose	OS	1			
6	Ancillary Services	OS	1			
7	MISO Resource Adequacy Auction	OS	1			
8						
9						
10						
11						
12						
13						
14						

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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SALES FOR RESALE (Account 447) (Continued)

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

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

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

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

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

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

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

8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j).

Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.

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

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

Megawatt hours Sold (g)	REVENUE				Line No.
	Demand Charges (\$) (h)	Energy Charges (\$) (i)	Other Charges (\$) (j)	Total (\$) (h + i + j) (f)	
			22,154	22,154	1
				0	2
				0	3
				0	4
25,066		730,235		730,235	5
			129,722	129,722	6
	13,088			13,088	7
					8
					9
					10
					11
					12
					13
					14

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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FOOTNOTE DATE

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
			Comments
310	5	c	Market Based Rate Tariff Vol. No. 1
310	6	c	Market Based Rate Tariff Vol. No. 1
310	7	c	Market Based Rate Tariff Vol. No. 1
310	5	g	Midcontinent ISO ("MISO") - Non-firm service. Includes adjustment for compliance with FERC Order 668-A. The megawatt hours reported are the total megawatt hours sold to MISO. The megawatt hour sales when netted on an hourly basis with the megawatt hours purchased from MISO are 826.
310	5	i	Midcontinent ISO ("MISO") - Non-firm service. Includes adjustment for compliance with FERC Order 668-A. The dollars reported are the total dollars sold to MISO. The dollar sales when netted on an hourly basis with the dollars purchased from MISO are \$29,490.
310	6	j	Ancillary Services - Schedule 2 Firm Sales.

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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ELECTRIC OPERATION AND MAINTENANCE EXPENSES

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

Line No.	Account (a)	Amt. For Current Year (b)	Amt. For Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering		
5	(501) Fuel		
6	(502) Steam Expenses		
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred - CR.		
9	(505) Electric Expenses		
10	(506) Miscellaneous Steam Power Expenses		
11	(507) Rents		
12	Allowances		
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	0	0
14	Maintenance		
15	(510) Maintenance Supervision and Engineering		
16	(511) Maintenance of Structures	19,875	29,082
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)	19,875	29,082
21	TOTAL Power Production Expenses-Steam Power (Total of lines 13 & 20)	19,875	29,082
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)	0	0
34	Maintenance		
35	(528) Maintenance Supervision and Engineering		
36	(529) Maintenance of Structures		
37	(530) Maintenance of Reactor Plant Equipment		
38	(531) Maintenance of Electric Plant		
39	(532) Maintenance of Miscellaneous Nuclear Plant		
40	TOTAL Maintenance (Enter Total of Lines 35 thru 39)		
41	TOTAL Power Production Expenses-Nuclear Power (Total of lines 33 & 40)	0	0
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering	1,240,542	1,198,314
45	(536) Water for Power		
46	(537) Hydraulic Expenses	4,543	565
47	(538) Electric Expenses	309,227	394,017
48	(539) Miscellaneous Hydraulic Power Generation Expenses	54,906	50,552
49	(540) Rents	86,318	79,950
50	TOTAL Operation (Enter Total of Lines 44 thru 49)	1,695,536	1,723,398

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (cont'd)

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

Line No.	Account (a)	Amt. For Current Year (b)	Amt. For Previous Year (c)
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Maintenance Supervision and Engineering	195,184	220,258
54	(542) Maintenance of Structures	8,417	14,508
55	(543) Maintenance of Reservoirs, Dams, and Waterways	189,182	231,568
56	(544) Maintenance of Electric Plant	478,417	496,436
57	(545) Maintenance of Miscellaneous Hydraulic Plant	11,551	5,188
58	TOTAL Maintenance (Total of Lines 53 thru 57)	882,751	967,958
59	TOTAL Pwr. Production Expenses-Hydraulic Pwr.(Total of lines 50 & 58)	2,578,287	2,691,356
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering		
63	(547) Fuel	403,665	119,774
64	(548) Generation Expenses	987	5,152
65	(549) Miscellaneous Other Power Generation Expenses	46,819	(4,441)
66	(550) Rents	680	
67	TOTAL Operation (Total of Lines 62 thru 66)	452,151	120,485
68	Maintenance		
69	(551) Maintenance Supervision and Engineering		
70	(552) Maintenance of Structures	24,609	13,042
71	(553) Maintenance of Generating and Electric Plant	4,165	16,860
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	131,081	5,707
73	TOTAL Maintenance (Total of Lines 69 thru 72)	159,855	35,609
74	TOTAL Power Production Expenses-Other Power (Total of Lines 67 & 73)	612,006	156,094
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	23,186,167	27,546,787
77	(556) System Control and Load Dispatching	1,130,297	682,444
78	(557) Other Expenses		
79	Total Other Power Supply Expenses (Total of Lines 76 thru 78)	24,316,464	28,229,231
80	Total Pwr. Production Expenses (Total of lines 21, 41, 59, 74 & 79)	27,526,632	31,105,763
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering		
84	(561) Load Dispatching	608,488	980,981
85	(562) Station Expenses		
86	(563) Overhead Lines Expenses		
87	(564) Underground Lines Expenses		
88	(565) Transmission of Electricity by Others	6,993,396	5,804,483
89	(566) Miscellaneous Transmission Expenses		
90	(567) Rents		
91	TOTAL Operation (Total of Lines 83 thru 90)	7,601,884	6,785,464
92	Maintenance		
93	(568) Maintenance Supervision and Engineering		
94	(569) Maintenance of Structures	245	148
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)	245	148
100	TOTAL Transmission Expenses (Total of Lines 91 & 99)	7,602,129	6,785,612
101			
102	(575) Market Facilitation, Monitoring and Compliance Services	79,574	73,412
103	TOTAL Regional Transmission and Market OP Exp	79,574	73,412
104	3. DISTRIBUTION EXPENSES		
105	Operation		
106	(580) Operation Supervision and Engineering	1,901,707	2,283,070

