

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, 2016
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: Name: DENISE LEPISTO Title: DIRECTOR OF ACCOUNTING Address: 101 WEST LAKESHORE DRIVE City: HOUGHTON State: MI 49931 Telephone, Including Area Code: 906-483-4505
If the utility name has been changed during the past year: Prior Name: Date of Change:
Two copies of the published annual report to stockholders: [] were forwarded to the Commission [] will be forwarded to the Commission on or about
Annual reports to stockholders: [] 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**



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Suite 1400
Milwaukee, WI 53202-3824
USA

Tel: +1 414 271 3000
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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, 2016, 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, 2016, 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

May 1, 2017

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, 2016	
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 LEPISTO	06 Title of Contact Person DIRECTOR OF ACCOUNTING	
07 Address of Contact Person (Street, City, St., Zip) 101 WEST LAKESHORE DRIVE, HOUGHTON, MI 49931		
08 Telephone of Contact Person, Including Area Code: 906-483-4505	09 This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	10 Date of Report (Mo, Da, Yr) April 30, 2017
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 28, 2017
02 Title CHIEF FINANCIAL OFFICER		

Name of Respondent	This Report Is: (1) [X] An Original (2) [] A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
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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	This Report Is: (1) [X] An Original (2) [] A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
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		
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	This Report Is: (1) [X] An Original (2) [] A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
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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	
Environmental Protection Expenses	431	
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	
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	
Securities Issued or Assumed and Securities Refunded or Retired During the Year	255	None
Notes Payable	260A	None
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	NA
Number of Electric Department Employees	324N	
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	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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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	
Monthly Transmission System Peak Load	400	
Changes Made or Scheduled to be Made in Generating Plant Capacities	412	
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) 4/30/2017	Year of Report December 31, 2016
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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) 4/30/2017	Year of Report December 31, 2016
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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 COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2017	Year of Report December 31, 2016
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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 (a)	Base Wages (b)	Other Compensation (c)	Type of Other Compensation (d)	Total Compensation (e)
1	Keith E. Moyle Interim Chief Executive Officer	177,844	48,322	B, D	226,166
2	Nick Kates Chief Finacial Officer	243,876	50,342	B, D	294,218
3	Stephen Serraino Secretary	152,423	31,175	B, D	183,598
4	Barbara Siehr, Chief Executive Officer	304,500	288,375	B, D	592,875
5					

- | | |
|---|--|
| 1 | Footnote Data |
| 1 | Salaries listed above include base salary, bonus, incentive, retirement contributions and deferred compensation amounts. |
| 2 | Barbara Siehr left the company August 19, 2016 |
| 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) 4/30/2017	Year of Report December 31, 2016
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DIRECTORS

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

Name and Title of Director (a)	Principal Business Address (b)	# of Directors Meetings During Yr (c) (2)	Fees During Yr (d) (3)
1 Keith Moyle, Chief Executive Officer	Upper Peninsula Power Company 1002 Harbor Hills Drive Marquette, MI 49855	4	
2 Jeffrey R. Neil	One Grand Central Place 60 East 42nd Street, Suite 3020 New York, NY 10165	4	
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	
6			

Footnote Data

- 1
- 2
- 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) 4/30/2017	Year of Report December 31, 2016
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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 COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2017	Year of Report 12/31/2016
IMPORTANT CHANGES DURING THE YEAR			
<p>Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none", "not 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.</p>			
<p>1. None</p> <p>2. None</p> <p>3. None</p> <p>4. None</p> <p>5. None</p> <p>6. Short Term Notes Payable to Affiliates up to \$15,000,000 FERC authorization, Federal Power Act - Section 204 - Docket EC14-68-000.</p> <p>7. There are no changes in the Articles of Incorporation or By-Laws during this time.</p> <p>8. Union Employees received a 3.14% general wage increase effective April 12, 2016. Non-union employees received a 3% adjustment on February 15, 2016.</p> <p>9. None.</p> <p>10. There were no materially important transactions of the respondent no disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or known associate had a material interest.</p> <p>11. (Reserved.)</p> <p>12. There were no important changes during the year related to the respondent.</p> <p>13. Barbara A. Siehr was removed as Chief Executive Officer on August 19, 2016. Keith E. Moyle was appointed interim Chief Executive Officer on August 19, 2016.</p> <p>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 if > 30%.</p>			

