

MICHIGAN PUBLIC SERVICE COMMISSION

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

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

Report submitted for year ending: December 31, 2017																
Present name of respondent: UPPER PENINSULA POWER COMPANY																
Address of principal place of business: 1002 HARBOR HILLS DRIVE, MARQUETTE, MI 49855																
Utility representative to whom inquires regarding this report may be directed: <table><tr><td>Name:</td><td>DENISE LEPISTO</td><td>Title:</td><td>DIRECTOR OF ACCOUNTING</td></tr><tr><td>Address:</td><td colspan="3">1002 HARBOR HILLS DRIVE</td></tr><tr><td>City:</td><td>MARQUETTE</td><td>State:</td><td>MI 49855</td></tr><tr><td>Telephone, Including Area Code:</td><td colspan="3"></td></tr></table>	Name:	DENISE LEPISTO	Title:	DIRECTOR OF ACCOUNTING	Address:	1002 HARBOR HILLS DRIVE			City:	MARQUETTE	State:	MI 49855	Telephone, Including Area Code:			
Name:	DENISE LEPISTO	Title:	DIRECTOR OF ACCOUNTING													
Address:	1002 HARBOR HILLS DRIVE															
City:	MARQUETTE	State:	MI 49855													
Telephone, Including Area Code:																
If the utility name has been changed during the past year: <table><tr><td>Prior Name:</td><td></td></tr><tr><td>Date of Change:</td><td></td></tr></table>	Prior Name:		Date of Change:													
Prior Name:																
Date of Change:																
Two copies of the published annual report to stockholders: <table><tr><td>[]</td><td>were forwarded to the Commission</td></tr><tr><td>[]</td><td>will be forwarded to the Commission</td></tr><tr><td></td><td><u>on or about</u></td></tr></table>	[]	were forwarded to the Commission	[]	will be forwarded to the Commission		<u>on or about</u>										
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Annual reports to stockholders: <table><tr><td>[]</td><td>are published</td></tr><tr><td>[x]</td><td>are not published</td></tr></table>	[]	are published	[x]	are not published												
[]	are published															
[x]	are not published															

FOR ASSISTANCE IN COMPLETION OF THIS FORM:

Contact the Michigan Public Service Commission (Heather Cantin) at (517) 241-0967 or cantinh@michigan.gov OR forward correspondence to:

DLARA/MPSC
Regulated Energy Division (Heather Cantin)
6545 Mercantile Way
P.O. 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, 2017, 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, 2017, and the results of its operations and its cash flows for the year then ended in accordance with the accounting requirements of the Michigan Public Service Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

Basis of Accounting

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

Restricted Use

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

Deloitte & Touche LLP

April 18, 2018

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

GENERAL INFORMATION

I. Purpose:

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

II. Who Must Submit:

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

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

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

III. What and Where to Submit:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IV. When to Submit

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

GENERAL INSTRUCTIONS

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

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


- III.** Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "NONE" where it truly and completely states the fact.
- IV.** For any page(s) that is not applicable to respondent, either
- (a) Enter the words "NOT APPLICABLE" on the particular page(s), OR
 - (b) Omit the page(s) and enter "NA", "NONE", or "NOT APPLICABLE" in column (c) on the List of Schedules, pages 2, 3, 4 and 5.
- V.** Complete this report by means which result in a permanent record. Complete the original copy in permanent black ink or typewriter print, if practical. Additional copies must be clear and readable.
- VI.** Enter the month, day, and year for all dates. Use customary abbreviations. The "Date of Report" included in the header of each page is to be completed only for resubmissions (See VIII. below). The date of the resubmission must be reported in the header for all form pages, whether or not they are changed from the previous filing.
- VII.** Indicate negative amounts (such as decreases) by enclosing the figures in parentheses ().
- VIII.** When making revisions, resubmit only those pages that have been changed from the original submission. Submit the same number of copies as required for filing the form. Include with the resubmission the identification and Attestation page, page 1. Mail dated resubmissions to:
- Michigan Public Service Commission (Regulated Energy Division)
Financial Analysis and Customer Choice Section
6545 Mercantile Way
P.O. Box 30221
Lansing, MI 48909
- IX.** Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement (8 1/2 x 11 inch size) to the page being supplemented. Provide the appropriate identification information, including the title(s) of the page and page number supplemented.
- X.** Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.
- XI.** Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why the different figures were used.
- XII.** Respondents may submit computer printed schedules (reduced to 8 1/2 x 11 inch size) instead of the preprinted schedules if they are in substantially the same format.
- XIII.** A copy of the FERC Annual Report Form is acceptable to substitute for the same schedules of this report.

DEFINITIONS

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

MPSC FORM P-521

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

IDENTIFICATION		
01 Exact Legal Name of Respondent Upper Peninsula Power Company	02 Year of Report December 31, 2017	
03 Previous Name and Date of Change (if name changed during year)		
04 Address of Principal Business Office at End of Year (Street, City, St., Zip) 1002 Harbor Hills Drive, Marquette, MI 49855		
05 Name of Contact Person Denise F. Lepisto	06 Title of Contact Person Director of Accounting	
07 Address of Contact Person (Street, City, St., Zip) 1002 Harbor Hills Drive, Marquette, MI 49855		
08 Telephone of Contact Person, Including Area Code: 906-483-4505	09 This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	10 Date of Report (Mo, Da, Yr) April 30, 2018
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 April 30, 2018
02 Title Chief Financial Officer		

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) [X] An Original (2) [] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2018	Year of Report December 31, 2017
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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
Materials 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 CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2018	Year of Report December 31, 2017
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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 Investment Tax Credits	266-267	
Other Deferred Credits	269	
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	
WATER 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
ELECTRIC 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 (Small Plants)	410-411	

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) [X] An Original (2) [] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2018	Year of Report December 31, 2017
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LIST OF SCHEDULES (Electric Utility) (Continued)

Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
ELECTRIC PLANT STATISTICAL DATA (Continued)		
Transmission Line 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
Footnote Data	450	
Stockholders' Report	---	
MPSC SCHEDULES		
Reconciliation of Deferred Income Tax Expense	117A-B	
Operating Loss Carry Forward	117C	None
Plant Acquisition Adjustments and Accumulated Provision for Amortization of Plant Acquisition Adjustments	215	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	226A	
Receivables From Associated Companies	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 fro 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 Credits Generated and Utilized	264-265	None
Miscellaneous Current and Accrued Liabilities	268	
Customer Advances for Construction	268	
Deferred Gains from Disposition of Utility Plant	270A-B	None
Accumulated Deferred Income Taxes - Temporary	277	None
Gain or Loss on Disposition of Property	280A-B	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	324N	None
Sales to Railroads & 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 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) 4/30/2018	Year of Report December 31, 2017
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LIST OF SCHEDULES (Electric Utility) (Continued)

Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
MPSC SCHEDULES (Continued)		
Extraordinary Items	342	None
Charges for Outside Professional and Other Consultative Services	357	
Summary of Costs Billed to Associated Companies	358-359	None
Summary of Costs Billed from Associated Companies	360-361	None
Monthly Transmission System Peak Load	400	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 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) 4/30/2018	Year of Report December 31, 2017
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GENERAL INFORMATION

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

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 that 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 a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

Not applicable.

4. State the classes of utility and other services furnished by respondent during the year in each State in which 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 CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2018	Year of Report December 31, 2017
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CONTROL OVER RESPONDENT & OTHER ASSOCIATED COMPANIES

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

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

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) 4/30/2018	Year of Report December 31, 2017
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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	231,250	61,387	B, D	292,637
2	Nicholas E. Kates Chief Financial Officer	253,327	128,518	B, D	381,845
3	Stephen Serraino Secretary	157,113	49,137	B, D	206,250
4	Brett French Vice President of Business Development and Communications	66,924	30,555	B, D	97,479
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 CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2018	Year of Report December 31, 2017
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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) (2)	Fees During Yr (d) (3)
1 Jim Larsen Chief Executive Officer	Upper Peninsula Power Company 1002 Harbor Hills Drive Marquette, MI 49855	3	
2 Jeffrey R. Neil	One Grand Central Place 60 East 42nd Street, Suite 3020 New York, NY 10165	3	
3 Robert J. Gregor	One Grand Central Place 60 East 42nd Street, Suite 3020 New York, NY 10165	4	
4 Robert J. Keough	One Grand Central Place 60 East 42nd Street, Suite 3020 New York, NY 10165	4	
5 Roxanne Daust	Upper Peninsula Power Company 1002 Harbor Hills Drive Marquette, MI 49855	4	25,000
6			

Footnote Data

-
-
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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) 4/30/2018	Year of Report December 31, 2017
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SECURITY HOLDERS AND VOTING POWERS

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

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

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

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

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

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

Stock books are not closed

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

Total: 4

By Proxy: 0

3. Give the date and place of such meeting:

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) 4/30/2018	Year of Report December 31, 2017
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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 applicable" or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. None.
2. None.
3. None.
4. None.
5. None
6. Short Term Notes Payable to Affiliates up to \$15,000,000 FERC Authorization, Federal Power Act - Section 204 - docket ES 17-52-000.
7. There are no changes in the Articles of Incorporation or bi-laws during this time.
8. Union employees received a 3.2% general wage increase effective April 12, 2017. Non-union employees received a 3% adjustment on March 26, 2017.
9. None.
10. There were no materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or known associate had a material interest.
11. (Reserved.)
12. There were no important changes during the year related to the respondent.
13. Keith E. Moyle was removed as interim Chief Executive Officer on April 3, 2017. Jim Larsen was appointed Chief Executive Officer on April 3, 2017. Brett French was appointed Vice President of Business Development and Communications on August 14, 2018.
14. We do not participate in a cash management program in which money is advanced to parent, subsidiary, or affiliate companies and our proprietary capital ratio is >30%.

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) 4/30/2018	December 31, 2017
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)		306,100,368	323,244,215
3	Construction Work in Progress (107)		10,003,710	10,694,283
4	TOTAL Utility Plant (Enter total of lines 2 and 3)		316,104,078	333,938,498
5	(Less) Accum.Prov for Depr.Amort.Depl (108,111,115)		125,059,508	134,888,559
6	Net Utility Plant (Enter total of line 4 less 5)		191,044,570	199,049,939
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab (120.1)			
8	Nuclear Fuel Materials & Assemblies - Stock Account (120.2)			
9	Nuclear Fuel Assemblies in Reactor (120.3)			
10	Spent Nuclear Fuel (120.4)			
11	Nuclear Fuel under Capital Leases (120.6)			
12	Assemblies (120.5)			
13	Net Nuclear Fuel (Enter total of line 7 less 8)		0	0
14	Net Utility Plant (Enter total of lines 6 and 13)		191,044,570	199,049,939
15	Utility Plant Adjustments (116)			
16	Gas Stored Underground-Noncurrent (117)			
17	OTHER PROPERTY AND INVESTMENTS			
18	Nonutility Property (121)		11,579,420	12,315,428
19	(Less) Accum.Prov. for Depr. and Amort. (122)		1,794,840	1,980,305
20	Investments in Associated Companies (123)			
21	Investments in Subsidiary Companies (123.1)			
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances			
24	Other Investments (124)			
25	Sinking Funds (125)			
26	Depreciation Fund (126)			
27	Amortization Fund - Federal (127)			
28	Other Special Funds (128)			7,049,765
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)		9,784,580	17,384,888
33	CURRENT AND ACCRUED ASSETS			
34	Cash and Working Funds (Non-Major Only) (130)			
35	Cash (131)		194,088	164,656
36	Special Deposits (132-134)		1,340,000	1,340,000
37	Working Fund (135)			
38	Temporary Cash Investments (136)			
39	Notes Receivable (141)			
40	Customer Accounts Receivable (142)		14,474,320	13,316,484
41	Other Accounts Receivable (143)		692,753	2,342,936
42	(Less) Accum.Prov. for Uncoll. Acct. - Credit (144)		1,000,000	1,730,000
43	Notes Receivable from Assoc. Companies (145)			
44	Accounts Receivable from Assoc. Companies (146)			
45	Fuel Stock (151)		406,584	354,550
46	Fuel Stock Expenses Undistributed (152)			
47	Residuals (Elec) and Extracted Products (153)			
48	Plant Materials and Operating Supplies (154)		2,354,200	2,217,121
49	Merchandise (155)			
50	Other Materials and Supplies (156)			
51	Nuclear Materials Held for Sale (157)			
52	Allowances (158.1 and 158.2)			

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) 4/30/2018	December 31, 2017
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)		247,952	477,373
55	Gas Stored Underground-Current (164.1)			
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)			
57	Prepayments (165)		1,448,884	1,486,674
58	Advances for Gas (166-167)			
59	Interest and Dividends Receivable (171)			
60	Rents Receivable (172)			
61	Accrued Utility Revenues (173)		5,677,840	5,436,875
62	Misc Current and Accrued Assets (174)		1,677,039	415,078
63	Derivative Instrument Assets (175)		187,802	52,659
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)		27,701,462	25,874,406
68	DEFERRED DEBITS			
69	Unamortized Debt Expenses (181)		1,044,804	1,155,627
70	Extraordinary Property Losses (182.1)			
71	Unrecovered Plant & Regulatory Study Costs (182.2)			
72	Other Regulatory Assets		63,541,404	52,373,563
73	Prelim. Survey & Invest. Charges (Elec) (183)		6,426	36,323
74	Prelim. Survey & Invest. Charges (Gas) (183.1)			
75	Other Prelim. Survey & Investigation Charges (183.2)			
76	Clearing Accounts (184)		35,059	131,481
77	Temporary Facilities (185)			
78	Miscellaneous Deferred Debits (186)		200,801	155,604
79	Def. Losses from Disposition of Utility Plant (187)			
80	Research, Devel. and Demonstration Expend (188)			
81	Unamortized Loss on Reacquired Debt (189)		869,220	394,979
82	Accumulated Deferred Income Taxes (190)		65,166,273	55,137,370
83	Unrecovered Purchased Gas Costs (191)			
84	TOTAL Deferred Debits (Enter total of lines 69 thru 83)		130,863,987	109,384,947
85	TOTAL Assets and Other Debits (Enter total of lines 14 thru 16, 32, 67, and 84)		359,394,599	351,694,180

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) 4/30/2018	December 31, 2017
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)		13,263,624	13,263,624
3	Preferred Stock Issued (204)			
4	Capital Stock Subscribed (202, 205)			
5	Stock Liability for Conversion (203, 206)			
6	Premium on Capital Stock (207)			
7	Other Paid-In Capital (208-211)		57,021,469	52,771,469
8	Installments Received on Capital Stock (212)			
9	(Less) Discount on Capital Stock (213)			
10	(Less) Capital Stock Expense (214)			
11	Retained Earnings (215, 215.1, 216)		102,369,821	96,915,983
12	Unappropriated Undistributed Subsidiary Earnings (216.1)			
13	(Less) Recquired Capital Stock (217)			
14	Noncorporate Proprietorship (Non-major only) (218)			
15	Accumulated Other Comprehensive Income (219)			
16	TOTAL Proprietary Capital (Enter total of lines 2 thru 15)		172,654,914	162,951,076
17	LONG-TERM DEBT			
18	Bonds (221)			
19	(Less) Recquired Bonds (222)			
20	Advances from Associated Companies (223)		108,200,000	108,200,000
21	Other Long-Term Debt (224)			
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)		5,453,074	2,653,491
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)		520,230	549,545
35	TOTAL Other Noncurrent Liabilities (Enter total of lines 26 thru 34)		5,973,304	3,203,036
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		7,400,000	5,500,000
38	Accounts Payable (232)		16,530,508	10,943,662
39	Notes Payable to Associated Companies (233)			
40	Accounts Payable to Associated Companies (234)			
41	Customer Deposits (235)		85,841	27,318
42	Taxes Accrued (236)		2,509,962	2,608,987
43	Interest Accrued (237)		1,174,316	7,221
44	Dividends Declared (238)			
45	Matured Long-Term Debt (239)			