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (cont'd)

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

Line No.	Account (a)	Amt. For Current Year (b)	Amt. For Previous Year (c)
107	3. DISTRIBUTION EXPENSES (Continued)		
108	(581) Load Dispatching	5,605	31,059
109	(582) Station Expenses	929,695	654,348
110	(583) Overhead Line Expenses	46,873	129,286
111	(584) Underground Line Expenses	9,732	20,246
112	(585) Street Lighting and Signal System Expenses	43,448	175,118
113	(586) Meter Expenses	691,901	690,867
114	(587) Customer Installations Expenses		
115	(588) Miscellaneous Expenses	1,745,745	1,574,720
116	(589) Rents	54,096	65,291
117	TOTAL Operation (Total of Lines 106 thru 113)	5,428,802	5,624,005
118	Maintenance		
119	(590) Maintenance Supervision and Engineering	144,677	66,905
120	(591) Maintenance of Structures		
121	(592) Maintenance of Station Equipment	1,001,326	885,966
122	(593) Maintenance of Overhead Lines	4,162,639	7,164,035
123	(594) Maintenance of Underground Lines	466,135	476,446
124	(595) Maintenance of Line Transformers	225,047	308,167
125	(596) Maintenance of Street Lighting and Signal Systems	2,836	4,305
126	(597) Maintenance of Meters	5,087	9,279
127	(598) Maintenance of Miscellaneous Distribution Plant	18,594	(575,378)
128	TOTAL Maintenance (Total of Lines 116 thru 124)	6,026,341	8,339,725
129	TOTAL Distribution Expenses (Total of Lines 114 & 125)	11,455,143	13,963,730
130	4. CUSTOMER ACCOUNTS EXPENSES		
131	Operation		
132	(901) Supervision	445,832	409,004
133	(902) Meter Reading Expenses	1,015,190	898,406
134	(903) Customer Records and Collection Expenses	1,171,747	1,261,067
135	(904) Uncollectible Accounts	568,896	2,198,285
136	(905) Miscellaneous Customer Accounts Expenses		
137	TOTAL Customer Accounts Expenses (Total of Lines 129 thru 133)	3,201,665	4,766,762
138	5. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
139	Operation		
140	(907) Supervision	177,080	
141	(908) Customer Assistance Expenses	2,130,950	2,434,751
142	(909) Informational and Instructional Expenses	579,279	316,638
143	(910) Miscellaneous Customer Service and Informational Expenses		
144	TOTAL Customer Service and Informational Exp. (Total of Lines 137 thru 140)	2,887,309	2,751,389
145	6. SALES EXPENSE		
146	Operation		
147	(911) Supervision		
148	(912) Demonstrating and Selling Expenses		
149	(913) Advertising Expenses		
150	(916) Miscellaneous Sales Expenses		
151	Total Sales Expenses (Total of Lines 144 thru 147)	0	0
152	7. ADMINISTRATIVE AND GENERAL EXPENSES		
153	Operation		
154	(920) Administrative and General Salaries	2,787,158	2,847,577
155	(921) Office Supplies and Expenses	967,672	1,160,986
156	(Less) (922) Administrative Expenses Transferred - CR		

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (cont'd)

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

Line No.	Account (a)	Amt. For Current Year (b)	Amt. For Previous Year (c)
154	7. ADMINISTRATIVE AND GENERAL EXPENSES (Continued)		
155	(923) Outside Services Employed	904,602	923,220
156	(924) Property Insurance	494,669	469,583
157	(925) Injuries and Damages	705,599	636,015
158	(926) Employee Pensions and Benefits	3,764,160	3,898,427
159	(927) Franchise Requirements		
160	(928) Regulatory Commission Expenses	855,917	667,362
161	(929) Duplicate Charges - CR .		
162	(930.1) General Advertising Expenses		
163	(930.2) Miscellaneous General Expenses	30,691	123,578
164	(931) Rents	38,852	67,880
165	TOTAL Operation (<i>Total of Lines 151 thru 164</i>)	10,549,320	10,794,628
166	Maintenance		
167	(935) Maintenance of General Plant		
168	TOTAL Administrative and General Expenses (<i>Total of Lines 165 & 167</i>)	10,549,320	10,794,628
169	TOTAL Electric Operation and Maintenance Expenses (<i>Enter total of lines 80, 100, 126, 134, 141, 148, and 168</i>)	63,301,772	70,241,296

NUMBER OF ELECTRIC DEPARTMENT EMPLOYEES

1. The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.

2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.

3. The number of employees assignable to the electric department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the electric department from joint functions.

1. Payroll Period Ended (Date)	12/31/2018
2. Total Regular Full-Time Employees	175
3. Total Part-Time and Temporary Employees	1
4. Total Employees	176

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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FOOTNOTE DATE

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
321	76	b	Includes \$700,746 for FERC Order 668-A.
321	76	c	Includes \$406,849 for FERC Order 668-A.