Name of Respondent		This Report Is:	Date of Report	Year of Report
UPPER PENINSULA POWER COMPANY		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 4/30/2017	12/31/2016
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)				
Line	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	284,842,739	306,100,368
3	Construction Work in Progress (107)	200-201	12,712,671	10,003,710
4	TOTAL Utility Plant (Enter total of lines 2 and 3)		297,555,410	316,104,078
5	(Less) Accum.Prov for Depr.Amort.Depl (108,111,115)	200-201	116,477,876	125,059,508
6	Net Utility Plant (Enter total of line 4 less 5)		181,077,534	191,044,570
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab (120.1)	202-203	0	0
8	Nuclear Fuel Materials & Assemblies - Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel under Capital Leases (120.6)		0	0
12	Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter total of line 7 less 8)		0	0
14	Net Utility Plant (Enter total of lines 6 and 13)		181,077,534	191,044,570
15	Utility Plant Adjustments (116)		0	0
16	Gas Stored Underground-Noncurrent (117)		0	0
17	OTHER PROPERTY AND INVESTMENTS			
18	Nonutility Property (121)		11,616,131	11,579,420
19	(Less) Accum.Prov. for Depr. and Amort. (122)	---	1,603,278	1,794,840
20	Investments in Associated Companies (123)		0	0
21	Investments in Subsidiary Companies (123.1)	224-225	0	0
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		0	0
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		970,676	0
29	Special Funds (Non-Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		0	0
31	Long-Term Portion of Derivative Assets - Hedges (176)		0	0
32	TOTAL Other Property and Investments (Total of lines 18 thru 21, 23 thru 31)		10,983,529	9,784,580
33	CURRENT AND ACCRUED ASSETS			
34	Cash and Working Funds (Non-Major Only) (130)		0	0
35	Cash (131)		1,178,750	194,088
36	Special Deposits (132-134)		1,340,000	1,340,000
37	Working Fund (135)		0	0
38	Temporary Cash Investments (136)		0	0
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		9,383,413	14,474,320
41	Other Accounts Receivable (143)		725,176	692,753
42	(Less) Accum.Prov. for Uncoll. Acct. - Credit (144)		400,000	1,000,000
43	Notes Receivable from Assoc. Companies (145)		0	0
44	Accounts Receivable from Assoc. Companies (146)		0	0
45	Fuel Stock (151)	227	452,299	406,584
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	1,126,803	2,354,200
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203\227	0	0
52	Allowances (158.1 and 158.2)	228-229	0	0

Name of Respondent		This Report Is:	Date of Report	Year of Report
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COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)				
Line	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
53	(Less) Noncurrent Portion of Allowances	---	0	0
54	Stores Expense Undistributed (163)	227	116,104	247,952
55	Gas Stored Underground-Current (164.1)	--		
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)	--		
57	Prepayments (165)	---	1,076,635	1,448,884
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		0	0
60	Rents Receivable (172)		0	0
61	Accrued Utility Revenues (173)		5,937,705	5,677,840
62	Misc Current and Accrued Assets (174)		7,391,513	1,677,039
63	Derivative Instrument Assets (175)		291,618	187,802
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)		28,620,016	27,701,462
68	DEFERRED DEBITS			
69	Unamortized Debt Expenses (181)	230a	1,121,540	1,044,804
70	Extraordinary Property Losses (182.1)	230b	0	0
71	Unrecovered Plant & Regulatory Study Costs (182.2)	232	0	0
72	Other Regulatory Assets		65,148,667	63,541,404
73	Prelim. Survey & Invest. Charges (Elec) (183)		0	6,426
74	Prelim. Survey & Invest. Charges (Gas) (183.1)		0	0
75	Other Prelim. Survey & Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		8,410	35,059
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	201,570	200,801
79	Def. Losses from Disposition of Utility Plant (187)		0	0
80	Research, Devel. and Demonstration Expend (188)	352-353	0	0
81	Unamortized Loss on Reacquired Debt (189)		1,343,402	869,220
82	Accumulated Deferred Income Taxes (190)	234	69,681,657	65,166,273
83	Unrecovered Purchased Gas Costs (191)		0	0
84	TOTAL Deferred Debits (Enter total of lines 69 thru 83)		137,505,246	130,863,987
85	TOTAL Assets and Other Debits (Enter total of lines 14 thru 16, 32, 67, and 84)		358,186,325	359,394,599