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) 4/30/2018	Year of Report December 31, 2017
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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)		69,034	54,745
48	Misc. Current and Accrued Liabilities (242)		3,902,627	9,615,575
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	Federal Income Taxes Accrued for Prior Years - Adjustments (247.1)			
58	TOTAL Current and Accrued Liabilities (Enter total of lines 37 thru 57)		31,672,288	28,757,508
59	DEFERRED CREDITS			
60	Customer Advances for Construction (252)		1,972,579	1,916,582
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	1,721,410	1,709,356
64	Other Regulatory Liabilities	278	578,806	7,223,272
65	Unamortized Gain on Reacquired Debt (257)	237		
66	Accum. Deferred Income Taxes-Accel. Amort. (281)			
67	Accum. Deferred Income Taxes-Other Property (282)		10,419,860	14,364,426
68	Accum. Deferred Income Taxes-Other (283)	272-277	26,201,338	23,368,924
69	TOTAL Deferred Credits (Enter total of lines 60 thru 68)		40,893,993	48,582,560
70	TOTAL Liabilities and Other Credits (Enter total of lines 16, 24, 35, 58 and 69)		359,394,499	351,694,180

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) 4/30/2018	Year of Report December 31, 2017
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STATEMENT OF INCOME FOR THE YEAR

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

Line	Title of Account (a)	Ref. Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301	105,709,737	110,781,652
3	Operating Expenses			
4	Operation Expenses (401)	320-323	60,869,075	67,231,580
5	Maintenance Expenses (402)	320-323	9,372,221	8,487,933
6	Depreciation Expenses (403)	336-337	8,820,317	9,081,710
7	Depreciation Expenses for Asset Retirement Costs (403.1)			
8	Amortization and Depl. of Utility Plant (404-405)	336-337	2,968,201	1,758,331
9	Amortization of Utility Plant Acq. Adj (406)	336-337		
10	Amort. Of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)			384,066
11	Amort. Of Conversion Expenses (407)			
12	Regulatory Debits (407.3)			
13	(Less) Regulatory Credits (407.4)			
14	Taxes Other Than Income Taxes (408.1)	262-263	6,460,330	6,327,221
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	18,293,873	24,888,168
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234,272-276	14,063,916	20,209,493
19	Investment Tax Credit Adj.- Net (411.4)	266-267		
20	(Less) Gains from Disp. of Utility Plant (411.6)	270A-B		
21	Losses from Disposition of Utility Plant (411.7)	235A-B		
22	(Less) Gains from Disposition of Allowances (411.8)			
23	Losses from Disposition of Allowances (411.9)			
24	Accretion Expense (411.10)			
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		92,720,101	97,949,516
26	Net Utility Operating Income (Enter Total of line 2 less 25) (Carry forward to page 117, line 27)		12,989,636	12,832,136

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) 43220		Year of Report December 31, 2017	
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 preceeding 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.							
ELECTRIC 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	
105,709,737	110,781,652					2	
						3	
60,869,075	67,231,580					4	
9,372,221	8,487,933					5	
8,820,317	9,081,710					6	
						7	
2,968,201	1,758,331					8	
						9	
	384,066					10	
						11	
						12	
						13	
6,460,330	6,327,221					14	
						15	
						16	
18,293,873	24,888,168					17	
14,063,916	20,209,493					18	
						19	
						20	
						21	
						22	
						23	
						24	
92,720,101	97,949,516	0	0	0	0	25	
12,989,636	12,832,136	0	0	0	0	26	

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) 4/30/2018	Year of Report December 31, 2017
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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 <i>(Carried forward from page 114)</i>		12,989,636	12,832,136
28	OTHER INCOME AND DEDUCTIONS			
29	Other Income			
30	Nonutility Operating Income			
31	Revenues From Merchandising, Jobbing and Contract Work (415)	282		
32	(Less) Costs and Exp. Of Merchandising, Job. and Contract Work (416)	282		
33	Revenues From Nonutility Operations (417)	282	1,307,451	308,100
34	(Less) Expenses of Nonutility Operations (417.1)	282	849,427	1,125,613
35	Nonoperating Rental Income (418)	282		150
36	Equity in Earnings of Subsidiary Companies (418.1)	119,282		
37	Interest and Dividend Income (419)	282	11,123	53,155
38	Allowance for Other Funds Used During Construction (419.1)	282		71,773
39	Miscellaneous Nonoperating Income (421)	282		
40	Gain on Disposition of Property (421.1)	280	9,506	
41	TOTAL Other Income <i>(enter Total of lines 31 thru 40)</i>		478,653	(692,435)
42	Other Income Deductions			
43	Loss on Disposition of Property (421.2)	280	(38,550)	14,331
44	Miscellaneous Amortization (425)	340		
45	Donations (426.1)		78,536	95,830
46	Life Insurance (426.2)			
47	Penalties (426.3)		10,002	(8,549)
48	Exp. for Certain Civic, Political & Related Activities (426.4)		25	902
49	Other Deductions (426.5)		9,065	15,786
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		59,078	118,300
51	Taxes Applicable to Other Income and Deductions			
52	Taxes Other Than Income Taxes (408.2)	262-263	60,246	64,992
53	Income Taxes - Federal (409.2)	262-263		
54	Income Taxes - Other (409.2)	262-263		
55	Provision for Deferred Income Taxes (410.2)	234,272-276	16,698,832	4,938,909
56	(Less) Provision for Deferred Income Taxes - Cr. (411.2)	234,272-276	3,428,868	5,241,593
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)		13,330,210	(237,692)
60	Net Other Income and Deductions (total of lines 41,50 & 59)		(12,910,635)	(573,043)
61	INTEREST CHARGES			
62	Interest on Long-Term Debt (427)	257		
63	Amort. Of Debt Disc. And Expense (428)	256-257	90,132	76,735
64	Amortization of Loss on Reacquired Debt (428.1)		474,242	474,182
65	(Less) Amort. of Premium on Debt-Credit (429)	256-257		
66	(Less) Amort. of Gain on Reacquired Debt-Credit (429.1)			
67	Interest on Debt to Associated Companies (430)	257-340	4,718,061	4,718,061
68	Other Interest Expense (431)	340	250,403	148,817
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)			25,761
70	Net Interest Charges (total of lines 62 thru 69)		5,532,838	5,392,034
71	Income Before Extraordinary Items (total lines 27,60,70)		(5,453,837)	6,867,059
72	EXTRAORDINARY ITEMS			
73	Extraordinary Income (434)	342		
74	(Less) Extraordinary Deductions (435)	342		
75	Net Extraordinary Items (total line 73 less line 74)		0	0
76	Income Taxes-Federal and Other (409.3)	262-263		
77	Extraordinary Items After Taxes (Enter Total of lines 75 less line 76)		0	0
78	Net Income (Enter Total of lines 71 and 77)		(5,453,837)	6,867,059

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report 12/31/17
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FOOTNOTE DATE

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
114	2	c	Includes 406,849 for FERC Order 668-A.
114	4	c	Includes 406,849 for FERC Order 668-A.
114	2	d	Includes \$2,141,057 for FERC Order 668-A.
114	4	d	Includes \$2,141,057 for FERC Order 668-A.
117	67	c	Interest on Long Term Debt to Associated Co \$4,718,061.
117	67	d	Interest on Long Term Debt to Associated Co \$4,718,061.

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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	335,943	
3 Account 281		
4 Account 282	9,802,152	
5 Account 283	0	
6 Account 284		
7 Reconciling Adjustments	8,155,778	
8 TOTAL Account 410.1 (on pages 114-115 line 17)	18,293,873	0
9 TOTAL Account 410.2 (on page 117 line 55)		
10 Credits to Account 411 from:		
11 Account 190	2,436,521	
12 Account 281		
13 Account 282	529,684	
14 Account 283	2,637,925	
15 Account 284		
16 Reconciling Adjustments	8,459,786	
17 TOTAL Account 411.1 (on page 114-115 line 18)	14,063,916	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

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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.
	335,943	13,431,175	13,767,118	1
				2
	9,802,152	471,994	10,274,146	3
	0	630	630	4
				5
				6
	8,155,778	2,795,033	10,950,811	7
0	18,293,873			8
		16,698,832		9
	2,436,521	1,840	2,438,361	10
				11
	529,684	31,978	561,662	13
	2,637,925	14,403	2,652,328	14
				15
	8,459,786	3,380,647	11,840,433	16
0	14,063,916			17
		3,428,868		18
				19
			0	20
				21
				22
			0	23
			0	24
0	0	0		25
				26
		0		27

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STATEMENT OF RETAINED EARNINGS FOR THE YEAR				
<p>1. Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.</p> <p>2. Each credit and debit during the year should be identified as to the the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).</p> <p>3. State the purpose and amount for each reservation or appropriation of retained earnings.</p> <p>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.</p> <p>5. Show dividends for each class and series of capital stock.</p> <p>6. Show separately the State and Federal income tax effect of items shown in account 439 (Adjustments to Retained Earnings)</p> <p>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.</p> <p>8. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.</p>				
Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)	
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance-Beginning of Year		102,336,635	
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: Loss on Reacquired Preferred Stock - 7.72% Series			
11	Debit:			
12	Debit:			
13	TOTAL Debits to Retained Earnings (439)		0	
14	Balance Transferred from Income (Account 433 Less Account 418.1)		(5,453,838)	
15	Appropriations of Retained Earnings (Account 436)			
16	Change in Amortization Reserve-Federal in accordance with FERC Order No. 387			
17				
18				
19				
20				
21	TOTAL Appropriations of Retained Earnings (Account 436)		0	
22	Dividends Declared-Preferred Stock (Account 437)			
23	5.00% Series - \$5.00 per share			
24	5.04% Series - \$5.04 per share			
25	5.08% Series - \$5.08 per share			
26	6.76% Series - \$6.76 per share			
27	6.88% Series - \$6.88 per share			
28	TOTAL Dividends Declared-Preferred Stock (Account 437)		0	

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STATEMENT OF RETAINED EARNINGS FOR THE YEAR (Continued)				
Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)	
29	Dividends Declared-Common Stock (Account 438)			
30	Dividends Declared on Common Stock			
31	Dividends of Deferred Comp Fixed Stock			
32	Deferred Tax on Dividends of Deferred Comp Fixed Stock			
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)		96,882,797	
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)		96,915,983	
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	

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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 78 (c) on page 117)	(5,453,837)
3	Noncash Charges (Credits) to Income:	
4	Depreciation and Depletion	11,984,396
5	Amortization of (Specify) Nuclear Fuel	
6	Amortization of (Specify) Other	
7	Intangible Plant	
8	Deferred Income Taxes (Net)	17,499,921
9	Investment Tax Credit Adjustment (Net)	
10	Net (Increase) Decrease in Receivables	(1,719,665)
11	Net (Increase) Decrease in Inventory	(40,307)
12	Net (Increase) Decrease in Allowances Inventory	
13	Net (Increase) Decrease in Payables and Accrued Expenses	(1,330,615)
14	Net (Increase) Decrease in Other Regulatory Assets	
15	Net (Increase) Decrease in Other Regulatory Liabilities	6,814,745
16	(Less) Allowance for Other Funds Used During Construction	
17	(Less) Undistributed Earnings from Subsidiary Companies	
18	Other:	
19	Pension and Post Retirement Expense	1,360,610
20	Other items	(3,937,135)
21		
22	Net Cash Provided by (Used in) Operating Activities (Total of lines 2 thru 21)	25,178,113
23		
24	Cash Flows from Investment Activities:	
25	Construction and Acquisition of Plant (including land):	
26	Gross Additions to Utility Plant (less nuclear fuel)	(18,390,720)
27	Gross Additions to Nuclear Fuel	
28	Gross Additions to Common Utility Plant	
29	Gross Additions to Nonutility Plant	(705,374)
30	(Less) Allowance to Other Funds Used During Construction	
31	Other:	
32	Proceeds from the sale of property	38,549
33		
34	Cash Outflows for Plant (Total of lines 26 thru 33)	(19,057,545)
35		
36	Acquisition of Other Noncurrent Assets (d)	
37	Proceeds from Disposal of Noncurrent Assets (d)	
38		
39	Investments in and Advances to Assoc. and Subsidiary Companies	
40	Contributions and Advances from Assoc. and Subsidiary Companies	
41	Disposition of Investments in (and Advances to)	
42	Associated and Subsidiary Companies	
43		
44	Purchase of Investment Securities (a)	
45	Proceeds from Sales of Investment Securities (a)	

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STATEMENT OF CASH FLOWS (Continued)			
<p>4. Investing Activities</p> <p>(a) Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of asset acquired with liabilities assumed on pages 122-123.</p> <p>(b) Do not include on this statement the dollar amount of leases capitalized per USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on pages 122-123.</p>		<p>5. Codes used:</p> <p>(a) Net proceeds or payments.</p> <p>(b) Bonds, debentures and other long-term debt.</p> <p>(c) Include commercial paper.</p> <p>(d) Identify separately such items as investments, fixed assets, intangibles, etc.</p> <p>6. Enter on pages 122-123 clarifications and explanations.</p>	
Line No.	Description (See instructions for Explanation of Codes) (a)	Amount (b)	
46	Loans Made or Purchased		
47	Collections on Loans		
48			
49	Net (Increase) Decrease in Receivables		
50	Net (Increase) Decrease in Inventory		
51	Net (Increase) Decrease in Allowances Held for Speculation		
52	Net Increase (Decrease) in Payables and Accrued Expenses		
53	Other:		
54			
55			
56	Net Cash Provided by (Used in) Investing Activities		
57	(Total of lines 34 thru 55)	(19,057,545)	
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	Equity Contribution From Parent		
66	Net Increase in Short-Term Debt (c)		
67	Other:		
68	Changes in Loans on Executive Life Insurance		
69			
70	Cash Provided by Outside Sources (Total of lines 61 thru 69)	0	
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)	(1,900,000)	
79	Return of Capital to Parent	(4,250,000)	
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)	(6,150,000)	
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22, 57 and 83)	(29,432)	
87			
88	Cash and Cash Equivalents at Beginning of Year	194,088	
89			
90	Cash and Cash Equivalents at End of Year	164,656	

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NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.

2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.

3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.

4. Where Accounts 189, *Unamortized Loss on Reacquired Debt*, and 257, *Unamortized Gain on Reacquired Debt*, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 16 of Uniform System of Accounts.

5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.

6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be herein.

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NOTES TO FINANCIAL STATEMENTS (Continued)

NOTES TO FINANCIAL STATEMENTS

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

The accompanying financial statements have been prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission ("FERC") as set forth in the Uniform System of Accounts and accounting releases, which differs from United States Generally Accepted Accounting Principles ("GAAP"). As required by the FERC, Upper Peninsula Power Company ("UPPCO" or the "Company") classifies certain items in its 2017 Form 1 in a manner different from GAAP, as described below. These items have no impact on the reported net income.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Nature of Operations

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

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NOTES TO FINANCIAL STATEMENTS (Continued)

As used in these notes, the term "financial statements" refers to the balance sheet as of December 31, 2017 and 2016, 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 2017 and 2016 respectively. Cash paid for interest was \$4,342.5 thousand in 2017 and \$3,663.0 thousand in 2016. Accrued capital expenditures included in accounts payable at December 31, 2017 was \$369.6 thousand and \$500.8 thousand at December 31, 2016.