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Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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**PURCHASED POWER (Account 555)
(Including power exchanges)**

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

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

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

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

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

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

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

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

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

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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PURCHASED POWER (Account 555) (Continued)
(Including power exchanges)

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

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

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

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

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

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

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

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

Megawatthours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	Megawatthours Received (h)	Megawatthours Delivered (i)	Demand Charges (\$) (j)	Energy Charges (\$) (k)	Other Charges (\$) (l)	Total (j + k + l) or Settlement (\$) (m)	
	40,530			-	1,533,672		
420			-	38,199		38,199	2
247,875			-	8,038,105		8,038,105	3
285			-	47,205		47,205	4
13,281			-	1,028,726		1,028,726	5
-			(226,926)	(26,702)		(253,628)	6
350,760			-	11,223,420		11,223,420	7
-			700,000	-		700,000	8
21,600			-	830,520		830,520	9
							10
							11
							12
							13
674,751			473,074	22,713,145	-	23,186,219	14

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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SALES TO RAILROADS AND RAILWAYS AND INTERDEPARTMENTAL SALES (Accounts 446, 448)

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

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

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

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

Line No.	Name of Lessee or Department (a)	Description of Property (b)	Amount of Revenue for Year (c)
16	Account 787		
17			
18	Pole Contact Rental		192,345
19	Land Rent		18,790
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			211,135

Name of Respondent UPPER PENINSULA POWER CON	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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SALES OF WATER AND WATER POWER (Account 453)

1. Report below the information called for concerning revenues derived during the year from sales to others of water or water power. 2. In column (c) show the name of the power development		of the respondent supplying the water or waer power sold. 3. Designate associated companies.		
Line No.	Name of Purchaser (a)	Purpose for Which Water Was Used (b)	Power Plant Development Supplying Water or Water Power (c)	Amount of Revenue for Year (e)
1 2 3 4 5 6 7 8 9	Marquette Board of Light and Powere	Generation	Silver Lake	45,462
10	TOTAL			45,462

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 12 13	Geographic Basis			
14	<u>Miscellaneous Service Revenues (451)</u>			
15	Minor Items	2,728		
16	Total	2,728		
17				
18	<u>Other Electric Revenues (456)</u>			
19	Telephone Company Poles & Related Services			
20	Wholesale Distribution Services	952,610		
21	Sale of Electric Parts, Material, and Scrap			
22	Minor Items	254,881		
23	Total	1,207,491		
24 25 26 27 28 29				
30	TOTAL	1,210,219		

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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**TRANSMISSION OF ELECTRICITY BY OTHERS (Account 565)
(Including transactions referred to as "wheeling")**

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

Line No.	Name of Company or Public Authority [Footnote Affiliations] (a)	TRANSFER OF ENERGY		EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS			
		Megawatthours Received (b)	Megawatthours Delivered (c)	Demand Charges (\$) (d)	Energy Charges (\$) (e)	Other Charges (\$) (f)	Total Cost of Transmission (\$) (g)
1	Midcontinent ISO Network	778,421		2,279,589			2,279,589
2	American Trans Co				4,713,807		4,713,807
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16		778,421	-	2,279,589	4,713,807	-	6,993,396

Name of Respondent UPPER PENINSULA POWER COMPANY		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (ELECTRIC)				
Line No.	Description (a)	Amount (b)		
1	Industry Association Dues	5,682		
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>	25,009		
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
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19				
20				
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41				
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43				
44				
45				
46	TOTAL	30,691		

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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**DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Accounts 403, 404, 405)
(Except amortization of acquisition adjustments)**

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

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

A. SUMMARY OF DEPRECIATION AND AMORTIZATION CHARGES

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization of Limited-Term Electric Plant (Account 404) (c)	Amortization of Other Electric Plant (Acct. 405) (d)	Total (e)
1	Intangible Plant			3,515,396	3,515,396
2	Steam Production Plant				0
3	Nuclear Prod Plant-Depreciation Nuclear Prod Plant- Decommissioning				0 0 0
4	Hydraulic Prod Plant-Conventional	2,868,955			2,868,955
5	Hydraulic Prod Plant-Pumped Storage				0 0
6	Other Production Plant	162,535			162,535
7	Transmission Plant				0
8	Distribution Plant	5,218,966			5,218,966
9	General Plant	848,067			848,067
10	Common Plant-Electric				
11	TOTAL	9,098,523	0	3,515,396	12,613,919

B. BASIS FOR AMORTIZATION CHARGES

--

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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**PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS
AND INTEREST CHARGES ACCOUNTS**

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

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

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

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

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

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

Line No.	Item (a)	Amount (b)
1	Miscellaneous Amortization (425)	0
2	Total - 425	0
3		
4	Donations (426.1)	101,369
5	Total - 426.1	101,369
6		
7	Key Executive Life Insurance (426.2)	0
8	Total - 426.2	0
9		
10	Penalties (426.3)	60
11	Total - 426.3	60
12		
13	Expenses for Certain Civil, Political, & Related Activities (426.4)	1,556
14	Total - 426.4	1,556
15		
16	Other Deductions (426.5)	5,719
17	Total - 426.5	5,719
18		
19	Interest of Debt to Associated Companies (430)	5,027,633
20	Total - 430	5,027,633
21		
22	Other Interest Expense (431)	491,794
23	Total - 431	491,794
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36	TOTAL	5,628,131

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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EXPENDITURES FOR CERTAIN CIVIC, POLITICAL AND RELATED ACTIVITIES

(Account 426.4)

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

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

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

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

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

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

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

Line No.	Item (a)	Amount (b)
1	Lobbying	\$ 1,556
2		
3		
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31		
32	TOTAL	1,556

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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REGULATORY COMMISSION EXPENSES

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

a body was a party.
2. Report in columns (b) and (c), only the current year's expenses that are not deferred and the current year's amortization of amounts deferred in previous years.