Name of Respondent		This Report Is:	Date of Report	Year of Report
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COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)				
Line	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	13,263,624	13,263,624
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)		0	0
5	Stock Liability for Conversion (203, 206)		0	0
6	Premium on Capital Stock (207)		0	0
7	Other Paid-In Capital (208-211)	253	65,516,470	57,021,469
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254b	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	95,502,762	102,369,821
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Recquired Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	0	0
16	TOTAL Proprietary Capital (Enter total of lines 2 thru 15)		174,282,856	172,654,914
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	0	0
19	(Less) Recquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	108,200,000	108,200,000
21	Other Long-Term Debt (224)	256-257	0	0
22	Unamortized Premium on Long-Term Debt (225)		0	0
23	(Less) Unamortized Discount on Long-Term Debt -Debit (226)		0	0
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)		0	0
27	Accumulated Prov. for Property Insurance (228.1)		0	0
28	Accumulated Prov. for Injuries and Damage (228.2)		0	0
29	Accumulated Prov. for Pensions and Benefits (228.3)		5,587,654	5,453,074
30	Accumulated Misc. Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		0	0
33	LT Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		599,160	520,230
35	TOTAL Other Noncurrent Liabilities (Enter total of lines 26 thru 34)		6,186,814	5,973,304
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		7,000,000	7,400,000
38	Accounts Payable (232)		16,789,035	16,530,508
39	Notes Payable to Associated Companies (233)		0	0
40	Accounts Payable to Associated Companies (234)		0	0
41	Customer Deposits (235)		88,731	85,941
42	Taxes Accrued (236)	262-263	2,332,996	2,509,962
43	Interest Accrued (237)		0	1,174,316
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2017	Year of Report 12/31/2016
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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)		0	
47	Tax Collections Payable (241)		145,542	69,034
48	Misc. Current and Accrued Liabilities (242)		2,788,576	3,902,627
49	Obligations Under Capital Leases -Current (243)		0	0
50	Derivative Instrument Liabilities (244)		0	0
51	(Less) LT Portion of Derivative Instrument Liabilities		0	0
52	Derivative Instrument Liabilities - Hedges (245)		0	0
53	(Less) LT Portion of Derivative Instrument Liabilities - Hedges		0	0
54	Federal Income Taxes Accrued for Prior Years (246)		0	0
55	State and Local Taxes Accrued for Prior Years (246.1)		0	0
56	Federal Income Taxes Accrued for Prior Years - Adjustments (247)		0	0
57	Federal Income Taxes Accrued for Prior Years - Adjustments (247.1)		0	0
58	TOTAL Current and Accrued Liabilities (Enter total of lines 37 thru 57)		29,144,880	31,672,388
59	DEFERRED CREDITS			
60	Customer Advances for Construction (252)		1,762,028	1,972,579
61	Accumulated Deferred Investment Tax Credits (255)	266-267	0	0
62	Deferred Gains from Disposition of Utility Plt. (256)		0	0
63	Other Deferred Credits (253)	269	1,803,341	1,721,410
64	Other Regulatory Liabilities	278	62,216	578,806
65	Unamortized Gain on Reacquired Debt (257)		0	0
66	Accum. Deferred Income Taxes-Accel. Amort. (281)	272-277	0	0
67	Accum. Deferred Income Taxes-Other Property (282)		6,842,528	10,419,860
68	Accum. Deferred Income Taxes-Other (283)		29,901,662	26,201,338
69	TOTAL Deferred Credits (Enter total of lines 60 thru 68)		40,371,775	40,893,993
70	TOTAL Liabilities and Other Credits (Enter total of lines 16, 24, 35, 58 and 69)		358,186,325	359,394,599