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, 2017 was \$1,730 thousand and \$1,000 thousand at December 31, 2016. 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, 2017 and 2016, UPPCO's unbilled revenues were \$5,436.9 thousand and \$5,677.8 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 2016 and 2015 that allowed the Company to recover or refund changes in prudently incurred costs from rate case-approved amounts:

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

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NOTES TO FINANCIAL STATEMENTS (Continued)

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

e. 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 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, 2017 and 2016 was 3.40% and 3.62%, respectively.

Nonutility property mainly consists of three Escanaba River Hydroelectric generation units (8.94 MW total) purchased from Escanaba Paper Company. 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.

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NOTES TO FINANCIAL STATEMENTS (Continued)

i. Asset Retirement Obligations

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

j. Environmental Remediation Liabilities

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

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

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

k. Income Taxes

UPPCO is included in the consolidated United States income tax return filed by Upper Peninsula Power Holding Company for activity through December 31, 2017. At December 31, 2017, 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.

UPPCO uses the deferral method of accounting for investment tax credits ("ITCs"). Under this method, UPPCO records the ITCs as deferred credits and amortizes such credits as a reduction to the provision for

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NOTES TO FINANCIAL STATEMENTS (Continued)

income taxes over the life of the asset that generated the ITCs. ITCs that do not reduce income taxes payable for the current year are eligible for carryover and recognized as a deferred income tax asset.

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

I. Employee Benefits

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

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

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

m. Risk Management Activities

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

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

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

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

n. Fair Value

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

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

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

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

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

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

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

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

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

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

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

o. Comprehensive Income

UPPCO had no other comprehensive income in 2016. Therefore, UPPCO's net income equals its comprehensive income and a separate statement of comprehensive income is not presented.

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2. RISK MANAGEMENT ACTIVITIES

UPPCO uses FTRs to manage electric transmission congestion costs. Prior to Integrys Energy Group's sale of UPPCO to UPPHC, IBS entered into financial derivative contracts on behalf of UPPCO and other Integrys Energy Group subsidiaries to manage the cost of gasoline and diesel fuel used by utility vehicles. Beginning January 1, 2016, UPPCO did not enter into any new derivative contracts. None of UPPCO's derivatives are designed as hedges for accounting purposes. The tables below shows assets and liabilities from derivative activities:

<i>(Thousands)</i>	Balance Sheet Presentation	December 31, 2017		December 31, 2016	
		Assets	Liabilities	Assets	Liabilities
		FTRs	Current	\$52.6	\$0.0
Total		\$52.6	\$0.0	\$187.8	\$0.0

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, 2017		
	Potential effects of		
	Gross Amount	Netting, including Cash Collateral	Net Amount
Derivative assets subject to master netting or similar arrangements	\$52.6	\$ -	\$52.6
Derivative liabilities subject to master netting or similar arrangements	-	-	-

<i>(Thousands)</i>	December 31, 2016		
	Potential effects of		
	Gross Amount	Netting, including Cash Collateral	Net Amount
Derivative assets subject to master netting or similar arrangements	\$187.8	\$ -	\$187.8
Derivative liabilities subject to master netting or similar arrangements	-	-	-

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

<i>(Thousands)</i>	December 31, 2017	December 31, 2016
Cash collateral provided to others related to contracts under master netting or similar arrangements	\$1,325.0	\$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>	2017	2016	<i>See Note</i>
Regulatory Assets			
Unrecognized pension and other postretirement benefit costs ⁽¹⁾	\$ 50,955.8	\$ 62,072.0	9
Income Tax Related	87.9	87.9	7
Decoupling	66.8	66.8	
ARO Depreciation and Cost of Removal	603.0	599.7	
Environmental remediation costs (net of insurance recoveries) ⁽²⁾	660.0	715.0	
Total	\$ 52,373.5	\$ 63,541.4	
Regulatory Liabilities			
Derivatives	\$ 17.5	\$ 187.8	1(n)
2017 Tax Legislation impact	6,358.9	-	7
Pension Costs	846.9	391.0	
Total	\$ 7,223.3	\$ 578.8	

⁽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.

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NOTES TO FINANCIAL STATEMENTS (Continued)

⁽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.

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 0.250%. Borrowings are initiated under either a Base Rate Loan or a LIBO Rate 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 LIBO Rate plus 1.000%, plus an Applicable Margin (which ranges depending upon UPPHC's long term note credit rating from 0.250% to 1.625%). LIBO Rate 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 0.375% for Base Rate Loans and 1.375% for LIBO Rate Loans. At December 31, 2017 and 2016 respectively, UPPCO had \$5,500.0 thousand and \$7,400.0 thousand borrowed under these facilities. UPPCO currently does not utilize the Associated Facility for any Letters of Credit. Total unused capacity under the facilities were \$9,500.0 thousand and \$6,724.0 thousand at December 31, 2017 and 2016, respectively.

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

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NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT

Long-term debt for UPPCO consisted of long-term notes to UPPHC at December 31, 2016. A summary of long-term debt outstanding at December 31, is as follows:

<i>(Thousands)</i>	2017	2016
Long-term notes payable to UPPHC		
\$16.23 million at 3.95% due 2024	\$16,230.0	\$16,230.0
\$27.05 million at 4.20% due 2029	27,050.0	27,050.0
\$51.395 million at 4.43% due 2034	51,395.0	51,395.0
\$13.525 million at 4.91% due 2044	13,525.0	13,525.0
Total long-term debt	\$108,200.0	\$108,200.0

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, 2017;

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NOTES TO FINANCIAL STATEMENTS (Continued)

(Thousands)

<hr/>	
Asset retirement obligations at January 1, 2016	\$599.1
Accretion	29.8
Additions and revisions to estimated cash flows	0.0
Settlements ⁽¹⁾	(108.7)
<hr/>	
Asset retirement obligations at December 31, 2016	\$520.2
<hr/>	
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/>	

⁽¹⁾ This settlement relates to the disposal of polychlorinated biphenyl contaminated Transformers.

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NOTES TO FINANCIAL STATEMENTS (Continued)

7. INCOME TAXES

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

<i>(Thousands)</i>	2017	2016
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	\$17,027.0	\$3,937.2
State	<u>472.9</u>	<u>438.8</u>
Total deferred provision	\$17,499.9	\$4,376.0
Unrecognized tax benefits	0.0	0.0
Investment tax credits, net	<u>0.0</u>	<u>0.0</u>
Total provision for income taxes	\$17,499.9	\$4,376.0

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

<i>(thousands)</i>	2017	Effective tax rate	2016	Effective tax rate
Expected tax at statutory federal rate	\$4,216.1	35.0%	\$3,935.1	35.0%
State income taxes net of federal tax benefit	472.9	3.9%	438.5	3.9%
Other items	27.6	0.2%	2.4	0.0%
Federal tax reform	12,783.3	106.1%	-	-
Total Tax Expense	\$17,499.9	145.2%	4,376.0	38.9%

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NOTES TO FINANCIAL STATEMENTS (Continued)

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. 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. The impact of the Tax Legislation could materially differ from this estimate due to, among other things, changes in interpretations and assumptions we have made.

On December 22, 2017, Staff Accounting Bulletin 118 (SAB 118), Income Tax Accounting Implications of the Tax Cuts and Jobs Act, was issued. The bulletin provides 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 are considered to be “provisional” as discussed in the SAB 118 and subject to revision. We are awaiting additional industry and income tax authority guidance in order to finalize our accounting.

The deferred income tax assets included on the balance sheets as of December 31, 2017, and 2016, 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, 2017, and 2016, primarily related to employee benefits and plant. The table below details the deferred tax balances as of December 31, 2017, and 2016:

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<i>(Thousands)</i>	2017	2016
Deferred Income Tax Assets		
Goodwill	\$ 31,073.3	\$ 51,014.1
Net Operating Losses	10,148.2	10,048.3
Tax Benefit - Regulatory impacts	1,648.3	-
Other	748.8	553.1
Total Deferred Income Tax Assets	\$ 43,618.6	\$ 61,615.5
Deferred Income Tax Liabilities		
Employee Benefits	\$ (14,167.6)	\$ (21,902.4)
Plant	(11,244.6)	(7,630.5)
Deferred Income and Deductions	(1,868.9)	(2,841.6)
Regulatory Deferrals	1,169.4	(154.8)
Other	(102.8)	(541.1)
Total Deferred Income Tax Liabilities	\$ (26,214.5)	\$ (33,070.4)
Balance Sheet Presentation		
Current Deferred Tax Liabilities	\$ (878.6)	\$ (3,091.9)
Long Term Deferred Tax Assets	18,282.7	31,568.5
	\$ 17,404.1	\$ 28,545.1

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

Year	Federal	Michigan
2014	\$ 12,904.1	\$ 9,620.4
2015	16,095.0	11,683.5
2016	9,009.7	7,854.8
2017	3,734.5	-
Total	\$ 41,743.3	\$ 29,158.7

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.

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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.

UPPCO filed income tax returns in the United States federal jurisdiction and in its state operating jurisdiction of Michigan on a stand-alone basis or as part of Integrys Energy Group filings for periods prior to 2014. For 2016, UPPCO filed tax returns under UPPHC and will file under UPPHC for 2017.

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, 2017.

<i>(Thousands)</i>	Date Contract Extend	Through	Total Committed Amounts	2018	2019	2020	2021	Later years
Electric Utility								
Purchased Power	2025		\$ 34,205.2	\$ 12,285.2	\$ 15,134.5	\$ 4,952.5	\$ 681.3	\$ 1,151.7

We also had commitments of \$1,070.8 thousand in the form of purchase orders issued to various vendors at December 31, 2017 that relate to normal business operations, including construction projects

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.

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	Pension Plan		OPEB	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Obligation at Start	\$111,775.3	\$110,707.5	\$27,405.6	\$29,693.8
Service Cost	847.9	825.2	753.1	742.9
Interest Cost	4,280.4	4,477.4	1,039.4	1,262.4
Actuarial (gain) loss, net	2,537.3	2,839.4	(2,364.1)	(2,959.9)
Participant Contributions	-	-	792.0	651.3
Benefit Payments	(7,340.2)	(7,074.2)	(1,782.9)	(1,985.0)
Obligation at End	\$112,100.7	\$111,775.3	\$25,843.1	\$27,405.6
Change in Fair Value of Plan Assets				
Fair value of plan assets at start	\$109,087.8	\$111,029.0	\$24,560.0	\$24,670.2
Actual return on plan assets	14,517.4	5,071.0	2,321.1	1,202.7
Employer contributions	55.1	62.0	29.6	20.8
Participant contributions	-	-	792.0	651.3
Benefit payments	(7,340.2)	(7,074.3)	(1,782.9)	(1,985.0)
Transfer to affiliates	-	-	-	-
Fair value of plan assets at end	\$116,320.1	\$109,087.8	\$25,919.8	\$24,560.0

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	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Noncurrent assets	\$ 4,800.3	\$ -	\$ 2,249.4	\$ -
Current Liabilities	(51.1)	(55.9)	(19.9)	(24.1)
Long-term liabilities	(529.9)	(2,631.6)	(2,127.8)	(2,821.5)
Total net balance sheet asset/(liability)	\$ 4,219.4	\$ (2,687.5)	\$ 101.7	\$ (2,845.6)

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>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Projected benefit obligation	\$112,100.7	\$111,775.3
Accumulated benefit obligation	\$109,013.8	\$108,702.9
Fair value of plan assets	\$116,320.1	\$109,087.8

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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	
	2017	2016	2017	2016
Net regulatory assets				
Net actuarial loss	\$ 52,961.4	\$61,123.6	\$3,763.4	\$ 7,567.7
Prior service cost	0.0	0.0	(5,769.0)	(6,619.3)
Total	\$ 52,961.4	\$61,123.6	(\$2,005.6)	\$ 948.4

The following table shows the estimated amounts that will be amortized into net periodic benefit cost during 2018:

<i>(Thousands)</i>	Pension	Other Benefits	Total
Net actuarial loss	\$ 1,831.5	\$ 211.5	\$ 2,043.0
Prior service cost credit	-	(850.40)	\$ (850.4)

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	
	2017	2016	2017	2016
Service cost	\$ 847.9	\$825.2	\$ 753.1	\$ 742.9
Interest cost	4,280.4	4477.4	1,039.4	1,262.4
Expected return on plan assets	(5,647.4)	(5723.7)	(1,180.2)	(1,119.0)
Amortization of net actuarial loss (gain)	1,829.5	1800.3	299.4	679.1
Amortization of prior service cost	-	-	(850.4)	(825.1)
Net periodic benefit cost (credit)	\$ 1,310.4	\$1,379.2	\$ 61.3	\$ 740.3

Assumptions – Pension and Other Postretirement Benefit Plans

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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	
	2017	2016	2017	2016
Discount rate	3.55%	3.95%	3.61%	4.10%
Rate of compensation increase	4.50%	4.50%	N/A	N/A
Assumed medical cost trend rate	N/A	N/A	6.25%	6.50%
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	
	2017	2016	2017	2016
Discount rate	3.55%	3.95%	3.61%	4.10%
Expected return on assets	5.15%	5.15%	5.15%	5.00%
Rate of compensation increase	4.50%	4.50%	N/A	N/A
Assumed medical cost trend rate (under age 65)	N/A	N/A	6.25%	6.50%
Ultimate trend rate	N/A	N/A	5.00%	5.00%
Year ultimate trend rate is reached	N/A	N/A	2023	2023
Assumed medical cost trend rate (over age 65)	N/A	N/A	6.25%	6.50%
Ultimate trend rate	N/A	N/A	5.00%	5.00%
Year ultimate trend rate is reached	N/A	N/A	2023	2023
Assumed dental cost trend rate	N/A	N/A	5.00%	5.00%

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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 2018, the expected return on assets assumption for the plans is 5.15%.

Assumed health care cost trend rates have a significant effect on the amounts reported by UPPCO for the health care plans. For the year ended December 31, 2017, 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, 2017, 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	\$413.2	(\$304.5)
Effect on the health care component of the accumulated postretirement benefit obligation	\$2,205.6	\$1,488.0

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.

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NOTES TO FINANCIAL STATEMENTS (Continued)

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, 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

Asset Class (Thousands)	December 31, 2016					
	Pension Plan Assets			OPEB Plan Assets		
	Level 1	Other	Total	Level 1	Other	Other
Cash and Cash Equivalents	\$ 1,217.9	\$ -	\$ 1,217.9	\$ 86.6	-	\$ 86.6
Equity Securities	-	38,180.5	38,180.5	-	8,079.9	8,079.9
Fixed Income Securities	-	71,244.3	71,244.3	-	14,837.9	14,837.9
Total ^{(1) (2)}	\$ 1,217.9	\$109,424.8	\$110,642.7	\$ 86.6	\$22,917.8	\$23,004.4

⁽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 \$55.0 thousand to pension plans and \$29.6 thousand to other postretirement benefit plans in 2018, dependent on various factors affecting UPPCO, including its liquidity position and tax law changes.

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

<i>(Thousands)</i>	Pension Benefits		Other Benefits	
2018	\$	6,772.3	\$	1,138.5
2019		6,834.5		1,089.8
2020		6,893.4		1,104.8
2021		6,691.3		1,141.6
2022		6,840.4		1,208.5
2023 through 2027	\$	33,244.5	\$	6,613.7

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 \$1,155.1 and \$1082.4 thousand in 2017 and 2016 respectively.