Line No.	Description <i>(Furnish name of regulatory commission or body, the docket or case number, and a description of the case.)</i> (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expenses for current year (b) + (c) (d)	Deferred at Beginning of Year (e)
1	North American Electric Reliability Comm	26,992		26,992	
2	Michigan Public Service Commission	217,859	157,985	375,844	
3	Federal Energy Regulatory Commission	113,915		113,915	
4					
5					
6					
7					
8					
9					
10					
11					
12					
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44	TOTAL	358,766	157,985	516,751	

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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REGULATORY COMMISSION EXPENSES (Continued)

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

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

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

EXPENSES INCURRED DURING YEAR			AMORTIZED DURING YEAR				Line No.
CHARGED CURRENTLY TO			Deferred (i)	Contra Account (j)	Amount (k)	Deferred at End of Year (l)	
Department (f)	Account No. (g)	Amount (h)					
	928	26,992					1
	923/928	375,844					2
	928/539	113,915					3
							4
							5
							6
							7
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		516,751	0		0	0	44

Name of Respondent UPPER PENINSULA POWER COM	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided.

In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	ELECTRIC			
2	Operation			
3	Production	1,461,062		
4	Transmission	0		
5	Distribution	3,663,279		
6	Customer Accounts	1,960,338		
7	Customer Service and Informational	464,612		
8	Sales	0		
9	Administrative and General	2,773,566		
10	TOTAL Operation <i>(Enter Total of lines 3 thru 9)</i>	10,322,857		
11	Maintenance			
12	Production	608,672		
13	Transmission	0		
14	Distribution	2,151,424		
15	Administrative and General	0		
16	TOTAL Maintenance <i>(Total of lines 12 thru 15)</i>	2,760,096		
17	Total Operation and Maintenance			
18	Production <i>(Enter Total of lines 3 and 12)</i>	2,069,734		
19	Transmission <i>(Enter Total of lines 4 and 13)</i>	0		
20	Distribution <i>(Enter Total of lines 5 and 14)</i>	5,814,703		
21	Customer Accounts <i>(Transcribe from line 6)</i>	1,960,338		
22	Customer Svc. And Informational <i>(Transcribe from line 7)</i>	464,612		
23	Sales <i>(Transcribe from line 8)</i>	0		
24	Administrative and General <i>(Enter Total of lines 9 & 15)</i>	2,773,566		
25	TOTAL Oper. And Maint. <i>(Total of lines 18 thru 24)</i>	13,082,953	0	13,082,953
26	GAS			
27	Operation			
28	Production-Manufactured Gas			
29	Production-Nat. Gas (Including Expl. And Dev.)			
30	Other Gas Supply			
31	Storage, LNG Terminaling and Processing			
32	Transmission			
33	Distribution			
34	Customer Accounts			
35	Customer Service and Informational			
36	Sales			
37	Administrative and General			
38	TOTAL Operation <i>(Enter Total of lines 28 thru 37)</i>	0		

Name of Respondent UPPER PENINSULA POWER	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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DISTRIBUTION OF SALARIES AND WAGES (Continued)

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided.

In determining this segregation of salaries and wages originally charged to clearing accounts, a method of apportionment giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
	GAS (Continued)			
39	Maintenance			
40	Production-Manufactured Gas			
41	Production-Natural Gas			
42	Other Gas Supply			
43	Storage, LNG Terminating and Processing			
44	Transmission			
45	Distribution			
46	Administrative and General			
47	TOTAL Maint. (Enter Total of lines 40 thru 46)			
48	Total Operation and Maintenance			
49	Production-Manufactured Gas (Total of lines 28 and 40)	0		
50	Production-Nat. Gas (Including Expl. & Dev.) (Total of lines 29 and 41)	0		
51	Other Gas Supply (Enter Total of lines 30 and 42)	0		
52	Storage, LNG Terminating and Processing (Total of lines 31 and 43)	0		
53	Transmission (Lines 32 and 44)	0		
54	Distribution (Lines 33 and 45)	0		
55	Customer Accounts (Line 34)	0		
56	Customer Service and Informational (Line 35)	0		
57	Sales (Line 36)	0		
58	Administrative and General (Lines 37 and 46)	0		
59	TOTAL Operation & Maint. (total of lines 49 thru 58)	0		
60	OTHER UTILITY DEPARTMENTS			
61	Operation and Maintenance			
62	TOTAL All Utility Dept. (Total of lines 25, 59 & 61)	13,082,953	0	13,082,953
63	UTILITY PLANT			
64	Construction (By Utility Departments)			
65	Electric Plant	5,159,194		5,159,194
66	Gas Plant			
67	Other			
68	TOTAL Construction (Total of lines 65 thru 67)	5,159,194	0	5,159,194
69	Plant Removal (By Utility Departments)			
70	Electric Plant			
71	Gas Plant			
72	Other			
73	TOTAL Plant Removal (Total of lines 70 thru 72)	0	0	0
74	Other Accounts (Specify) Transportation			
75	Stores			
76	Non-Utility	273,397	0	273,397
77	TOTAL Other Accounts	273,397	0	273,397
78	TOTAL SALARIES AND WAGES	18,515,544	0	18,515,544