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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	110,781,652	121,841,202
3	Operating Expenses			
4	Operation Expenses (401)	320-323	67,231,580	84,856,061
5	Maintenance Expenses (402)	320-323	8,487,933	8,346,565
6	Depreciation Expenses (403)	336-337	9,081,710	8,499,599
7	Depreciation Expenses for Asset Retirement Costs (403.1)	336-337		
8	Amortization and Depl. of Utility Plant (404-405)	336-337	1,758,331	220,608
9	Amortization of Utility Plant Acq. Adj (406)	336-337		
10	Amort. Of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)		384,066	825,340
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	6,327,221	6,446,480
15	Income Taxes-Federal (409.1)	262-263		
16	-Other (409.1)	262-263		
17	Provision for Deferred Income Taxes (410.1)	234,272-277	24,888,168	16,052,742
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234,272-277	20,209,493	13,170,560
19	Investment Tax Credit Adj.- Net (411.4)	266		
20	(Less) Gains from Disp. of Utility Plant (411.6)			
21	Losses from Disposition of Utility Plant (411.7)			
22	(Less) Gains from Disposition of Allowances (411.8)			
23	Losses from Disposition of Allowances (411.9)			
24	Accretion Expense (411.10)			
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		97,949,516	112,076,835
26	Net Utility Operating Income (Enter Total of line 2 less 25) (Carry forward to page 117, line 27)		12,832,136	9,764,367

Name of Respondent UPPER PENINSULA POWER COMPANY		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 4/30/2017		Year of Report 12/31/2016	
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	
110,781,652	121,841,202					2	
						3	
67,231,580	84,856,061					4	
8,487,933	8,346,565					5	
9,081,710	8,499,599					6	
						7	
1,758,331	220,608					8	
						9	
384,066	825,340					10	
						11	
						12	
						13	
6,327,221	6,446,480					14	
						15	
						16	
24,888,168	16,052,742					17	
20,209,493	13,170,560					18	
						19	
						20	
						21	
						22	
						23	
						24	
97,949,516	112,076,835	0	0	0	0	25	
12,832,136	9,764,367	0	0	0	0	26	

Name of Respondent		This Report Is:	Date of Report	Year of Report
UPPER PENINSULA POWER COMPANY		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 4/30/2017	12/31/2016
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>		12,832,136	9,764,367
28	OTHER INCOME AND DEDUCTIONS			
29	Other Income			
30	Nonutility Operating Income			
31	Revenues From Merchandising, Jobbing and Contract Work (415)			
32	(Less) Costs and Exp. Of Merchandising, Job. and Contract Work (416)			
33	Revenues From Nonutility Operations (417)		308,100	1,693,817
34	(Less) Expenses of Nonutility Operations (417.1)		1,125,613	1,497,618
35	Nonoperating Rental Income (418)		150	350
36	Equity in Earnings of Subsidiary Companies (418.1)	119		
37	Interest and Dividend Income (419)		53,155	5,164
38	Allowance for Other Funds Used During Construction (419.1)		71,773	112,343
39	Miscellaneous Nonoperating Income (421)			
40	Gain on Disposition of Property (421.1)			132,388
41	TOTAL Other Income <i>(enter Total of lines 31 thru 40)</i>		(692,435)	446,444
42	Other Income Deductions			
43	Loss on Disposition of Property (421.2)		14,331	
44	Miscellaneous Amortization (425)			
45	Donations (426.1)		95,830	80,517
46	Life Insurance (426.2)			
47	Penalties (426.3)		(8,549)	11,932
48	Exp. for Certain Civic, Political & Related Activities (426.4)		902	184
49	Other Deductions (426.5)		15,786	122,085
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		118,300	214,718
51	Taxes Applicable to Other Income and Deductions			
52	Taxes Other Than Income Taxes (408.2)	262-263	64,992	228,582
53	Income Taxes - Federal (409.2)	262-263		
54	Income Taxes - Other (409.2)	262-263		
55	Provision for Deferred Income Taxes (410.2)	234,272-277	4,938,909	3,871,270
56	(Less) Provision for Deferred Income Taxes - Cr. (411.2)	234,272-277	5,241,593	3,909,210
57	Investment Tax Credit Adjustment - Net (411.5)			
58	(Less) Investment Tax Credits (420)			
59	TOTAL Taxes on Other Income and Deductions (total of 52 thru 58)		(237,692)	190,642
60	Net Other Income and Deductions (total of lines 41,50 & 59)		(573,043)	41,084
61	INTEREST CHARGES			
62	Interest on Long-Term Debt (427)			
63	Amort. Of Debt Disc. And Expense (428)		76,735	76,735
64	Amortization of Loss on Reacquired Debt (428.1)		474,182	474,142
65	(Less) Amort. of Premium on Debt-Credit (429)			
66	(Less) Amort. of Gain on Reacquired Debt-Credit (429.1)			
67	Interest on Debt to Associated Companies (430)		4,718,061	4,718,061
68	Other Interest Expense (431)		148,817	58,613
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		(25,761)	(36,646)
70	Net Interest Charges (total of lines 62 thru 69)		5,392,034	5,290,905
71	Income Before Extraordinary Items (total lines 27,60,70)		6,867,059	4,514,546
72	EXTRAORDINARY ITEMS			
73	Extraordinary Income (434)			
74	(Less) Extraordinary Deductions (435)			
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)		6,867,059	4,514,546