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NOTES TO FINANCIAL STATEMENTS (Continued)

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, 2017 and 2016. 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 and liabilities that were accounted for at fair value on a recurring basis, categorized by level within the fair value hierarchy:

<i>Thousands</i>	December 31, 2017			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Derivative Assets				
FTR's	-	-	\$52.6	\$52.6
Total			\$52.6	\$52.6

<i>Thousands</i>	December 31, 2016			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Derivative Assets				
FTR's	-	-	\$187.8	\$187.8
Total			\$187.8	\$187.8

The risk management assets listed in the tables above include FTRs used to manage transmission congestion costs in the MISO market. See Note 3, "Derivative Activities," for more information on derivative instruments. There were no transfers between the levels of the fair value hierarchy during 2017

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

<i>(Thousands)</i>	2017	2016
Balance at Beginning of Period	187.8	\$291.6
Net unrealized (losses) gains	17.5	(42.7)
Purchases	90.5	529.1
Settlements	(243.2)	(590.2)
Balance at End of Period	\$52.6	\$187.8

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 18, 2015, in Docket U-17895, UPPCO filed with the Michigan Public Service Commission (MPSC), a request to increase its retail electric rates by \$6,681.3 thousand annually (6.45%). The filing was based upon a 2016 projected test year. The requested increase reflected a 10.75% return on common equity with a regulatory capital structure reflecting a common equity ratio of 46.67%. Key factors contributing to the rate filing included capital investments and conversion costs necessary to transition UPPCO to a stand-alone Michigan based utility, investments in infrastructure improvements necessary for safe and reliable service, changes in capital structure and increased operations and maintenance costs. Effective March 19, 2016, a new surcharge permitting UPPCO to self-implement an overall base rate increase of 6.02% was added to customer bills. 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 over-all authorized rate of return of 7.47% and a return on equity of 10%. 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 will be rolled into UPPCO's next rate proceeding, which is expected to be filed in 2018. UPPCO is also required to file annual reports regarding distribution capital investments and operation and maintenance expenses to the MPSC.

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 blackbox settlement agreement, UPPCO committed to providing a revenue offset of \$26 million. The revenue offset, spread over six consecutive years, is applied to the distribution portion of each applicable tariff and was

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effective with UPPCO's approved general rate case proceeding, U-17895. The first year of the revenue offset was 2016. The revenue offset was increased by \$390,000 annually for six years as a result of the final September 8, 2016 order 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. Subsequent to 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. The FERC orders involving the reallocation of SSR costs are currently on appeal before the U.S. Court of Appeals for the District of Columbia Circuit ("DC Circuit"). FERC has ordered the reallocation of SSR costs by MISO and a coalition of electric customers and electric service providers have requested a stay of the reallocation of SSR costs by MISO pending the appeal before the DC Circuit. As a result of the pending appeal before the DC Circuit, further changes in the SSR cost reallocation may result, which could include additional costs to customers.

Revenue Decoupling

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

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 underrecovered decoupling charges. This amount will be rolled into the 2018 rate case filing.

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

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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 into 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. No appeals have been taken.

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 our 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, as a result 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 would be a going-forward tax credit for 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. An application was to be filed by each utility no later than March 30, 2018, and this credit may be determined with or without a pending rate case and states that the credit will provide ratepayers with 66-75% of the benefit of the tax reduction. UPPCO has filed and proposed a \$1,767.8 thousand refund for Credit A. A final order on Credit A is expected by June 30, 2018, with rates to be effective July 1, 2018. Credit B is a backward-looking tax credit addressing the period of January 1, 2018 to the date that Credit A is implemented, but is otherwise identical to Credit A. Credit B would be determined in a second contested case pursuant to an application filed by UPPCO within 60 days of an order that establishes Credit A. Calculation C would capture excess deferred taxes, bonus depreciation and other impacts not captured by Credits A and B. Staff suggested UPPCO may use its next planned rate case filing for Calculation C, which is expected to be filed by the end of the third quarter of 2018.

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NOTES TO FINANCIAL STATEMENTS (Continued)

13. RELATED PARTY TRANSACTIONS

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

Apart from an intercompany loan with UPPHC, there were no transactions that were directly conducted between UPPCO and its affiliates. UPPHC and 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:

<u>(Thousands)</u>	<u>2017</u>	<u>2016</u>
Amounts due to UPPHC from UPPCO		
Long Term Debt	\$108,200.0	\$108,200.0
Intercompany Interest	-	\$1,163.4
Amounts paid from UPPCO to UPPHC		
Return of Capital	\$4,250.0	\$8,495.0
Intercompany Interest	\$4,718.1	\$3,554.7

14. NEW ACCOUNTING PRONOUNCEMENTS

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 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. At this time, we cannot quantify the potential impact the new revenue standard will have on its consolidated financial statements.

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 guidance on our consolidated financial statements.

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

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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 are currently evaluating the impact of this guidance on our consolidated financial statements.

15. SUBSEQUENT EVENTS

These financial statements have not been updated for subsequent events occurring after April 18, 2018, which is the date these financial statements were available to be issued. The company has no responsibility to update these financial statements occurring after this date.

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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)	323,244,215		323,244,215
4	Property Under Capital Leases			
5	Plant Purchased or Sold			
6	Completed Construction not Classified			
7	Experimental Plant Unclassified			
8	TOTAL (Enter Total of lines 3 thru 7)	323,244,215		323,244,215
9	Leased to Others			
10	Held for Future Use			
11	Construction Work in Progress	10,694,283		10,694,283
12	Acquisition Adjustments			
13	TOTAL Utility Plant (Enter Total of lines 8 thru 12)	333,938,498		333,938,498
14	Accum. Prov. For Depr., Amort., & Depl.	134,888,559		134,888,559
15	Net Utility Plant (Enter Total of line 13 less 14)	199,049,939		199,049,939
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION			
17	In Service:			
18	Depreciation	128,090,840		128,090,840
19	Amort. & Depl. Of Producing Natural Gas Land & Land Rights			
20	Amort. Of Underground Storage Land & Land Rights			
21	Amort. Of Other Utility Plant	6,797,719		6,797,719
22	TOTAL In Service (Enter Total of lines 18 thru 21)	134,888,559		134,888,559
23	Leased to Others			
24	Depreciation			
25	Amortization & Depletion			
26	TOTAL Leased to Others (Enter Total of lines 24 and 25)	0		0
27	Held for Future Use			
28	Depreciation			
29	Amortization			
30	TOTAL held for Future Use (Enter Total of Lines 28 and 29)	0		0
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)	134,888,559		134,888,559

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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

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FOOTNOTE DATE

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

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

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

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	301 Organization		
3	302 Franchises and Consents	5,959,890	
4	303 Miscellaneous Intangible Plant	18,002,110	3,605,728
5	TOTAL Intangible Plant	23,962,000	3,605,728
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		
15a	317 Asset Retirement Costs for Steam Prod.		
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		

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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
				302	3
				303	4
0	0	0	27,567,728		5
					6
					7
				310.1	8
				310.2	9
				311	10
				312	11
				313	12
				314	13
				315	14
				316	15
				317	15a
0	0	0	143,334		16
					17
				320.1	18
				320.2	19
				321	20
				322	21
				323	22
				324	23

Name of Respondent UPPER PENINSULA POWER CO		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report December 31, 2017
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	326 Asset Retirement Costs for Nuclear Prod			
25a	TOTAL Nuclear Production Plant	0	0	
26	Hydraulic Production Plant			
27	330.1 Land	630,727		
28	330.2 Land Rights			
29	331 Structures and Improvements	1,927,562	129,394	
30	332 Reservoirs, Dams and Waterways	78,430,424	303,236	
31	333 Water Wheels, Turbines and Generators	624,791		
32	334 Accessory Electric Equipment	5,013,452		
33	335 Miscellaneous Power Plant Equipment	782,229		
34	336 Roads, Railroads and Bridges	900,562		
35	TOTAL Hydraulic Production Plant	88,309,747	432,630	
36	Other Production Plant			
37	340.1 Land	63,016		
38	340.2 Land Rights	205,147		
39	341 Structures and Improvements	1,351,574		
40	342 Fuel Holders, Products and Accessories	2,487,784		
41	343 Prime Movers	1,056,338		
42	344 Generators	753,936		
43	345 Accessory Electric Equipment	28,291		
44	346 Miscellaneous Power Plant Equipment			
44a	347 Asset Retirement Costs for Other Prod.			
45	TOTAL Other Production Plant	5,946,086	0	
46	TOTAL Production Plant	94,399,167	432,630	
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 CO		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		04/30/18		December 31, 2017	
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		
				326	25		
0	0	0	0		25a		
					26		
				330.1	27		
				330.2	28		
2,271				331	29		
6,045				332	30		
				333	31		
1,627				334	32		
				335	33		
				336	34		
9,943	0	0	88,732,434		35		
					36		
				340.1	37		
				340.2	38		
				341	39		
				342	40		
				343	41		
				344	42		
				345	43		
				346	44		
				347	44a		
0	0	0	5,946,086		45		
9,943	0	0	94,821,854		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 CO		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/18	December 31, 2017
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	1,234,260		
63	362 Station Equipment	31,345,087	3,344,474	
64	363 Storage Battery Equipment			
65	364 Poles, Towers and Fixtures	35,223,796	1,912,683	
66	365 Overhead Conductors and Devices	18,433,283	667,110	
67	366 Underground Conduit			
68	367 Underground Conductors and Devices	21,792,076	2,322,244	
69	368 Line Transformers	28,102,753	1,450,104	
70	368.1 Capacitors			
71	369 Services	15,625,622	560,007	
72	370 Meters	4,489,345	223,415	
73	371 Installations on Customers' Premises	376,948	22,039	
74	372 Leased Property on Customers' Premises			
75	373 Street Lighting and Signal Systems	1,926,396	4,536	
75a	374 Asset Retirement Costs for Distrib. Plant	(49,058)		
76	TOTAL Distribution Plant	159,246,321	10,506,612	
77	5. GENERAL PLANT			
78	389.1 Land	591,264		
79	389.2 Lands Rights			
80	390 Structures and Improvements	7,852,458	173,748	
81	391 Office Furniture and Equipment	1,836,694	227,717	
82	391.1 Computers / Computer Related Equipment			
83	392 Transportation Equipment	9,477,288	1,491,139	
84	393 Stores Equipment	104,040	4,643	
85	394 Tools, Shop and Garage Equipment	1,926,589	462,264	
86	395 Laboratory Equipment	2,137,263		
87	396 Power Operated Equipment	1,484,878	116,078	
88	397 Communication Equipment	2,890,844	1,739,745	
89	398 Miscellaneous Equipment	37,270		
90	SUBTOTAL	28,338,588	4,215,334	

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		
				360.1	60		
				360.2	61		
30,110				361	62		
519,490				362	63		
				363	64		
179,391				364	65		
88,530				365	66		
				366	67		
128,567				367	68		
50,983				368	69		
				368.1	70		
18,480				369	71		
132,587				370	72		
18,351				371	73		
				372	74		
				373	75		
				374	75a		
1,166,489	0	0	168,586,444		76		
					77		
				389.1	78		
				389.2	79		
				390	80		
228,148				391	81		
				391.1	82		
137,194				392	83		
				393	84		
10,370				394	85		
46,206				395	86		
				396	87		
3,273				397	88		
14,834				398	89		
440,025	0	0	32,113,897		90		

Name of Respondent UPPER PENINSULA POWER CO		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report December 31, 2017
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	28,492,880	4,215,334	
93	TOTAL (Accounts 101 and 106)	306,100,368	18,760,304	
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>	306,100,368	18,760,304	

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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.
				399	91
440,025	0	0	32,268,189		92
1,616,457	0	0	323,244,215		93
					94
				102	95
					96
				103	97
1,616,457	0	0	323,244,215		98

Name of Respondent UPPER PENINSULA POWER CO		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report December 31, 2017
CONSTRUCTION WORK IN PROGRESS AND COMPLETED CONSTRUCTION NOT CLASSIFIED - ELECTRIC (Accounts 107 and 106)				
<p>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.</p> <p>2. The information specified by this schedule for Account 106, Completed Construction</p>		<p>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.</p> <p>3. Show items relating to "research and development" projects last under a caption Research and Development (See Account 107, Uniform System of Accounts).</p> <p>4. Minor projects may be grouped.</p>		
Line No.	Description of Project (a)	Construction Work in Progress-Electric (Account 107) (b)	Completed Construction Not Classified-Electric (Account 106) (c)	Estimated Additional Cost of Project (d)
1	SAP BPC Central Finance-Software/Implemnt	1,502,345		
2	4000027063-MSV987 Part II 509 Y Rd to W.	542,041		
3	ISH Land & Building Purchase	515,772		
4	OMS Project-Software/Implementation	415,729		
5	4000030631-EB-RAUHALA RD	389,771		
6	4000027676-EP Portage Entry 3	358,536		
7	4000027339-MSV987 OH/UG Part I	336,318		
8	Projects with balances less than \$300,000.00	6,633,771		
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	TOTAL	10,694,283	0	0

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report 12/31/17
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FOOTNOTE DATE

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
216	2	b	FERC Account 364 \$ 54,204 FERC Account 365 108,408 FERC Account 367 <u>379,429</u> Total \$ 542,041
216	5	b	FERC Account 364 \$ 19,488 FERC Account 367 <u>370,282</u> Total \$ 389,771
216	6	b	FERC Account 364 \$ 35,854 FERC Account 367 <u>322,682</u> Total \$ 358,536
216	7	b	FERC Account 364 \$ 67,264 FERC Account 365 67,264 FERC Account 367 <u>\$ 201,790</u> Total \$ 336,318

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report December 31, 2017
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CONSTRUCTION OVERHEADS - ELECTRIC

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. should explain on page 218 the accounting procedures employed and the amounts of engineering, supervision and administrative costs, etc., which are directly charged to construction.

2. On page 218 furnish information concerning construction overheads.

3. A respondent should not report "none" to this page if no overhead apportionments are made, but rather

4. Enter on this page engineering, supervision, administrative, and allowance for funds used during construction, etc., which are first assigned to a blanket work order and then prorated to construction jobs.

Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)
1	Benefits and Payroll tax	1,911,901
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39	TOTAL	1,911,901

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) 04/30/18	Year of Report 12/31/2017
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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-17274 dated December 19, 2013.

COMPUTATION OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION RATES

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

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

Line No.	Title (a)	Amount (b)	Capitalization Ratio (Percent) (c)	Cost Rate Percentage (d)
1	Average Short-term Debt & Computation of Allowance Text	S		
2	Short-Term Interest			2.38%
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.