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounting to more than \$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	Alex Kwok Consulting	consulting	Billable hours	107, 902	51,410
2	219 Burns Dr Unit 7				
3	Richmond BC Canada				
4					
5	Asplundh Tree Expert Co	Contractor Serv	Billable hours	107, 593	194,927
6	PO Box 827464				
7	Philadelphia PA				
8					
9	GEI Consultants Inc	consulting	Billable hours	107, 417, 544	203,486
10	109 W Baraga Ave				
11	Marquette MI				
12					
13	Global Data Information	consulting	Billable hours	107	527,317
14	8920 Saint Pierre Dr				
15	Las Vegas NV				
16					
17	Kubra Data Transfer Ltd	Contractor Serv	Billable hours	902	373,452
18	30 Knox Dr				
19	Piscataway NJ				
20					
21	L&H Utility Services	Construction	Billable hours	107, 593	923,945
22	PO Box 2037				
23	Kingsford MI				
24					
25	Mastec North America	Construction	Billable hours	107, 593	793,978
26	PO Box 519				
27	Hugo MN				
28					
29	Mayer Brown LLP	legal	Billable hours	923	85,992
30	2027 Collection Center Dr				
31	Chicago IL				
32					
33					
34					
35					

Name of Respondent UPPER PENINSULA POWER COMPA	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounting to more than \$50,000, including payments for legislative services, except those which should be reported in Account 426.4, Expenditures for Certain Civic, Political and Related Activities.)

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

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

Line No.	Name/Address	Service	Basis of Charges	Acct #	Amount
1	Miller Canfield Paddock	Legal	Billable Hours	928, 923	559,338
2	PO Drawer 640348				
3	Detroit MI				
4					
5	Steve Manz	Consulting	Billable Hours	921, 107	45,064
6	5663 Eagle Harbour Rd				
7	West Vancouver BC Canada				
8					
9	Utegration	Consulting	Billable Hours	107, 921	1,392,273
10	3535 Briarpark Dr				
11	Houston TX				
12					
13	AECOM Technical Services	Consulting	Billable Hours	107, 417, 121	13,799
14	Chicago IL				
15					
16					
17					
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Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES

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

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	Upper Peninsula Power	parent	Long Term Debt Interest	430	5,027,633
2	Holding Co.				
3					
4					
5					
6					
7					
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30					
TOTAL					

Name of Respondent UPPER PENINSULA POWER COMPAN	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)

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

6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.

7. In column (j) report the total.

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

Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
				5,027,633		1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
			Total	5,027,633		15
						16
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Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) [] An Original (2) [X] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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ELECTRIC ENERGY ACCOUNT

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

Line No.	Item (a)	MWH's (b)	Line No.	Item (a)	MWH's (b)
1	SOURCES OF ENERGY		18	Net Transmission for other (<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>)	802,660
4	Nuclear		21	DISPOSITION OF ENERGY	
5	Hydro-Conventional	126,866	22	Sales to Ultimate Consumers (Including Interdepartmental Sales)	728,281
6	Hydro-Pumped Storage		23	Requirements Sales for Resale (See instruction 4, page 311.)	
7	Other	1,042	24	Non-Requirements Sales For Resale (See instruction 4, page 311.)	25,066
8	LESS Energy for Pumping		25	Energy furnished without charge	
9	Net Generation (<i>Total of lines 3 thru 8</i>)	127,908	26	Energy used by the company (Electric Dept. only, excluding station use)	2,824
10	Purchases	674,752	27	Total Energy Losses	46,489
11	Power Exchanges:		28	TOTAL (<i>Enter total of lines 22 thru 27</i>) (MUST equal line 20)	802,660
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

1. If the respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.	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).
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.	5. Report in columns (e) and (f) the specified information for each monthly peak load reported in column (d).
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.	

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	64,049	2,284	113	8	1100
30	February	56,000	522	111	21	1300
31	March	61,283	307	105	30	1500
32	April	62,246	363	114	12	1000
33	May	59,849	1,061	108	25	1100
34	June	58,947	712	125	30	0:00
35	July	75,676	88	137	9	1400
36	August	75,976	226	137	10	1300
37	September	74,231	4,041	118	14	2000
38	October	76,846	6,465	122	11	1200
39	November	74,493	5,835	116	12	1700
40	December	63,066	3,646	106	19	800
41	TOTAL	802,662	25,550			

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2018	Year of Report 12/31/18
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FOOTNOTE DATE

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
401	10	b	Purchases have been reported in accordance with FERC Order 668-A, which requires transactions for the real-time and day-ahead RTO administered energy markets to be seperately reported for each hour. The total purchases when the MISO purchases and sales are netted on an hourly basis are 650,512 MWH.
401	24	b	Sales have been reported in accordance with FERC Order 668-A, which requires transactions for the real-time and day-ahead RTO administered energy markets to be seperately reported for each hour. The total sales when the MISO purchases and sales are netted on an hourly basis are 674,752 MWH.