Name of Respondent UPPER PENINSULA POWER COMPAN	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/16
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FOOTNOTE DATE

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
114	2	g	Includes \$2,141,057 for FERC Order 668-A
114	2	h	Includes \$1,712,862 for FERC Order 668-A
114	4	g	Includes \$2,141,057 for FERC Order 668-A
114	4	h	Includes \$1,712,862 for FERC Order 668-A
114	67	c	Interest on Long Term debt to Associated Co. \$4,718,061.
114	67	d	Interest on Long Term Debt to Associated Co. \$4,718,061.

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2017	Year of Report 12/31/2016
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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	11,868,042	
3 Account 281		
4 Account 282	8,890,691	
5 Account 283	4,129,435	
6 Account 284		
7 Reconciling Adjustments		
8 TOTAL Account 410.1 (on pages 114-115 line 17)	24,888,168	0
9 TOTAL Account 410.2 (on page 117 line 55)		
10 Credits to Account 411 from:		
11 Account 190	(7,353,826)	
12 Account 281		
13 Account 282	(12,613,843)	
14 Account 283	(241,824)	
15 Account 284		
16 Reconciling Adjustments		
17 TOTAL Account 411.1 (on page 114-115 line 18)	(20,209,493)	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.
				1
		4,735,229	16,603,271	2
				3
		202,780	9,093,471	4
			4,129,435	5
				6
				7
0	0			8
		4,938,009		9
				10
		(3,429,775)	(10,783,601)	11
				12
		(1,811,818)	(14,425,661)	13
			(241,824)	14
				15
				16
0	0			17
		(5,241,593)		18
				19
			0	20
				21
				22
			0	23
			0	24
0	0	0		25
				26
		0		27

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2017	Year of Report 12/31/2016
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)		95,469,576
1	Balance-Beginning of Year		
2	Changes (<i>Identify by prescribed retained earnings accounts</i>)		
3	Adjustments to Retained Earnings (Account 439)		
4	Credit: Unrealized gain on securities		
5	Credit: Taxes related to unrealized gain on securities		
6	Credit: Minimum pension liability		
7	Credit: Taxes related to Minimum pension liability		
8	TOTAL Credits to Retained Earnings (439)		0
9	Debit: Redemption of Common Stock		
10	Debit:		
11	Debit:		
12	Debit:		
13	TOTAL Debits to Retained Earnings (439)		0
14	Balance Transferred from Income (Account 433 Less Account 418.1)		6,867,059
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			
24			
25			
26			
27			
28	TOTAL Dividends Declared-Preferred Stock (Account 437)		