2.38%

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ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108 & 110)					
1. Explain in a footnote any important adjustments during year. 2. Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c), and that reported for electric plant in service, pages 202-204A, column (d), excluding retirements of non-depreciable property. 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.			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. 4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.		
Section A. Balances and Changes During Year					
Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	121,229,990	121,229,990		
2	Depreciation Prov. for Year, Charged to				
3	(403) Depreciation Expense	8,862,719	8,862,719		
4	(403.1) Decommissioning Expense	0			
5	(413) Exp. Of Elec. Plt. Leas. to Others	0			
6	Transportation Expenses-Clearing	0			
7	Other Clearing Accounts	0			
8	Other Accounts (Specify):				
9	182375 ARC Depr Expense	0			
9a	182376/254160 ARO Depreciation Exp	(3,370)	(3,370)		
10	TOTAL Deprec. Prov. For Year (Enter Total of Lines 3 thru 9)	8,859,349	8,859,349	0	0
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	1,088,866	1,088,866		
13	Cost of Removal	695,168	695,168		
14	Salvage (Credit)	39,933	39,933		
15	TOTAL Net Chrgs. For Plant Ret. (Enter Total of lines 12 thru 14)	1,823,967	1,823,967	0	0
16	Net Earnings of Decommissioning Funds				
17	Other Debit or Credit Items (Described)				
18	KNPP Sale Gain/Loss Calc				
18a	FIN47 ARO COR Reclass				
18b	FIN47 ARO Implementation Deprec				
18c	Columbia Substation Purchase				
18d	Other Transfers & Reclassifications	(174,532)	(174,532)		
18e					
19	Balance End of Year (Enter total of lines 1, 10, 15, 16 & 17)	128,090,840	128,090,840	0	0
Section B. Balances at End of Year According to Functional Classifications					
20	Steam Production	0			
21	Nuclear Production-Depreciation	0			
22	Nuclear Production-Decommissioning	28,081,820	28,081,820		
23	Hydraulic Production-Conventional	0			
24	Hydraulic Production-Pumped Storage	5,671,924	5,671,924		
25	Other Production	0			
26	Transmission	80,150,002	80,150,002		
27	Distribution	0			
28	General	14,187,094	14,187,094		
29	TOTAL (Enter total of lines 20 thru 28)	128,090,840	128,090,840	0	0

Name of Respondent		This Report Is:		Date of Report	Year of Report
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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	(77,673)	
			Total other	(77,673)	
219	22	c	Hydraulic Production - Conventional:		
			End Balance	25,238,294	
			Less: 108 ARO Depreciation (Non-Rate Base)	0	
			Add: 182.3 ARO COR Depr (Rate Base)	0	
			Ending Rate Base Reserve	25,238,294	
219	24	c	Other Production:		
			End Balance	5,494,876	
			Less: 108 ARO Depreciation (Non-Rate Base)	0	
			Add: 182.3 ARO COR Depr (Rate Base)	0	
			Ending Rate Base Reserve	5,494,876	
219	26	c	Distribution:		
			End Balance:	77,058,326	
			Less 108 ARO Depreciation (Non-Rate Base)	(33,992)	
			Add: 182.3 ARO COR Depr (Rate Base)	0	
			Ending Rate Base Reserve	77,024,334	
219	28	c	End Balance		
			Less: 108 ARO Depreciation (Non-Rate Base)	(150,685)	
			Add: 182.3 ARO COR Depr (Rate Base)	0	
			Ending Rate Base Reserve	13,287,811	
219	29	c	End Balance		
			Less: 108 ARO Depreciation (Non-Rate Base)	(184,677)	
			Add: 182.3 ARO COR Depr (Rate Base)	0	
			Ending Rate Base Reserve	121,045,313	

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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		454,062
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				
12				
13				
14				
15				
16				
17				
	TOTAL	11,579,419	736,009	12,315,427

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	1,794,840
2	Accruals for Year, Charged to	
3	(417) Income from Nonutility Operations	195,878
4	(418) Nonoperating Rental Income	0
5	Other Accounts (Specify):	
6		
7	TOTAL Accruals for Year (Enter Total of lines 3 thru 6)	195,878
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	Transfer from Utility Property	
15	Balance, End of Year (Enter Total of lines 1, 7, 12, and 14)	1,990,718

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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)	14,474,320	13,338,675		
3	Other Accounts Receivable (Account 143) * (Disclose any capital stock subscriptions received)	692,753	2,342,936		
4	TOTAL	15,167,073	15,681,611		
5	Less: Accumulated Provision for Uncollectible Accounts-Cr. (Account 144) **	1,000,000	1,730,000		
6	TOTAL, Less Accumulated Provision for Uncollectible Accounts	14,167,073	13,951,611		
7					
8					
9					
10					
11					
12					
13					
14					

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

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

Line No.	Item (a)	Utility Customers (b)	Merchandise Jobbing and Contract Work (c)	Officers and Employees (d)	Other (e)	Total (f)
1	Balance beginning of year	1,000,000				1,000,000
2	Prov. for uncollectibles for current year	2,690,254				2,690,254
3	Account written off (less)	1,999,328			11,742	2,011,070
4	Coll. of accounts written off	50,816				50,816
5	Adjustments (explain): To reserve based on modified black motor formula					0
6	Balance end of year	1,741,742	0	0	(11,742)	1,730,000
7						
8						
9						
10						
11						

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report December 31, 2017
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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)	406,584	354,550	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)	1,247,726	1,175,074	Electric
6	Assigned to - Operations & Maintenance			
7	Production Plant (Estimated)			
8	Transmission Plant (Estimated)			
9	Distribution Plant (Estimated)	1,106,474	1,042,047	Electric
10	Assigned to - Other			
11	TOTAL Account 154 <i>(Enter total of line 5 thru 10)</i>	2,354,200	2,217,121	
12	Merchandise (Account 155)			
13	Other Material & Supplies (Account 156)			
14	Nuclear Materials Held for Sale (Account 157) <i>(not applicable to Gas utilities)</i>			
15	Stores Expense Undistributed (Account 163)	247,952	477,373	Electric
16				
17				
18				
19				
20	TOTAL Materials & Supplies (Per Balance Sheet)	3,008,736	3,049,044	

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) 04/30/18	Year of Report 12/31/2017
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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 Electric Department - Coal	
			Quantity (Tons) (c)	Cost (d)
1	On hand beginning of year	406,584		
2	Received during year	67,740		
3	TOTAL	474,324	0	0
4	Used during year (specify department)	119,774		
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15	Sold or transferred			
16	TOTAL DISPOSED OF	119,774	0	0
17	BALANCE END OF YEAR	354,550	0	0

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) 04/30/18		Year of Report 12/31/2017	
PRODUCTION FUEL AND OIL STOCKS (Included in Account 151 (Continued))							
KINDS OF FUEL AND OIL (Continued)							
Electric Department - Oil		Electric Department - Propane		Electric Dept. - Alternate Fuel		Line	
Quantity (Gallons) (e)	Cost (f)	Quantity (Gallons) (g)	Cost (h)	Quantity (Tons) (i)	Cost (j)	Line No.	
435,171	406,584					1	
31,302	67,740					2	
466,473	474,324	0	0	0	0	3	
61,304	119,774					4	
						5	
						6	
						7	
						8	
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61,304	119,774	0	0	0	0	16	
405,169	354,550	0	0	0	0	17	

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Name of Respondent UPPER PENINSULA POWER C	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report December 31, 2017
MISCELLANEOUS CURRENT AND ACCRUED ASSETS (Account 174)			
1. Give description and amount of other current and accrued assets as of the end of year. 2. Minor items may be grouped by classes, showing number of items in each class.			
Line No.	Item (a)	Balance End of Year (b)	
1	MI Energy Oprimization	85,979	
2	UPPCO Self Implemented Rate Refund	42,884	
3	UPPCO PSCR 2016	286,215	
4			
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25	TOTAL	415,078	

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report December 31, 2017
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	US 41 Road Improvements	6,426	
2			
3			
4			
5			
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TOTAL		6,426	

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report December 31, 2017	
PRELIMINARY SURVEY AND INVESTIGATION CHARGES (Account 183)				
Debits (c)	CREDITS		Balance End of Year (f)	Line No.
	Account Charged (d)	Amount (e)		
29,897			36,323	1
				2
				3
				4
				5
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29,897		0	36,323	TOTAL

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report December 31, 2017
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OTHER REGULATORY ASSETS

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

Line No.	Description and Purpose of Other Regulatory Assets (a)	Debits (b)	CREDITS		Balance at End of Year (e)
			Account Charged (c)	Amount (d)	
1	Warden Ash Site Monitoring		253	55,000	660,000
2					
3	Minimum Pension Liability Adjustment		128/228	11,116,211	50,955,815
4					
5	ARO Depr/Accr NonRate Base	3,370			603,044
6					
7	Decoupling				66,777
8					
9	Deferred Taxes				87,927
10					
11	See Footnote				
12					
13					
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34					
35	TOTAL	3,370		11,171,211	52,373,563

NOTE: All amounts are recorded in Account 182.3.

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report 12/31/17
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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 CO		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission		Date of Report (Mo, Da, Yr) 04/30/18		Year of Report December 31, 2017	
MISCELLANEOUS DEFERRED DEBITS (Account 186)							
1. Report below the particulars (details) called for concerning miscellaneous deferred debits.				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.			
2. For any deferred debit being amortized, show period of amortization in column (a).							
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	123,920		511	19,192	104,728	
2							
3	Work Orders	(2,532)	2,532			0	
4							
5	Insurance Recovery	48,861				48,861	
6							
7	Other deferred charges	30,552		242	30,552	0	
8							
9	JH Warden Landfill Trust		2,015			2,015	
10							
11							
12							
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36							
37							
38	Misc. Work in Progress						
39	TOTAL	200,801	4,547		49,744	155,604	

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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 CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report December 31, 2017
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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	26,789,286	127,752	144,998
3	Other Than Plant	517,458	6,506,813	8,615,776
4	Plant (FAS 109)			
5	Other Than Plant (FAS 109)			
6				
7	Other			
8	TOTAL (Account 190) (Enter total of lines 2 thru 7)	27,306,744	6,634,565	8,760,774
9	Gas			
10	Plant			
11	Other Than Plant			
12	Plant (FAS 109)			
13	Other Than Plant (FAS 109)			
14				
15	Other			
16	TOTAL Gas (Enter total of lines 10 thru 15)			
17	Other (Specify) - Nonutility	37,859,529	16,705,277	4,165,565
18	TOTAL (Account 190) (Enter total of lines 8, 16 & 17)	65,166,273	23,339,842	12,926,339
19	Classification of Total:			
20	Federal Income Tax		20,999,858	11,630,382
21	State Income Tax		2,339,984	1,295,957
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 CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report December 31, 2017
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ACCUMULATED DEFERRED INCOME TAXES (Account 190) (Continued)

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

4. In the space provided below, identify by amount

Changes During Year		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	DEBITS		CREDITS			
		Acct. No. (g)	Amount (h)	Acct. No. (i)	Amount (j)		
				190.00	25,494,965	1,311,567	1
		190.00	25,494,965			28,121,386	2
				283.00	660,493	(660,493)	3
		283.00	2,308,835			2,308,835	4
							5
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							7
0	0		27,803,800		26,155,458	31,081,295	8
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							15
		190.10	265,110	282.00	1,528,852	24,056,075	16
			28,068,910		27,684,310	55,137,370	17
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NOTES (Continued)

Name of Respondent UPPER PENINSULA POWER CO		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report December 31, 2017
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				
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UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (Account 189, 257) (Continued)

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

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

Balance Beginning of Year (e)	Debits During Year (f)	Credits During Year (g)	Balance End of Year (h)	Line No.
7,064		3,975	3,089	1
862,156		470,267	391,889	2
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CAPITAL STOCK (Accounts 201 and 204)

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

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

Line No.	Class and Series of Stock and Name of Stock Exchange (a)	Number of Shares Authorized by Charter (b)	Par or Stated Value Per Share (c)	Call Price at End of Year (d)
1	Common Stock Without Par	3,000,000	9.00	
2				
3	Cumulative Preferred Stock	300,000		
4				
5	Cumulative Preference Stock	1,000,000	1.00	
6				
7	Note: Respondent's common stock is held			
8	entirely by its parent holding company.			
9	Upper Peninsula Power Holding Company.			
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Name of Respondent UPPER PENINSULA POWER CO		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/30/18	Year of Report December 31, 2017	
CAPITAL STOCK (Accounts 201 and 204) (Continued)						
3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.			5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.			
4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.			6. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purposes of pledge.			
OUTSTANDING PER BALANCE SHEET		HELD BY RESPONDENT				
<i>(Total amount outstanding without reduction for amounts held by respondents.)</i>		AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	Line No.
1,473,736	13,263,624					1
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						3
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**CAPITAL STOCK SUBSCRIBED, CAPITAL STOCK LIABILITY FOR CONVERSION, PREMIUM ON CAPITAL STOCK AND INSTALLMENTS RECEIVED ON CAPITAL STOCK
(Accounts 202 & 205, 203 & 206, 207, 212)**

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

Line No.	Name of Account & Description of Item (a)	Number of Shares (b)	Amount (c)
1			
2			
3			
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40	TOTAL	0	0

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report December 31, 2017
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OTHER PAID - IN CAPITAL (Accounts 208-211, inc.)

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

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

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

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

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

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

Line No.	Item (a)	Amount (b)
1	Beginning Balance - January 1, 2017	57,021,469
2		
3	Return of Capital to Parent	(4,250,000)
4		
5		
6		
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35	TOTAL	52,771,469

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Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report December 31, 2017
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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-Discount and Expense, or credited to Account 429, *Amortization of Premium on Debt-Credit*.
12. In a footnote, give explanatory particulars (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.
13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.
14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, *Interest on Long-Term Debt*, and Account 430, *Interest on Debt to Associated Companies*.
16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD		Outstanding <i>(Total amount outstanding without reduction for amounts held by respondent)</i> (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
						1
						2
						3
8/27/2014	8/27/2024			16,230,000	641,085	4
8/27/2014	8/27/2029			27,050,000	1,136,100	5
8/27/2014	8/27/2034			51,395,000	2,276,799	6
8/27/2014	8/27/2044			13,525,000	664,077	7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
				108,200,000	4,718,061	25

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report December 31, 2017
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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	\$5,500,000
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
TOTAL						\$5,500,000

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report December 31, 2017
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RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

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

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

Line No.		TOTAL AMOUNT
1	Utility net operating income (page 114 line 20)	
2	Allocations: Allowance for funds used during construction	
3	Interest expense	
4	Other (specify)	
5	Net income for the year (page 117 line 68)	(5,453,837)
6	Allocation of Net income for the year	
7	Add: Federal and State income tax expenses	17,499,920
8		
9	Total pre-tax income	12,046,083
10		
11	Add: Taxable income not reported on books:	
12		
13		
14		
15	Add: Deductions recorded on books not deducted from return	
16	Schedule M (Addition of Taxable Income)	11,626,658
17		
18		
19	Subtract: Income recorded on books not included in return:	
20		
21		
22		
23	Subtract: Deductions on return not charged against book income:	(23,672,741)
24	Schedule M (Addition of Taxable Income)	
25		
26	Federal taxable income for the year	0

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report December 31, 2017
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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
4,533,965	12,965,955	7
		8
		9
		10
		11
		12
		13
		14
		15
7,802,755	5,607,095	16
		17
		18
		19
		20
		21
		22
(19,390,432)	(6,065,500)	23
		24
		25
		26

Name of Respondent UPPER PENINSULA POWER CO		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/30/18	Year of Report 12/31/17
FOOTNOTE DATE					
Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)		
261	7	(a)	Benefits & Incentives Benefits & Incentives Accrued \$1,357,471 CGL & NOL Gain/Loss 3,734,476 Other Bad Debts 730,000 Customer Advances (55,997) Price Risk Hedging (170,280) Deferred Income Ded 44,242 Interest 479,289 Meals & Entertainment 47,695 Charitable Contributions 78,426 Penalties & Lobby 11,001 Plant & Other Depreciation (12,782,701) Goodwill (10,421,748) CIAC 55,923 Regulatory Deferral Environmental Cleanup 74,192 Regulatory Assets 4,882,836 Regulatory Liabilities (110,907) (12,046,082)		

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report December 31, 2017
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Account 236)

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

Line No.	Kind of Tax Subaccount (See Instruction 5) (a)	BALANCE AT BEGINNING OF YEAR	
		Taxes Accrued (Account 236) (b)	Prepaid Taxes (Incl. In Account 165) (c)
1	Federal Highway Use Tax		
2	FICA	86,170	
3	FUTA	3,265	
4	Federal Withholding	97,270	
5	State of Michigan TOTIT		
6	Unemployment	12,439	
7	Use Tax		
8	Local MI TOTIT		
9	Real Estate & Property	2,310,818	
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20		2,509,962	0