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) [] An Original (2) [X] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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STEAM-ELECTRIC GENERATION PLANT STATISTICS (Large Plants)

- | | |
|---|---|
| <p>1. Report data for Plant in Service only.</p> <p>2. Large plants are steam plants with installed capacity (name plate rating) of 25,000 Kw or more, and nuclear plants.</p> <p>3. Indicate by footnote any plant leased or operated as a joint facility.</p> <p>4. If net peak demand for 60 minutes is not available, give data which is available, specifying period.</p> <p>5. If any employees attend more than one plant, report on line 11 the approximate number of employees assignable to each plant.</p> | <p>6. If gas is used and purchased on a therm basis, report the Btu content of the gas and the quantity of fuel burned converted to Mef.</p> <p>7. Quantities of fuel burned (line 38) and average cost per unit of fuel burned (line 41) must be consistent with charges to expense accounts 501 and 547 (line 42) as shown on line 21.</p> <p>8. If more than one fuel is burned in a plant, furnish only the composite heat rate for all fuels burned.</p> <p>9. Items under Cost of PLant4 are based on U.S. of A. accounts. Production expenses do not include Purchased Power, System</p> |
|---|---|

Line No.	Item (a)	Plant Name: Portage (b)	Plant Name: Gladstone (c)
1	Kind of plant (steam, int. combustion. Gas turbine or nuclear)	gas turbine	gas turbine
2	Plant Constrctn. Type (Conventional/Outdr. Boiler/Full Outdoor/Etc.)	Conventional	Conventional
3	Year originally constructed	1973	1975
4	Year last unit was installed	1975	1987
5	Total Installed cpcty. (max. generator name plate ratings in MW)	22.60	22.60
6	Net Peak Demand on Plant-MW (60 minutes)		
7	Plant hours connected to load		
8	Net continuous plant capability (megawatts)		
9	When not limited by condenser water		
10	When limited by condenser water		
11	Average number of employees	2	1
12	Net generation, exclusive of plant use-KWh	1,022,467	19,903
13	Cost of plant: Land and Land Rights	7,353	55,663
14	Structures and Improvements	94,936	110,212
15	Equipment costs	3,428,681	2,249,241
16	Asset Retirement Costs		
17	Total cost	3,530,970	2,415,116
18	Cost per KW of Installed capacity (line 5)	156.2376	106.8635
19	Production Expenses: Oper., Supv., & Engr.		987
20	Fuel	390,902	12,763
21	Coolants and Water (Nuclear Plants only)		
22	Steam expenses		
23	Steam from other sources		
24	Steam transferred (credit)		
25	Electric expenses	27,883	680
26	Misc. steam (or nuclear) power expenses		
27	Rents		
28	Allowances		
29	Maintenance Supervision and Engineering		
30	Maintenance of structures		16,692
31	Maintenance of boiler (or reactor) plant		
32	Maintenance of electric plant	4,166	
33	Maintenance of Misc. steam (or nuclear) plant	53,116	597
34	Total Production Expenses	476,067	31,719
35	Expenses per net KWh	0.4656	1.5937
36	Fuel: Kind (coal, gas, oil, or nuclear)		
37	Unit: (coal-tons of 2,000 lb) (oil-barrels of 42 gals.) (Gas-Mcf) (Nuclear-indicate)		
38	Quantity (units) of fuel burned		
39	Avg. Heat cont. of fuel burned (Btu per lb. Of coal, per gal. of oil, or per Mcf of gas) (give unit if nuclear)		
40	Avg. cost of fuel per unit, as delvrd. F.o.b. plant during year		
41	Avg. cost of fuel per unit burned		
42	Avg. cost of fuel burned per million Btu		
43	Avg. cost of fuel burned per KWh net gen.		
44	Avg. Btu per KWh net generation		

Name of Respondent UPPER PENINSULA POWER COMP	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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HYDROELECTRIC GENERATING PLANT STATISTICS (Large Plants)

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

Line No.	ITEM (a)	FERC Licensed Project No. _____ Plant name: Victoria _____ (b)	FERC Licensed Project No. _____ Plant name: _____ (c)
1	Kind of Plant (Run-of-River or Storage)	Storage	
2	Type of Plant Construction (Conventional or Outdoor)	Conventional	
3	Year originally constructed	1930	
4	Year last unit was installed	1930	
5	Total Installed Capacity (Generator name plate ratings in MW)	12	
6	Net peak demand on plant-megawatts (60 minutes)		
7	Plant hours connected to load		
8	Net plant capability (in megawatts)		
9	(a) under the most favorable oper. conditions	13	
10	(b) under the most adverse oper. conditions	6	
11	Average number of employees	4	
12	Net generation, exclusive of plant use-KWh	63,571,651	
13	Cost of plant:		
14	Land and Land Rights	514,903	
15	Structures and Improvements	821,927	
16	Reservoirs, Dams, and Waterways	34,656,790	
17	Equipment costs	3,226,731	
18	Roads, railroads, and bridges	786,844	
19	Asset Retirement Costs		
20	TOTAL Cost (Enter total of lines 14 thru 19)	40,007,195	
21	Cost per KW of installed capacity (Line 20/5)	3333.932917	
22	Production Expenses:		
23	Operation Supervision and Engineering	313,054	
24	Water for power		
25	Hydraulic Expenses		
26	Electric Expenses	57,482	
27	Misc. Hydraulic Power Generation Expenses	609	
28	Rents		
29	Maintenance Supervision and Engineering		
30	Maintenance of Structures	6,200	
31	Maintenance of Reservoirs, Dams and Waterways	19,415	
32	Maintenance of Electric Plant	202,509	
33	Maintenance of Misc. Hydraulic Plant		
34	Total Production Expenses (Total lines 23 thru 33)	599,269	
35	Expenses per net KWh	0.0094	

Name of Respondent UPPER PENINSULA POWER COMP	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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GENERATING PLANT STATISTICS (Other Plants)

1. All other plants regardless of size or generation type

2. Designate any plant leased from others, operated under a license from the Federal Energy Regulatory Commission, or operated as a joint facility, and give a concise statement of the facts in a footnote. If licensed project, give project number in footnote.