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STATEMENT OF RETAINED EARNINGS FOR THE YEAR (Continued)				
Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)	
29	Dividends Declared-Common Stock (Account 438)			
30	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)		102,336,635	
<p>APPROPRIATED RETAINED EARNINGS (Account 215)</p> <p>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.</p>				
38				
39				
40				
41				
42				
43	TOTAL Appropriated Retained Earnings (Account 215)		33,186	
<p>APPROPRIATED RETAINED EARNINGS-AMORTIZATION RESERVE, FEDERAL (Account 215.1)</p> <p>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.</p>				
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)		102,369,821	
<p>UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)</p>				
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)	6,867,059
3	Noncash Charges (Credits) to Income:	
4	Depreciation and Depletion	11,031,602
5	Amortization of (Specify) Nuclear Fuel	0
6	Amortization of (Specify) Other	
7	Intangible Plant	381,914
8	Deferred Income Taxes (Net)	4,392,391
9	Investment Tax Credit Adjustment (Net)	0
10	Net (Increase) Decrease in Receivables	(4,891,820)
11	Net (Increase) Decrease in Inventory	(1,313,531)
12	Net (Increase) Decrease in Allowances Inventory	0
13	Net (Increase) Decrease in Payables and Accrued Expenses	1,616,635
14	Net (Increase) Decrease in Other Regulatory Assets	0
15	Net (Increase) Decrease in Other Regulatory Liabilities	391,005
16	(Less) Allowance for Other Funds Used During Construction	0
17	(Less) Undistributed Earnings from Subsidiary Companies	0
18	Pension and Post Retirement expense	2,098,518
19	Other Items	6,682,652
20		
21		
22	Net Cash Provided by (Used in) Operating Activities (Total of lines 2 thru 21)	27,256,425
23		
24	Cash Flows from Investment Activities:	
25	Construction and Acquisition of Plant (including land):	
26	Gross Additions to Utility Plant (less nuclear fuel)	(20,243,761)
27	Gross Additions to Nuclear Fuel	0
28	Gross Additions to Common Utility Plant	0
29	Gross Additions to Nonutility Plant	0
30	(Less) Allowance to Other Funds Used During Construction	0
31	Other:	0
32	Proceeds from the sale of property	97,674
33		0
34	Cash Outflows for Plant (Total of lines 26 thru 33)	(20,146,087)
35		
36	Acquisition of Other Noncurrent Assets (d)	0
37	Proceeds from Disposal of Noncurrent Assets (d)	0
38		0
39	Investments in and Advances to Assoc. and Subsidiary Companies	0
40	Contributions and Advances from Assoc. and Subsidiary Companies	0
41	Disposition of Investments in (and Advances to)	
42	Associated and Subsidiary Companies	0
43		0
44	Purchase of Investment Securities (a)	0
45	Proceeds from Sales of Investment Securities (a)	0

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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	0	
47	Collections on Loans	0	
48			
49	Net (Increase) Decrease in Receivables	0	
50	Net (Increase) Decrease in Inventory	0	
51	Net (Increase) Decrease in Allowances Held for Speculation	0	
52	Net Increase (Decrease) in Payables and Accrued Expenses	0	
53	Other:	0	
54		0	
55			
56	Net Cash Provided by (Used in) Investing Activities		
57	(Total of lines 34 thru 55)	(20,146,087)	
58			
59	Cash Flows from Financing Activities:		
60	Proceeds from Issuance of:		
61	Long Term Debt (b)	0	
62	Preferred Stock	0	
63	Common Stock	0	
64	Other:	0	
65	Equity Contribution From Parent	0	
66	Net Increase in Short-Term Debt (c)	400,000	
67	Other:	0	
68	Changes in Loans on Executive Life Insurance	0	
69			
70	Cash Provided by Outside Sources (Total of lines 61 thru 69)	400,000	
71			
72	Payments for Retirement of:		
73	Long Term Debt (b)	0	
74	Preferred Stock	0	
75	Common Stock	0	
76	Other:	0	
77	Equity Adjustments to Parent	0	
78	Net Decrease in Short-Term Debt (c)	0	
79	Return of Capital to Parent	(8,495,000)	
80	Dividends on Preferred Stock	0	
81	Dividends on Common Stock	0	
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	(8,095,000)	
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22, 57 and 83)	(984,662)	
87			
88	Cash and Cash Equivalents at Beginning of Year	1,178,750	
89			
90	Cash and Cash Equivalents at End of Year	194,088	

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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.

PAGE 122 Intentionally left blank
See Page 123 for required information

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NOTES TO FINANCIAL STATEMENTS (Continued)

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

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 ("UPPC" or the "Company") classifies certain items in its 2016 Form 1 in a manner different from GAAP, as describe 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 incom taxes are reported as deferred debits and deferred credits and are not netted into short-term or long-term claffications 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 SIGNAFICANT ACCOUNTING POLICIES

a. Nature of Operations

Upper Penisula 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 Commision ("MPSC"). UPPCO is also subject to the Federal Energy Regulatory Commission ("FERC"), which regulates wholesale electric rates.

As used in these notes, the term "financial statements" refers to the balance sheet as of December 31, 2016 and 2015, and the statements of income, equity and cash flows for each of the years then ended as well as the notes thereto, unless otherwise noted.