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	716,914			
3	4,526			
4				
5				
6	18,429			
7				
8				
9	5,720,467			60,246
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20	6,460,336	0	0	60,246

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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)	
	3,334				1
1,211,570	1,202,650		95,090		2
5,304	5,125		3,444		3
	2,359,970		86,353		4
					5
34,314			8,039		6
207,828	205,803				7
					8
5,774,014	5,668,771		2,416,061		9
					10
					11
					12
					13
					14
					15
					16
					17
					18
					19
7,233,030	9,445,653	0	2,608,987	0	20

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
				13
				14
				15
				16
				17
				18
				19
0	0	0	0	20

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MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)

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

Line No.	Item (a)	Balance End of Year (b)
1	Curr & Accr Liab-401K Serv Acc	457,235
2	Empl Garnish Payroll	2,695
3	Curr & Accr Liab - Misc Payroll	766
4	Current SERP Obligation	22,224
5	Current Sick Pay Plan Obligation	40,511
6	Current Pension Restoration	28,829
7	Curr Post Retirement Obligation	24,121
8	C&A Liab - 401K Deducts	83,560
9	Curr & Acc Liab - Vac Pay Accrued	1,416,592
10	Accrued Wages Payable	374,557
11	Empl Cost - Flex Spending Plan	1,573
12	EWR Program Liability	1,216,335
13	HSA Contribution Payable	17,632
14	Accrued Workers Comp Claim Liability	2,456
15	Accrued Pay at Risk	1,078,489
16	Def Rev PSCR 2017	4,848,000
17		
18		
19		
20		
21		
22	TOTAL	9,615,575

CUSTOMER ADVANCES FOR CONSTRUCTION (Account 252)

Line No.	List Advances by department (a)	Balance End of Year (b)
23	Electric	1,916,582
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39	TOTAL	1,916,582

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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	474,228	Various	129,504	109,707	454,431
2	Outstanding Checks Cancelled	6,118	Various	1,221		4,897
3	Warden Ash Site	715,000	186	55,000		660,000
4	Sick Leave Term Pay	126,295	131	27,129	2,779	101,945
5	Deferred Comp	73,964			121,192	195,156
6	Workers Comp Claim Reserve	152,202				152,202
7	Deferred Income Plan	119,204	131	118,578	93,713	94,339
8	Other Def Cr/Cust Work	54,399		12,814	4,801	46,386
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47	TOTAL	1,721,410		344,246	332,192	1,709,356

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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	10,304,245	25,884,137	20,256,201
3	Gas			
4	Other (Define) Nonutility			
5	TOTAL (Enter total of lines 2 thru 4)	10,304,245	25,884,137	20,256,201
6	Other (Specify)			
7				
8	Non Utility	115,615	118,988	518,946
9	TOTAL Account 282 (Enter total of lines 5 thru 8)	10,419,860	26,003,125	20,775,147
10	Classification of TOTAL			
11	Federal Income Tax	9,749,084	23,396,128	18,692,292
12	State Income Tax	670,776	2,606,997	2,082,855
13	Local Income Tax			

NOTES

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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.
		DEBITS		CREDITS			
Amounts Debited to Acct. 410.2 (e)	Amounts Credited to Acct. 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	(k)	
							1
		190 & 283	2,241,061			13,691,120	2
							3
							4
			2,241,061			13,691,120	5
							6
							7
				190 & 283	957,649	673,306	8
0	0		2,241,061		957,649	14,364,426	9
							10
			2,016,379		861,638	13,298,179	11
			224,682		96,011	1,066,247	12
							13

NOTES (Continued)

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report December 31, 2017
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ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283)

- Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
- 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	26,124,307	43,143	2,681,158
4	Other Than Plant (FAS 109)			
5				
6	Other			
7	TOTAL Electric (<i>total of lines 2 thru 6</i>)	26,124,307	43,143	2,681,158
8	Gas			
9	Plant			
10	Other Than Plant			
11	Other Than Plant (FAS 109)			
12				
13	Other			
14	TOTAL Gas (<i>Total of lines 9 thru 13</i>)			
15	Other (Specify) Nonutility	77,031	15,763	1,990
16	TOTAL (Account 283) (<i>Enter total of lines 7, 14 and 15</i>)	26,201,338	58,906	2,683,148
17	Classification of TOTAL			
18	Federal Income Tax	23,772,354	53,000	2,414,143
19	State Income Tax	2,428,984	5,906	269,005
20	Local Income Tax			

NOTES

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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.
		DEBITS		CREDITS			
Amounts Debited to Acct. 410.2 (e)	Amounts Credited to Acct. 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
							1
							2
		190 & 282	343,434			23,142,858	3
							4
							5
							6
0	0		343,434		0	23,142,858	7
							8
							9
							10
							11
							12
							13
0	0		0		0	0	14
		190 & 282	5,547	190 & 282	140,809	226,066	15
0	0		348,981		140,809	23,368,924	16
							17
			313,993		126,692	21,223,910	18
			34,988		14,117	2,145,014	19
							20

NOTES (Continued)

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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	187,801	17,522	17,522
2	Regulatory Liability Pension Expense	449	40,400	496,280	846,885
3	Regulatory Liability Deferred Taxes	282	8,047,808	14,406,673	6,358,865
4					
5					
6	See Footnote				
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21	TOTAL		8,276,009	14,920,475	7,223,272

NOTE: All amounts are recorded in Account 254.

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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 CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report December 31, 2017
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GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421. 2)

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

Line No.	Description of Property (a)	Original Cost of Related Property (b)	Date Journal Entry Approved (When Required) (c)	Account 421.1 (d)	Account 421.2 (e)
1	Gain on disposition of property:				
2					
3	Land Sales	2,090		38,550	
4	Land sold 12/29/2017, unclassified for			9,506	
5	year end				
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17	Total Gain	2,090		48,056	

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

Line No.	Description of Property (a)	Original Cost of Related Property (b)	Date Journal Entry Approved (When Required) (c)	Account 421.1 (d)	Account 421.2 (e)
18	Loss on disposition of property:				
19					
20	None				
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34	Total Loss	0			0

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report December 31, 2017
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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	1,283,927
3	Renewable Energy Credits - NU hydro	23,525
4	Operation & Depreciation Expenses of Non-Utility Hydro	(848,695)
5		
6		
7		
8	Subtotal 417	458,757
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	Interest and Dividend Income	
22		
23	Miscellaneous Interest & Div Inc	11,123
24	Subtotal	11,123
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		

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) 04/30/18	12/31/17
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	59,011,988	60,822,813	
3	(442) Commercial and Industrial Sales			
4	Small (or Commercial)	25,613,393	25,849,950	
5	Large (or Industrial)	23,078,113	25,417,407	
6	(444) Public Street and Highway Lighting	1,866,761	1,745,585	
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	109,570,255	113,835,755	
13				
14	(447) Sales for Resale	671,071	2,876,121	
15	TOTAL Sales of Electricity	110,241,326	116,711,876	
16				
17	(Less) (449.1) Provision for Rate Refunds	5,999,467	7,191,208	
18	TOTAL Revenue Net of Provision for Refunds	104,241,859	109,520,668	
19	Other Operating Revenues			
20	(450) Forfeited discounts	118,158	44,197	
21	(451) Miscellaneous Service Revenues	2,153	24,374	
22	(453) Sales of Water and Water Power	44,571	43,697	
23	(454) Rent from Electric Property	197,252	200,458	
24	(455) Interdepartmental Rents			
25	(456) Other Electric Revenues	1,105,744	948,258	
26				
27				
28				
29				
30	TOTAL Other Operating Revenues	1,467,878	1,260,984	
31				
32	TOTAL Electric Operating Revenues	105,709,737	110,781,652	

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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)	
241,786	249,845	46,389	46,829	1 2
144,084	142,479	5,648	5,735	3 4
341,353	335,910	56	68	5
4,704	4,682	72	75	6 7 8 9 10 11
731,927	732,916	52,165	52,707	12 13
13,266	98,706	1	16	14
745,193	831,622	52,166	52,723	15 16 17
745,193	831,622	52,166	52,723	18

* Includes \$ _____ unbilled revenues.

** Includes - MWH relating to unbilled revenues.

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FOOTNOTE DATE

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
300	14	b	Includes \$406,849 for FERC Order 668-A.
300	14	c	Includes \$2,141,057 for FERC Order 668-A.
301	14	d	Includes 12,634 Mwh for FERC Order 668-A.
301	14	e	Includes 81,061 Mwh for FERC Order 668-A.

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SALES OF ELECTRICITY BY RATE SCHEDULES

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

Line No.	Number and Title of Rate Schedule (a)	MWh Sold (b)	Revenue (c)	Avg. No. of Customers (d)	KWh of Sales per Customer (e)	Revenue per KWh Sold (f)
1	440 Residential Sales					
2	A-1 Residential	197,619	49,055,091	39,735	4,973	0.2482
3	A-2 Residential	17,484	4,136,261	3,225	5,421	0.2366
4	AH-1 Electric Heat	26,684	5,751,405	3,429	7,782	0.2155
5	AH-2 Electric Heat	0	0			
6	Z-1&3 Dusk to Dawn	1,122	452,280			0.4031
7	Z-2&4 Dusk to Dawn	141	49,124			0.3484
8	TOTAL	243,050	59,444,161	46,389	5,239	0.2446
9	442 Comercial & Industrial	0	0			
10	C-1 General Commercial	59,484	10,902,718	4,896	12,150	0.1833
11	C-2 General Commercial	0	0			
12	H-1 Commercial Heating	7,635	1,122,849	226	33,783	0.1471
13	H-2 Commercial Heating	0	0			
14	P-1 Light & Power	75,358	12,030,173	526	143,266	0.1596
15	RTMP	189,580	9,671,840	1	189,580	0.0510
16	CP-I Interruptible Rider	0	0			
17	WP-3	30,809	2,161,324	2	15,404,500	0.0702
18	Z-1&3 Dusk to Dawn					
19	Z-2&4 Dusk to Dawn					
20	C-1 Commercial					
21	C-2 Commercial-IR					
22	CPU	120,096	12,665,955	53	2,265,962	0.1055
23						
24	TOTAL	482,962	48,554,859	5,704	84,671	0.1005
25						
26	444 Public Street Hwy Light	4,705	1,786,243	72	65,347	0.3796
27	TOTAL	4,705	1,786,243	72	65,347	0.3796
28	Unbilled Revenue by					
29	Revenue Class:					
30	Residential					
31	Comm & Industrial					
32						
33						
34						
35						
36	Total Billed					
37	Total Unbilled Rev. (See Instr. 6)					
38	TOTAL	0	0	0		

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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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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						

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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 megawatthours 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)	
				0	1
				0	2
				0	3
				0	4
13,266		465,401		465,401	5
			126,411	126,411	6
	79,259			79,259	7
				0	8
				0	9
				0	10
				0	11
				0	12
				0	13
				671,071	14

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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 17,645.
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 \$479,579.
310	6	j	Ancillary Services - Schedule 2 Firm Sales.

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES				
If the amount for previous year is not derived from previously reported figures, explain in footnotes.				
Line No.	Account (a)	Amt. For Current Year (b)	Amt. For Previous Year (c)	
1	1. POWER PRODUCTION EXPENSES			
2	A. Steam Power Generation			
3	Operation			
4	(500) Operation Supervision and Engineering			
5	(501) Fuel			
6	(502) Steam Expenses			
7	(503) Steam from Other Sources			
8	(Less) (504) Steam Transferred - CR.			
9	(505) Electric Expenses			
10	(506) Miscellaneous Steam Power Expenses			
11	(507) Rents			
12	(509) Allowances			
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	0		0
14	Maintenance			
15	(510) Maintenance Supervision and Engineering			
16	(511) Maintenance of Structures	29,082		19,188
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)	29,082		19,188
21	TOTAL Power Production Expenses-Steam Power (Total of lines 13 & 20)	29,082		19,188
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	1,198,314		1,164,090
45	(536) Water for Power			
46	(537) Hydraulic Expenses	565		62,964
47	(538) Electric Expenses	394,017		318,058
48	(539) Miscellaneous Hydraulic Power Generation Expenses	50,552		13,153
49	(540) Rents	79,950		121,010
50	TOTAL Operation (Enter Total of Lines 44 thru 49)	1,723,398		1,679,275

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (cont'd)				
If the amount for previous year is not derived from previously reported figures, explain in footnotes.				
Line No.	Account (a)	Amt. For Current Year (b)	Amt. For Previous Year (c)	
51	C. Hydraulic Power Generation (Continued)			
52	Maintenance			
53	(541) Maintenance Supervision and Engineering	220,258	227,766	
54	(542) Maintenance of Structures	14,508	74,411	
55	(543) Maintenance of Reservoirs, Dams, and Waterways	231,568	244,770	
56	(544) Maintenance of Electric Plant	496,436	440,747	
57	(545) Maintenance of Miscellaneous Hydraulic Plant	5,188	1,524	
58	TOTAL Maintenance (Total of Lines 53 thru 57)	967,958	989,218	
59	TOTAL Pwr. Production Expenses-Hydraulic Pwr. (Total of lines 50 & 58)	2,691,356	2,668,493	
60	D. Other Power Generation			
61	Operation			
62	(546) Operation Supervision and Engineering		10,352	
63	(547) Fuel	119,774	767,128	
64	(548) Generation Expenses	5,152	3,867	
65	(549) Miscellaneous Other Power Generation Expenses	(4,441)	37,014	
66	(550) Rents			
67	TOTAL Operation (Total of Lines 62 thru 66)	120,485	818,361	
68	Maintenance			
69	(551) Maintenance Supervision and Engineering		1,481	
70	(552) Maintenance of Structures	13,042		
71	(553) Maintenance of Generating and Electric Plant	16,860	18,040	
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	5,707	6,864	
73	TOTAL Maintenance (Total of Lines 69 thru 72)	35,609	26,385	
74	TOTAL Pwr. Production Expenses-Other Power (Total of Lines 67 & 73)	156,094	844,746	
75	E. Other Power Supply Expenses			
76	(555) Purchased Power	27,564,787	30,086,464	
77	(556) System Control and Load Dispatching	682,444	1,197,780	
78	(557) Other Expenses			
79	Total Other Power Supply Expenses (Total of Lines 76 thru 78)	28,247,231	31,284,244	
80	Total Pwr. Production Expenses (Total of lines 21, 41, 59, 74 & 79)	31,123,763	34,816,671	
81	2. TRANSMISSION EXPENSES			
82	Operation			
83	(560) Operation Supervision and Engineering			
84	(561) Load Dispatching	980,981	673,253	
85	(562) Station Expenses			
86	(563) Overhead Lines Expenses			
87	(564) Underground Lines Expenses			
88	(565) Transmission of Electricity by Others	5,804,483	9,152,068	
89	(566) Miscellaneous Transmission Expenses			
90	(567) Rents			
91	TOTAL Operation (Total of Lines 83 thru 90)	6,785,464	9,825,321	
92	Maintenance			
93	(568) Maintenance Supervision and Engineering			
94	(569) Maintenance of Structures	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)	148		
100	TOTAL Transmission Expenses (Total of Lines 91 & 99)	6,785,612	0	
101	Operation			
102	(575) Market Facilitation, Monitoring and Compliance Services	73,412		
103	TOTAL Regional Transmission and Market OP Exp	73,412		
104	3. DISTRIBUTION EXPENSES			
105	Operation			
106	(580) Operation Supervision and Engineering	2,283,070	1,918,881	