Line No.	Name of Plant (a)	Year Orig. Const. (b)	Installed Capacity-Name Plate Rating (in MW) (c)	Net Peak Demand MW (60 min.) (d)	Net Generation Excluding Plant Use (e)	Cost of Plant (f)
1	Hydro:					
2	Prickett	1931	2.20		8,407,969	7,587,139
3	Hoist *	1925	4.40		13,899,898	18,357,314
4	McClure	1919	8.00		40,986,731	22,824,384
5						
6						
7	* Includes Silver Lake					
8						
9						
10						
11						
12						
13						
14						
15						
16						
17	TOTAL HYDRO		14.60		63,294,598	48,768,837
18						
19						
20						
21						
22						
23						
24						
25						
26						
27	WIND TURBINES					
28						
29						
30						
31	TOTAL WIND		0.00		0	0
32						
33						
34						
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Name of Respondent UPPER PENINSULA POWER COMPAN	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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GENERATING PLANT STATISTICS (Other Plants) (Continued)

3. List plants appropriately under subheadings for steam, hydro, nuclear, internal combustion, gas turbine plants, wind solar, biomass, etc. For nuclear, see inst. 11, p. 403. internal combustion or gas turbine equipment, etc report each as a separate plant. However, if the exhaust heat from the gas turbine is utilized in a steam turbine regenerative feed water cycle, or for preheated combustion air in a boiler, report as one plant.

4. If net peak demand for 60 minutes is not available, give that which is available, specifying period.

5. If any plant is equipped with combinations of steam, hydro

Plant Cost Per MW Inst Capacity (g)	Operation Exc'l Fuel (h)	Production Expenses		Kind of Fuel (k)	Fuel Cost (In cents per million Btu) (l)	Line No.
		Fuel (i)	Maintenance (j)			
3,448,699	111,455		71,459			1
4,172,117	305,267		198,432			2
2,853,048	201,981		163,187			3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
	618,703		433,078			16
						17
						18
						19
						20
						21
						22
						23
	0		0			24
						25
						26
						27
						28
						29
						30
	0		0			31
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						44

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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CHANGES MADE OR SCHEDULED TO BE MADE IN GENERATING PLANT CAPACITIES

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

A. Generating Plants or Units 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, wind, solar, biomass, etc.) (b)	Installed Capacity (in megawatts)		Estimated Dates of Construction	
			Initial (c)	Ultimate (d)	Start (e)	Completion (f)
15	None					
16						
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, wind, solar, biomass, 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						

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Name of Respondent UPPER PENINSULA POWER COMPAN	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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HYDROELECTRIC GENERATING PLANTS

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

Line No.	Name of Plant (a)	Location (b)	Name of Stream (c)	Water Wheels <i>(In column (e), indicate whether horizontal or vertical. Also indicate type of runner-Francis (F), fixed propeller (FP), automatically adjustable propeller (AP), Impulse (I). Designate reversible type of units by appropriate footnote)</i>			
				Attended or Unattended (d)	Type of Unit (e)	Year Installed (f)	Gross Static Head with Pond Full (g)
1	Victoria	Rockland, MI	Ontonagon	Unattended	Verticle (F)	1930	215
2							
3							
4							
5							
6							
7							
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Name of Respondent UPPER PENINSULA POWER COMPAN	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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HYDROELECTRIC GENERATING PLANTS (Continued)

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

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

Water Wheels (Continued)			Generators						Total Installed Generating Capacity	Line No.
Design Head (h)	RPM (i)	Maximum Hp. Capacity of Unit at Design Head (j)	Year Installed (k)	Voltage (l)	Phase (m)	Frequency or d.c. (n)	Name Plate Rating of Unit (in MW) (o)	No. of Units in Plant (p)	(Name Plate Ratings in megawatts) (q)	
210	300	9,000	1930	11,500	3	60	6	2	12	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37

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Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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INTERNAL-COMBUSTION ENGINE AND GAS-TURBINE GENERATING PLANTS

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

4. Designate any plants or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and term of lease, and annual rent. For any generating plant other than a leased plant, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or shares in the

Line No.	Name of Plant (a)	Location of Plant (b)	Prime Movers <i>Column (e), indicate basic cycle for gas-turbine as open or close indicate basic cycle for internal-combustion as 2 or 4.</i>			
			Internal-Combustion or Gas-Turbine (c)	Year Installed (d)	Cycle (e)	Belted or Direct Connected (f)
1	Portage Generating	South Range, MI	Gas Turbine	1973	Open	Direct
2	Gladstone Generating	Gladstone, MI	Gas Turbine	1987	Open	Direct
3						
4						
5						
6						
7						
8						
9						
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Name of Respondent UPPER PENINSULA POWER COMPAN	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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INTERNAL-COMBUSTION ENGINE AND GAS-TURBINE GENERATING PLANTS (Continued)

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

5. Designate any plant or portion thereof leased to another company and give name of lessee, date and term of lease

and annual rent and how determined. Specify whether lessee is an associated company.