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

b. Use of Estimates

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

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NOTES TO FINANCIAL STATEMENTS (Continued)

c. Cash & Cash Equivalents

Short-term investments with an original maturity of three months or less are reported as cash equivalents. Cash paid for interest was \$4,838.1 thousands in 2016 and \$4,730.1 thousand in 2015.

d. Operating Revenues and Accounts Receivable

Revenues related to the sale of energy are recognized when services is provided or energy is delivered to customers. UPPCO also accrues estimated amounts of revenues for services provided or energy delivered but not yet billed to customers. Estimated unbilled revenues are calculated using a variety of judgements and assumptions related to customer class, contracted rates, weather, and customer use. At December 31, 2016 and 2015, UPPCO's unbilled revenues were \$5,677.8 thousand and \$5,937.7 thousand respectively..

UPPCO presents revenue net of pass-through 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.
- UPPCO's current rates do not include a decoupling calculation, however the Company has continued to recover prior years undercollection amounts. See Note 12, "Regulatory Environment," for more information.

Revenues are also impacted by other accounting policies related to UPPCO's participation in the Midcontinent Independent System Operator, Inc. ("MISO") market. We sell and purchase power in the MISO market. If we were a net seller in a particular hour, the net amount was reported as revenue. If we were a net purchaser in a particular hour, the net amount was reported as electric 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 approved by the MPSC. UPPCO's annual utility composite depreciation rates for the years ending December 31, 2016 and 2015 was 3.62% and 3.25%, respectively.

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

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NOTES TO FINANCIAL STATEMENTS (Continued)

g. Regulatory Assets and Liabilities

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

h. Retirement of Debt

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

i. Asset Retirement Obligations

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

j. Environmental Remediation Liabilities

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

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

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

k. Income Taxes

UPPCO is included in the consolidated United States income tax return filed by Upper Peninsula Power Holding Company for activity through December 31, 2016. At December 31, 2016, 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

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NOTES TO FINANCIAL STATEMENTS (Continued)

that the benefit will be realized in the future. UPPCO

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

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

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 Benefits 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.

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.

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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 classification 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.

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:

(Thousands)	Balance Sheet Presentation	December 31, 2016		December 31, 2015	
		Assets	Liabilities	Assets	Liabilities
		FTRs	Current	\$187.8	\$0.0
Total		\$187.8	\$0.0	\$291.6	\$1.2

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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, 2016		
	Gross Amount	Potential effects of 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	-	-	-

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

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:

<i>(Thousands)</i>	December 31, 2016	December 31, 2015
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:

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<i>(Thousands)</i>	2016	2015	<i>See Note</i>
Regulatory Assets			
Unrecognized pension and other postretirement benefit costs ⁽¹⁾	\$ 62,072.0	\$ 63,140.9	9
Loss on sale of hydro facilities ⁽²⁾	-	380.3	12
Decoupling	66.8	68.4	
ARO Depreciation and Cost of Removal	599.7	694.7	
Environmental remediation costs (net of insurance recoveries) ⁽³⁾	715.0	770.0	
Other	87.9	94.3	
Total	\$ 63,541.4	\$ 65,148.6	
Regulatory Liabilities			
Derivatives	\$ 187.8	\$ 62.2	1(n)
Pension Costs	391.0	-	
Total	\$ 578.8	\$ 62.2	

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

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

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

4. SHORT-TERM DEBT AND LINES OF CREDIT

UPPCO has a revolving credit facility that was entered into on August 28, 2014 that allows for borrowings for up to a three year term for amounts up to \$15,000 thousand. Undrawn amounts are charged a commitment fee at the interest rate of 0.225%. Borrowings are initiated under either a Base Rate Loan or a LIBOR rate loan. Base Rate Loans bear an interest rate comprised of a Base Rate (the higher of Prim, Federal Funds Rate + 0.25% or LIBOR plus 1%) plus an Applicable Margin (which ranges depending upon UPPCO's credit rating from 0% to 0.5%. LIBOR Rate Loans bear an interest rate comprised of LIBOR plus an Applicable Margin (which ranges depending upon UPPCO's credit rating for 0.875% to 1.5%). UPPCO's current rate of Applicable Margin is set at 0.25% for Base Rate Loans and 1.25% for LIBOR Rate Loans. At December 31, 2016, UPPCO had \$7,500 thousand borrowed under this facility. The facility has been used as support for two UPPCO letters of credit since August 28, 2014 aggregating \$876 thousand, for which it is charged a letter of credit fee of 1.25%. Total unused capacity under the revolver was \$6,624 thousand at December 31, 2016.