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (cont'd)				
If the amount for previous year is not derived from previously reported figures, explain in footnotes.				
Line No.	Account (a)	Amt. For Current Year (b)	Amt. For Previous Year (c)	
107	3. DISTRIBUTION EXPENSES (Continued)			
108	(581) Load Dispatching	31,059	201,031	
109	(582) Station Expenses	654,348	848,167	
110	(583) Overhead Line Expenses	129,286	299,939	
111	(584) Underground Line Expenses	20,246	107,042	
112	(585) Street Lighting and Signal System Expenses	175,118	155,657	
113	(586) Meter Expenses	690,867	641,030	
114	(587) Customer Installations Expenses			
115	(588) Miscellaneous Expenses	1,574,720	1,292,828	
116	(589) Rents	65,291	40,513	
117	TOTAL Operation (Total of Lines 103 thru 113)	5,624,005	5,505,088	
118	Maintenance			
119	(590) Maintenance Supervision and Engineering	66,905	315,242	
120	(591) Maintenance of Structures		55,151	
121	(592) Maintenance of Station Equipment	885,966	786,271	
122	(593) Maintenance of Overhead Lines	7,164,035	6,016,685	
123	(594) Maintenance of Underground Lines	476,446	387,795	
124	(595) Maintenance of Line Transformers	308,167	(130,499)	
125	(596) Maintenance of Street Lighting and Signal Systems	4,305	3,097	
126	(597) Maintenance of Meters	9,279	6,886	
127	(598) Maintenance of Miscellaneous Distribution Plant	(575,378)	12,516	
128	TOTAL Maintenance (Total of Lines 116 thru 124)	8,339,725	7,453,144	
129	TOTAL Distribution Expenses (Total of Lines 114 & 125)	13,963,730	12,958,232	
130	4. CUSTOMER ACCOUNTS EXPENSES			
131	Operation			
132	(901) Supervision	409,004	114,748	
133	(902) Meter Reading Expenses	898,406	855,006	
134	(903) Customer Records and Collection Expenses	1,261,067	1,611,107	
135	(904) Uncollectible Accounts	2,198,285	701,064	
136	(905) Miscellaneous Customer Accounts Expenses		14,218	
137	TOTAL Customer Accounts Expenses (Total of Lines 129 thru 133)	4,766,762	3,296,143	
138	5. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES			
139	Operation			
140	(907) Supervision			
141	(908) Customer Assistance Expenses	2,434,751	2,714,119	
142	(909) Informational and Instructional Expenses	316,638	3,600	
143	(910) Miscellaneous Customer Service and Informational Expenses			
144	TOTAL Cust. Service and Informational Exp. (Total of Lines 137 thru 140)	2,751,389	2,717,719	
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	2,847,578	3,114,217	
155	(921) Office Supplies and Expenses	1,216,397	2,548,316	
156	(Less) (922) Administrative Expenses Transferred - CR			

Name of Respondent UPPER PENINSULA POWER CO		This Report Is: (1) [] An Original (2) [X] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2018	Year of Report December 31, 2017
ELECTRIC OPERATION AND MAINTENANCE EXPENSES (cont'd)				
If the amount for previous year is not derived from previously reported figures, explain in footnotes.				
Line No.	Account (a)	Amt. For Current Year (b)	Amt. For Previous Year (c)	
154	7. ADMINISTRATIVE AND GENERAL EXPENSES (Continued)			
155	(923) Outside Services Employed	923,220	1,620,313	
156	(924) Property Insurance	469,583	422,325	
157	(925) Injuries and Damages	636,015	794,174	
158	(926) Employee Pensions and Benefits	3,898,427	3,153,049	
159	(927) Franchise Requirements			
160	(928) Regulatory Commission Expenses	667,362	241,417	
161	(929) Duplicate Charges - CR.		128,365	
162	(930.1) General Advertising Expenses			
163	(930.2) Miscellaneous General Expenses	123,578	175,105	
164	(931) Rents	67,880	35,679	
165	TOTAL Operation (Total of Lines 151 thru 164)	10,850,040	11,976,230	
166	Maintenance			
167	(935) Maintenance of General Plant			
168	TOTAL Administrative and General Expenses (Total of Lines 165 & 167)	10,850,040	11,976,230	
169	TOTAL Electric Operation and Maintenance Expenses (Enter total of lines 80, 100, 126, 134, 141, 148, and 168)	70,241,296	65,764,995	

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.	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.	
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.		
1. Payroll Period Ended (Date)	12/31/2017	
2. Total Regular Full-Time Employees	176	
3. Total Part-Time and Temporary Employees	2	
4. Total Employees	178	

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FOOTNOTE DATE

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
321	76	b	Includes \$406,849 for FERC Order 668-A.
321	76	c	Includes \$2,141,057 for FERC Order 668-A.

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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	BP Energy Company	OS				
2	New Page Corporation	SF				
3	MISO	OS				
4	Parallel Generation	OS				
5	UP Hydro LLC	OS				
6	Wisconsin Public Service RS74	RQ				
7	Nextera Energy Power Marketing LLC	OS				
8						
9						
10						
11						
12						
13						
14						

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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 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)	
	43,120				1,573,977		
5				311		311	2
215,965				6,673,483		6,673,483	3
144				28,715		28,715	4
15,387				1,156,091		1,156,091	5
300,864			7,286,300	7,734,442	21,276	15,042,018	6
66,000				2,722,692		2,722,692	7
			367,500			367,500	8
						0	9
						0	10
						0	11
						0	12
						0	13
641,484			7,653,800	19,889,711	21,276	27,564,787	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) 04/30/18	Year of Report 12/31/17
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SALES TO RAILROADS AND RAILWAYS AND INTERDEPARTMENTAL SALES (Accounts 446, 448)

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

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

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

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

Line No.	Name of Lessee or Department (a)	Description of Property (b)	Amount of Revenue for Year (c)
16	Account 454		
17			
18	Pole Contact Rent		191,640
19	Land Rent		5,613
20			
21			
22			
23			
24			
25			
26			
27			
28			
29	Total		197,253

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report 12/31/17	
SALES OF WATER AND WATER POWER (Account 453)				
1. Report below the information called for concerning revenues derived during the year from sales to others of water or water power. 2. In column (c) show the name of the power		development of the respondent supplying the water or water power sold. 3. Designate associated companies.		
Line No.	Name of Purchaser (a)	Purpose for Which Water Was Used (b)	Power Plant Development Supplying Water or Water Power (c)	Amount of Revenue for Year (d)
1 2 3 4 5 6 7 8 9	Marquette Board of Light and Power	Generation	Silver Lake	44,571
10	TOTAL			44,571

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	2,154
16	Total	2,154
17		
18	<u>Other Electric Revenues (456)</u>	
19	Telephone Company Poles & Related Services	
20	Wholesale Distribution Services	831,945
21	Sale of Electric Parts, Material, and Scrap	
22	Minor Items	273,799
23	Total	1,105,744
24 25 26 27 28 29		
30	TOTAL	1,107,898

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

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

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

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

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

5. In columns (d) through (g), report expenses as shown on bills or vouchers rendered to the respondent. In column (d), provide demand charges. In column (e), provide energy charges related to the amount of energy transferred.

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

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

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

Line No.	Name of Company or Public Authority [Footnote Affiliations] (a)	TRANSFER OF ENERGY		EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS			
		Megawatthours Received (b)	Megawatthours Delivered (c)	Demand Charges (\$) (d)	Energy Charges (\$) (e)	Other Charges (\$) (f)	Total Cost of Transmission (\$) (g)
1	Midcontinent ISO Network	FNS	778,093		1,017,153		1,017,153
2	American Trans Co	FNS				4,787,330	4,787,330
3							0
4							0
5							0
6							0
7							0
8							0
9							0
10							
11							
12							
13							
14							
15							
16	TOTAL	0	778,093	0	1,017,153	4,787,330	5,804,483

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MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (ELECTRIC)				
Line No.	Description (a)	Amount (b)		
1	Industry Association Dues	92,328		
2	Nuclear Power Research Expenses	0		
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>	31,250		
6				
7				
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45				
46	TOTAL	123,578		

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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			2,968,201	2,968,201
2	Steam Production Plant				0
3	Nuclear Production Plant				0
4	Hydraulic Production Plant - Conv	2,853,960			2,853,960
5	Hydraulic Prod Plant - Pumped Stor				0
6	Other Producton Plant	177,051			177,051
7	Transmission Plant				0
8	Distribution Plant	5,002,836			5,002,836
9	Regional Trans and Market Oper.				0
10	General Plant	786,470			786,470
11	Common Plant - Electric				0
12					0
13					0
14					0
15	TOTAL	8,820,317	0	2,968,201	11,788,518

B. BASIS FOR AMORTIZATION CHARGES

Amortization is based on 3, 5, or 7 year period as determined by users of the (software) systems.

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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)	
2	Total - 425	0
3		
4	Donations (426.1)	
5	Total - 426.1	78,536
6		
7		
8		
9		
10		
11		
12	Key Executive Life Insurance (426.2)	
13		
14	Total - 426.2	0
15		
16	Penalties (426.3)	
17	Tax Penalty	10,001
18		
19	Total - 426.3	10,001
20		
21	Expenses for Certain Civil, Political, & Related Activities (426.4)	
22	Lobby	25
23	Total - 426.4	25
24		
25		
26		
27		
28	Other Deductions (426.5)	
29	Other Deductions	9,065
30	Total - 426.5	9,065
31		
32	Interest of Debt to Associated Companies (430)	
33	Long Term Interest	4,718,061
34	Total - 430	4,718,061
35		
36		
37	Other Interest Expense (431)	
38	Short Term Interest	250,403
39		
40		
41	Total - 431	9,686,525

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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	\$ 25
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31		
32	TOTAL	25

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) 4/30/2018	Year of Report December 31, 2017	
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	37,862		37,862	
2	Michigan Public Service Commission	258,301	363,299	621,600	
3	Federal Energy Regulatory Commission	110,849	246,950	357,799	
4					
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43					
44	TOTAL	407,012	610,249	1,017,261	0

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) 4/30/2018	Year of Report December 31, 2017
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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	Contra Account	Amount	Deferred at End of Year	
Department	Account No.	Amount					
(f)	(g)	(h)	(i)	(j)	(k)	(l)	
	928	37,862					1
	923,928	621,600					2
	928,539	357,799					3
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		1,017,261	0		0	0	44

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2018	Year of Report 12/31/17
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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	744,398		
4	Transmission			
5	Distribution	783,199		
6	Customer Accounts	3,342,290		
7	Customer Service and Informational	1,766,038		
8	Sales	478,590		
9	Administrative and General	2,760,853		
10	TOTAL Operation <i>(Enter Total of lines 3 thru 9)</i>	9,875,368		
11	Maintenance			
12	Production	706,099		
13	Transmission			
14	Distribution	2,137,858		
15	Administrative and General			
16	TOTAL Maint. <i>(Total of lines 12 thru 15)</i>	2,843,957		
17	Total Operation and Maintenance			
18	Production <i>(Enter Total of lines 3 and 12)</i>	1,450,497		
19	Transmission <i>(Enter Total of lines 4 and 13)</i>	0		
20	Distribution <i>(Enter Total of lines 5 and 14)</i>	2,921,057		
21	Customer Accounts <i>(Transcribe from line 6)</i>	3,342,290		
22	Customer Svc. And Informational <i>(Transcribe from line 7)</i>	1,766,038		
23	Sales <i>(Transcribe from line 8)</i>	478,590		
24	Administrative and General <i>(Enter Total of lines 9 & 15)</i>	2,760,853		
25	TOTAL Oper. And Maint. <i>(Total of lines 18 thru 24)</i>	12,719,325		12,719,325
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 CO	This Report Is: (1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report 12/31/17	
DISTRIBUTION OF SALARIES AND WAGES (Continued)				
Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and		columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.		
Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
	GAS (Continued)			
39	Maintenance			
40	Production-Manufactured Gas			
41	Production-Natural Gas			
42	Other Gas Supply			
43	Storage, LNG Terminaling 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 Terminaling 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)	12,719,325		12,719,325
63	UTILITY PLANT			
64	Construction (By Utility Departments)			
65	Electric Plant	4,771,651		4,771,651
66	Gas Plant			
67	Other			
68	TOTAL Construction (Total of lines 65 thru 67)	4,771,651	0	4,771,651
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)			
75	Non-Utility	210,647		210,647
76				
77	TOTAL Other Accounts	210,647		210,647
78	TOTAL SALARIES AND WAGES	17,701,623	0	17,701,623

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report December 31, 2017
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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	Alex Kwok Consulting	consulting	Billable hours	107, 902	293,044
2	219 Burns Dr Unit 7				
3	Richmond BC Canada				
4					
5	Asplundh Tree Expert Co	Contractor Serv	Billable hours	107, 593	3,246,014
6	PO Box 827464				
7	Philadelphia PA				
8					
9	GEI Consultants Inc	consulting	Billable hours	107, 417, 544	215,914
10	109 W Baraga Ave				
11	Marquette MI				
12					
13	Global Data Information	consulting	Billable hours	107	551,869
14	8920 Saint Pierre Dr				
15	Las Vegas NV				
16					
17	Kubra Data Transfer Ltd	Contractor Serv	Billable hours	902	350,027
18	30 Knox Dr				
19	Piscataway NJ				
20					
21	L&H Utility Services	Construction	Billable hours	107, 593	958,092
22	PO Box 2037				
23	Kingsford MI				
24					
25	Mastec North America	Construction	Billable hours	107, 593	885,059
26	PO Box 519				
27	Hugo MN				
28					
29	Mayer Brown LLP	legal	Billable hours	923	252,111
30	2027 Collection Center Dr				
31	Chicago IL				
32					
33					
34					
35					

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report December 31, 2017
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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	335,663
2	PO Drawer 640348				
3	Detroit MI				
4					
5	Steve Manz	Consulting	Billable Hours	921, 107	354,744
6	5663 Eagle Harbour Rd				
7	West Vancouver BC Canada				
8					
9	Utegration	Consulting	Billable Hours	107, 921	3,859,745
10	3535 Briarpark Dr				
11	Houston TX				
12					
13	AECOM Technical Services	Consulting	Billable Hours	107, 417, 121	60,420
14	Chicago IL				
15					
16					
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Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report 12/31/17
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SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES

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

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	Upper Peninsula Power	parent	Long Term Debt Interest	430	4,718,061
2	Holding Co.				
3					
4					
5					
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Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report 12/31/17
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SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES (Continued)

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

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

Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
				4,718,061		1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
			Total	4,718,061		15
						16
						17
						18
						19
			Total	0		20
						21
						22
						23
						24
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			Total	0		29
						30
						31
						32
			Total	0		33
						34

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) 04/30/18	Year of Report 12/31/17
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ELECTRIC ENERGY ACCOUNT

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

Line No.	Item (a)	MWH's (b)	Line No.	Item (a)	MWH's (b)
1	SOURCES OF ENERGY		18	Net Transmission for other (line 16	
2	Generation (Excluding Station Use):			minus line 17)	
3	Steam		19	Transmission by others losses	
4	Nuclear		20	TOTAL (Total of lines 9, 10, 14, 18 & 19)	790,744
5	Hydro-Conventional	148,864	21	DISPOSITION OF ENERGY	
6	Hydro-Pumped Storage		22	Sales to Ultimate Consumers	
7	Other	396		(Including Interdepartmental Sales)	731,927
8	LESS Energy for Pumping		23	Requirements Sales for Resale	
9	Net Generation (Total of lines 3 thru 8)	149,260		(See instruction 4, page 311.)	0
10	Purchases	641,484	24	Non-Requirements Sales For Resale	
11	Power Exchanges:			(See instruction 4, page 311.)	13,266
12	Received		25	Energy furnished without charge	
13	Delivered		26	Energy used by the company (Electric	
14	NET Exchanges (line 12 minus 13)			Dept. only, excluding station use)	2,705
15	Transmission for other (Wheeling)		27	Total Energy Losses	42,846
16	Received		28	TOTAL (Enter total of lines 22 thru	
17	Delivered			27) (MUST equal line 20)	790,744

MONTHLY PEAKS AND OUTPUT

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

NAME OF SYSTEM:

Line No.	Month (a)	Total Monthly Energy (b)	Monthly Non-Requirements Sales for Resale & Associated Losses (c)	MONTHLY PEAK		
				Megawatts (See Instruction 4) (d)	Day of Month (e)	Hour (f)
29	January	73,602	104	125	19	1100
30	February	57,439	911	128	2	1200
31	March	64,986	1,319	110	20	500
32	April	59,512	6,238	117	3	1800
33	May	66,057	(1,580)	113	25	1000
34	June	63,167	(1,034)	111	15	1100
35	July	62,804	432	134	12	1300
36	August	63,285	397	116	1	1800
37	September	68,154	276	122	25	900
38	October	63,645	709	113	2	1300
39	November	79,663	1,361	104	14	1800
40	December	68,430	2,604	114	10	1800
41	TOTAL	790,744	11,737			

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) 04/30/18	Year of Report 12/31/17
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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 628,832 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 742,683 MWH.
401	37	c	Due to a formula error, original quarterly filing was understated.