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

Prime Movers (Continued)	Generators						Total Installed Generating Capacity (Name Plate Ratings in Mw) (n)	Line No.
	Rated Hp of Unit (g)	Year Installed (h)	Voltage (i)	Phase (j)	Frequency of d.c. (k)	Name Plate Rating of Unit (In MW) (l)		
30295	1973	12,500	3	60	24.6	1	22.6	1
31900	1987	12500	3	60	24.6	1	22.6	2
								3
								4
								5
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Name of Respondent	This Report Is:	Date of Report	Year of Report
UPPER PENINSULA POWER COMPANY	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 4/30/2019	12/31/18

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 KVa)		
			Primary (c)	Secondary (d)	Tertiary (e)
1	Freeman's Sub, Neg. Twp	Distribution	138.00	34.00	
2	Atlantic Sub, Atlantic Mine	Distribution	69.00	12.50	
3	Masonville, Mason Twp*	Distribution	69.00	34.00	
4	McClure Pit, Ishpeming	Distribution	2.40	34.00	
5	Barnum Sub, Ishpeming	Distribution	138.00	12.50	
6	Barnum Sub, Ishpeming	Distribution	69.00	12.50	
7	Barnum Sub, Ishpeming	Distribution	138.00	34.00	
8	Delta Sub, Wells Twp	Distribution	69.00	12.50	
9	Elevation St, Hancock*	Distribution	69.00	12.50	
10	KI Sawyer AFB	Distribution	69.00	12.50	
11	Henry Street Sub, Hurontown*	Distribution	69.00	12.50	
12	Lake Mine, Greenland Twp*	Distribution	69.00	7.20	
13	L'Anse Dist, L'Anse*	Distribution	69.00	12.50	
14	Lincoln Ave Sub, Iron River	Distribution	69.00	12.50	
15	M-38 Sub, Baraga Twp*	Distribution	69.00	12.50	
16	Negaunee City, Negaunee*	Distribution	34.00	4.16	
17	Ontonagon Sub, Ontonagon*	Distribution	69.00	12.50	
18	Munising Sub, City of Munising	Distribution	69.00	12.50	
19	Victoria, Rockland Twp	Distribution	69.00	12.50	
20	Osceola Sub, Laurium*	Distribution	69.00	12.50	
21	MTU, Houghton	Distribution	69.00	12.50	
22	Winona	Distribution	69.00	12.50	
23	13 Subs Under 10,000 KVA	Distribution			
24	Total		1,623.40	347.36	
25					
26					
27	* Substations serving customers with energy				
28	for resale				
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
---	---	---	----------------------------

SUBSTATIONS (Continued)

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

Capacity of Substation (In Service) (In Mva) (f)	Number of Transformers in Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In Mva) (k)	
25	1					1
37	1					2
20	2					3
10	2					4
22	1					5
12	1					6
22	1					7
28	2					8
28	2					9
15	2					10
15	1					11
1	1					12
35	3	1				13
32	2					14
7	1	1				15
8	1					16
7	1					17
41	4					18
31	3	1				19
45	2					20
25	2					21
4	1					22
90	15	7				23
560	52	10				24
						25
						26
						27
						28
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Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report 12/31/18
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FOOTNOTE DATE

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
426	23	a	Excludes energy for resale.

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
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ELECTRIC DISTRIBUTION METERS AND LINE TRANSFORMERS

1. Report below the information called for concerning distribution watt-hour metes and line transformers.
2. Include watt-hour demand distribution meters, but not external demand meters.
3. Show in a footnote the number of distribution watt-hour meters or line transformers held by the respondent under lease from others, jointly owned with others, or held otherwise than by reason of sole ownership by the respondent. If 500 or more meters

or line transformers are held under a lease, give name of lessor, date and period of lease, and annual rent. If 500 or more meters or line transformers are held other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of accounting for expenses between the parties, and state amounts and accounts affected in respondent's book of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Line No.	Item (a)	Number of Watt-Hours Meters (b)	LINE TRANSFORMERS	
			Number (c)	Total Capacity (In Mva) (d)
1	Number at Beginning of Year	63,165	24,076	708
2	Additions During Year			
3	Purchases	209	460	
4	Associated with Utility Plant Acquired			
5	TOTAL Additions (Enter Total of lines 3 and 4)	209	460	0
6	Reduction During Year			
7	Retirements	1,449		
8	Associated with Utility Plant Sold			
9	TOTAL Additions (Enter Total of lines 7 and 8)	1,449	0	0
10	Number at End of Year (Lines 1+ 5 - 9)	61,925	24,536	708
11	In Stock	1,722		
12	Locked Meters on Customers' Premises	2,716		
13	Inactive Transformers on System			
14	In Customers' Use	59,162	23,325	638
15	In Companys' Use	47		
16	Total End of Year (Enter Total of lines 11 to 15. This line should equal line 10)	61,925	23,325	638

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
---	---	---	----------------------------

FOOTNOTE DATE

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)

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Next Page is Index 1

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
debts, 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)	
other 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
	276A-B
reconciliation of deferred income tax expense	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