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) [X] An Original (2) [] A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report 12/31/17
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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. Report in this page gas-turbine and internal combustion plants of 10,000 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 average 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 Mcf.</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 20.</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 Plant are based on U.S. of A. accounts. Production expenses do not include Purchased Power, System</p> |
|--|--|

Line No.	Item (a)	Plant Name: Portage			Plant Name: Gladstone		
		(b)			(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			0		
12	Net generation, exclusive of plant use-KWh	326,171			69,859		
13	Cost of plant: Land and Land Rights	7,353			55,663		
14	Structures and Improvements	94,936			110,212		
15	Equipments 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 17/5)	156.2376			106.8635		
19	Production Expenses: Oper., Supv., & Engr.	5,152					
20	Fuel	88,080			31,694		
21	Coolants and Water (Nuclear Plants only)						
22	Steam expenses						
23	Steam from other sources						
24	Steam transferred (credit)						
25	Electric expenses	(4,441)					
26	Misc. steam (or nuclear) power expenses						
27	Rents						
28	Allowances						
29	Maintenance Supervision and Engineering						
30	Maintenance of structures	8,023			5,019		
31	Maintenance of boiler (or reactor) plant						
32	Maintenance of electric plant	11,154			3,717		
33	Maintenance of Misc. steam (or nuclear) plant	5,706			7,204		
34	Total Production Expenses	113,674			47,634		
35	Expenses per net KWh	0.3485			0.6819		
36	Fuel: Kind (coal, gas, oil, or nuclear)						
37	Unit: (coal-tons of 2,000 lb) (oil-barrels of 42 gals.)	Coal	Oil	Gas	Coal	Oil	Gas
	(Gas-Mcf) (Nuclear-indicate)	Tons	BBLs	MCF	Tons	BBLs	MCF
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		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
HYDROELECTRIC GENERATING PLANT STATISTICS (Large Plants)				
1. Large plants are hydro plants of 10,000 Kw or more of installed capacity (name plate ratings).		3. If net peak demand for 60 minutes is not available, give that which is available, specifying period.		
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.		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 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	70,561,143		
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	332,608		
24	Water for power			
25	Hydraulic Expenses	898		
26	Electric Expenses	61,586		
27	Misc. Hydraulic Power Generation Expenses	1,671		
28	Rents			
29	Maintenance Supervision and Engineering			
30	Maintenance of Structures	6,560		
31	Maintenance of Reservoirs, Dams and Waterways	174,592		
32	Maintenance of Electric Plant	1,020		
33	Maintenance of Misc. Hydraulic Plant			
34	Total Production Expenses (Total lines 23 thru 33)	578,935		
35	Expenses per net KWh			

Name of Respondent		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report	
GENERATING PLANT STATISTICS (Small Plants)						
1. Small generating plants are steam plants of less than 25,000 Kw; internal combustion and gas turbine-plants, conventional hydro plants and pumped storage plants of less than 10,000 Kw installed capacity (name plate rating).				2. Designate any plant leased from others, operated under a license from the Federal Energy Regulatory Commission, or operated as a joint facility, and give a concise statement of the facts in a footnote. If licensed project, give project number in footnote.		
Line No.	Name of Plant (a)	Year Orig. Const. (b)	Installed Capacity-Name Plate Rating (in MW) (c)	Net Peak Demand MW (60 min.) (d)	Net Generation Excluding Plant Use (e)	Cost of Plant (f)
1	Hydro:					
2	Prickett	1931	2.20		11,836,735	7,587,139
3	Hoist *	1925	4.40		17,719,319	18,321,150
4	McClure	1919	8.00		48,746,416	22,816,948
5						
6						
7	* Includes Silver Lake					
8						
9						
10						
11						
12						
13						
14						
15						
16						
17	TOTAL HYDRO		14.60		78,302,470	48,725,237
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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43						
44						

Name of Respondent		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report	
GENERATING PLANT STATISTICS (Small Plants) (Continued)						
3. List plants appropriately under subheadings for steam, hydro, nuclear, internal combustion and gas turbine plants. For nuclear, see inst. 11, p. 403.			steam, hydro, internal combustion or gas turbine equipment, report each as a separate plant. However, if the exhaust heat from the gas turbine is utilized in a steam turbine regenerative feed water cycle, or for preheated combustion air in a boiler, report as one plant.			
4. If net peak demand for 60 minutes if not available, give that which is available, specifying period.						
5. If any plant is equipped with combinations of						
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	67,853		49,605			1
4,163,897	322,002		180,363			2
2,852,118	185,102		111,184			3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
	574,957		341,152			16
						17
						18
						19
						20
						21
						22
						23
	0	0	0			24
						25
						26
						27
						28
						29
	0		0			30
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						44

Name of Respondent		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report		
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, Removed from Service, Sold, or Leased to Others During Year							
1. State in column (b) whether dismantled, removed from service, sold, or leased to another. Plants removed from service include those not maintained for regular or emergency service.			2. In column (f), give date dismantled, removed from service, sold, or leased to another. Designate complete plants as such.				
Line No.	Name of Plant (a)	Disposition (b)	Installed Capacity (in megawatts)			Date (f)	If Sold or Leased, Give Name and Address of Purchaser or Lessee (g)
			Hydro (c)	Steam (d)	(Other) (e)		
1	None						
2							
3							
4							
5							
6							
7							
B. Generating Units Scheduled for or Undergoing Major Modifications							
Line No.	Name of Plant (a)	Character of Modification (b)	Installed Plant Capacity After Modification (in MW) (c)	Estimated Dates of Construction			
				Start (d)	Completion (e)		
8	None						
9							
10							
11							
12							
13							
14							
C. New Generating Plants Scheduled for or Under Construction							
Line No.	Plant Name & Location (a)	TYPE (Hydro, pumped storage, steam, internal comb., gas-turbine, nuclear, etc.) (b)	Installed Capacity (in megawatts)		Estimated Dates of Construction		
			Initial (c)	Ultimate (d)	Start (e)	Completion (f)	
15	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, 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 Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report 12/31/17
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HYDROELECTRIC GENERATING PLANTS

<p>1. Report on this page Hydro plants of 10,000 Kw (name plate rating) or more of installed capacity.</p> <p>2. Report the information called for concerning generating plants and equipment at year end. Show associated prime movers and generators on the same line.</p> <p>3. Exclude from this schedule, plant, the book cost of which is included in Account 121, <i>Nonutility Property</i>,</p> <p>4. Designate any plant or portion thereof for which</p>	<p>the responsibility is not the sole owner. If such property is leased from another company, give name of lessor, date and term of lease, and annual rent. For any generating plant, other than a leased plant, or portion thereof, for which the respondent is not the sole owner but which respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars</p>
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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 Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report 12/31/17
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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 (Name Plate Ratings in megawatts) (q)	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)		
210	300	9,000	1930	11,500	3	60	6	2	12	1
										2
										3
										4
										5
										6
										7
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Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report 12/31/17
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INTERNAL-COMBUSTION ENGINE AND GAS-TURBINE GENERATING PLANTS

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

Line No.	Name of Plant (a)	Location of Plant (b)	Prime Movers			
			<i>In Column (e), indicate basic cycle for gas-turbine as open or closed; indicate basic cycle for internal-combustion as 2 or 4.</i>			
			Internal-Combustion or Gas-Turbine (c)	Year Installed (d)	Cycle (e)	Belted or Direct Connected (f)
1	Portage Generating	South Range, MI	Gas Turbine	1973	Open	Direct
2	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 Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/18	Year of Report 12/31/17
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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	22.6	1
	31900	1987	12500	3	60	24.6	22.6	2
								3
								4
								5
								6
								7
								8
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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) 04/30/18	Year of Report 12/31/17	
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 col. (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 (i), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.</p>		
Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In Mva)		
			Primary (c)	Secondary (d)	Tertiary (e)
1	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					
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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) 04/30/18	Year of Report 12/31/17
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SUBSTATIONS (Continued)

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

Capacity of Substation (In Service) (In Mva) (f)	Number of Transformers in Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In Mva) (k)	
25	1					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	18	10				23
560	55	13				24
						25
						26
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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) 04/30/18	Year of Report 12/31/17
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ELECTRIC DISTRIBUTION METERS AND LINE TRANSFORMERS

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

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

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	63,088	23,756	682
2	Additions During Year			
3	Purchases	2,880	556	29
4	Associated with Utility Plant Acquired			
5	TOTAL Additions (Enter Total of lines 3 and 4)	2,880	556	29
6	Reduction During Year			
7	Retirements	2,803	236	6
8	Associated with Utility Plant Sold			
9	TOTAL Reductions (Enter Total of lines 7 and 8)	2,803	236	6
10	Number at End of Year (Lines 1+ 5 - 9) *	63,165	24,076	705
11	In Stock	2,637	858	79
12	Locked Meters on Customers' Premises	1,046		
13	Inactive Transformers on System			
14	In Customers' Use	59,445	23,218	629
15	In Company's Use	37		
16	Total End of Year (Enter Total of lines 11 to 15. This line should equal line 10)	0	24,076	708

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

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
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ENVIRONMENTAL PROTECTION FACILITIES -- Not Required

1. For purposes of this response, environmental protection facilities shall be defined as any building, structure, equipment, facility or, improvement designed and constructed solely for control, reduction, prevention or abatement of discharges or releases into the environment of gaseous, liquid, or solid substances, heat, noise or for the control, reduction, prevention, or abatement of any other adverse impact of an activity on the environment.

2. Report the differences in cost of facilities installed for environmental considerations over the cost of alternative facilities which would otherwise be used without environmental considerations. Use the best engineering design achievable without environmental restrictions as the basis for determining costs without environmental considerations. It is not intended that special design studies be made for purposes of this response. Base the response on the best engineering judgment where direct comparisons are not available.

Include in these differences in costs the costs or estimated costs of environmental protection facilities in service, constructed or modified in connection with the production, transmission, and distribution of electrical energy and shall be reported herein for all such environmental facilities placed in service on or after January 1, 1969, so long as it is readily determinable that such facilities were constructed or modified for environmental rather than operational purposes. Also report similar expenditures for environmental plant included in construction work in progress. Estimate the cost of facilities when the original cost is not available or facilities are jointly owned with another utility, provided the respondent explains the basis of such estimations.

Examples of these costs would include a portion of the costs of tall smokestacks, underground lines, and landscaped substations. Explain such costs in a footnote.

3. In the cost of facilities reported on this page, include an estimated portion of the cost of plant that is or will be used to provide power to operate associated environmental protection facilities. These cost may be estimated on a percentage of plant basis. Explain such estimations in a footnote.

4. Report all costs under the major classifications provided below and include, as a minimum, the items listed hereunder:

A. Air pollution control facilities:

- (1) Scrubbers, precipitators, tall smokestacks, etc.
- (2) Changes necessary to accommodate use of environmentally clean fuels such as low ash or low sulfur fuels including storage and handling equipment.
- (3) Monitoring equipment
- (4) Other.

B. Water pollution control facilities:

- (1) Cooling towers, ponds, piping, pumps, etc.
- (2) Waste water treatment equipment
- (3) Sanitary waste disposal equipment
- (4) Oil interceptors
- (5) Sediment control facilities
- (6) Monitoring equipment
- (7) Other.

C. Solid waste disposal costs:

- (1) Ash handling and disposal equipment
- (2) Land
- (3) Settling ponds
- (4) Other.

D. Noise abatement equipment:

- (1) Structures
- (2) Mufflers
- (3) Sound proofing equipment
- (4) Monitoring equipment
- (5) Other.

E. Esthetic costs:

- (1) Architectural costs
- (2) Towers
- (3) Underground lines
- (4) Landscaping
- (5) Other.

F. Additional plant capacity necessary due to restricted output from existing facilities, or addition of pollution control facilities.

G. Miscellaneous:

- (1) Preparation of environmental reports
- (2) Fish and wildlife plants included in Accounts 330, 331, 332, and 335
- (3) Parks and related facilities
- (4) Other.

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

6. Report construction work in progress relating to environmental facilities at line 9.

Line No.	Classification of Cost (a)	Additions (b)	Retirements (c)	Adjustments (d)	Balance at End of Year (e)	Actual Cost (f)
1	Air Pollution Control Facilities					
2	Water Pollution Control Facilities					
3	Solid Waste Disposal Costs					
4	Noice Abatement Equipment					
5	Esthetic Costs					
6	Additional Plant Capacity					
7	Miscellaneous (<i>Identify significant</i>)					
8	TOTAL (Total of lines 1 thru 7)	0	0	0	0	0
9	Construction work in progress					

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
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ENVIRONMENTAL PROTECTION EXPENSES -- Not Required

1. Show below expenses incurred in connection with the use of environmental protection facilities, the cost of which are reported on page 430. Where it is necessary that allocations and/or estimates of costs be made, state the basis or method used.
2. Include below the costs incurred due to the operation of environmental protection equipment, facilities, and programs.
3. Report expenses under the subheadings listed below.
4. Under item 6 report the difference in cost between environmentally clean fuels and the alternative fuels that would otherwise be used and are available for use.
5. Under item 7 include the cost of replacement power, purchased or generated, to compensate for the deficiency in output from existing plants due to the

- addition of pollution control equipment, use of alternate environmentally preferable fuels or environmental regulations of governmental bodies. Base the price of replacement power purchased on the average system price of purchased power if the actual cost of such replacement power is not known. Price internally generated replacement power at the system average cost of power generated if the actual cost of specific replacement generation is not known.
6. Under item 8 include ad valorem and other taxes assessed directly on or directly relatable to environmental facilities. Also include under item 8 licensing and similar fees on such facilities.
 7. In those instances where expenses are composed of both actual supportable data and estimates of costs, specify in column (c) the actual expenses that are included in column (b).

Line No.	Classification of Expenses (a)	Amount (b)	Actual Expenses (c)
1	Depreciation		
2	Labor, Maintenance, Materials, and Supplies Cost Related to Env. Facilities and Programs		
3	Fuel Related Costs		
4	Operation of Facilities		
5	Fly Ash and Sulfur Sludge Removal		
6	Difference in Cost of Environmentally Clean Fuels		
7	Replacement Power Costs		
8	Taxes and Fees		
9	Administrative and General		
10	Other (<i>Identify significant</i>)		
11	TOTAL	0	0

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
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FOOTNOTE DATE

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

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