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

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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>	2016	2015
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, 2016:

<i>(Thousands)</i>	
Asset retirement obligations at January 1, 2015	\$571.8
Accretion	32.8
Additions and revisions to estimated cash flows	0.0
Settlements ⁽¹⁾	(5.5)
Asset retirement obligations at December 31, 2015	\$599.1
Accretion	29.8
Additions and revisions to estimated cash flows	0.0
Settlements ⁽²⁾	(108.7)
Asset retirement obligations at December 31, 2016	\$520.2

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7. INCOME TAXES

The deferred income tax assets included on the balance sheets as of December 31, 2016 and 2015, 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, 2016 and 2015, primarily related to employee benefits. The table below details the deferred tax balances as of December 31, 2016 and 2015:

<i>(Thousands)</i>	2016	2015
<u>Deferred Income Tax Assets</u>		
Goodwill	\$ 51,014.1	\$ 56,249.9
Net Operating Losses	10,048.3	11,311.1
Other	553.1	224.7
Total Deferred Income Tax Assets	\$ 61,615.5	\$ 67,785.7
<u>Deferred Income Tax Liabilities</u>		
Regulatory Deferrals	\$ (21,902.4)	\$ (26,017.6)
Plant	(7,630.5)	(5,947.7)
Deferred Income and Deductions	(2,841.6)	(2,620.2)
Regulatory Deferrals	(154.8)	0.0
Other	(541.1)	(262.8)
Total Deferred Income Tax Liabilities	\$ (33,070.4)	\$ (34,848.3)
<u>Balance Sheet Presentation</u>		
Current Deferred Tax Liabilities	\$ (3,023.4)	\$ (5,391.9)
Long Term Deferred Tax Assets	31,568.5	38,329.3
Total Deferred Income Tax Assets	\$ 28,545.1	\$ 32,937.4

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

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

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Federal and state net operating loss carry forwards from 2014 available to offset future taxable income of UPPCO are \$10,457.6 thousand and \$7,671.0 thousand respectively, which begin to expire in 2034 and 2024 respectively. Federal and state net operating loss carry forwards from 2015 available to offset future taxable income of UPPCO are \$16,095.0 thousand and \$11,683.5 thousand, which begin to expire in 2035 and 2025 respectively.

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

(Thousands)	2016	2015
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	\$464.7	\$1,217.8
State	<u>51.7</u>	<u>135.7</u>
Total deferred provision	\$516.4	\$1,353.1
Unrecognized tax benefits	0.0	0.0
Investment tax credits, net	<u>0.0</u>	<u>0.0</u>
Total provision for income taxes	\$516.4	\$1,353.1

The effective income tax rate was 38.9% and 38.6% at December 31, 2016, and 2015, respectively. State income taxes were the only significant item impacting the reconciliation of the statutory federal income tax rate to the effective income tax rate for the years ended December 31, 2016, and 2015

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 2015, UPPCO filed tax returns under UPPHC and will file under UPPHC for 2016.

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8. COMMITMENTS AND CONTINGENCIES

Unconditional Purchase Obligations and Purchase Order Commitments

UPPCO routinely enters into long-term purchase and sale commitments for various quantities and lengths of time. UPPCO has obligations to distribute and sell electricity to its customers, which extend through 2025. UPPCO expects to recover costs related to these obligations in future customer rates. The following table shows UPPCO's minimum future commitments related to these purchase obligations as of December 31, 2016.

<i>Thousands</i>	Date Contract Extend Through	Total Committed Amounts	2017	2018	2019	2020	2021	Later Years
Electric Utility								
Purchased Power	2025	\$40,856,318	\$21,543,252	\$8,817,907	\$8,760,110	\$502,876	\$281,293	\$1,151,679
Total		\$40,856,318	\$21,543,252	\$8,817,907	\$8,760,110	\$502,876	\$281,293	\$1,151,679

UPPCO also had commitments of \$9,261.7 on December 31, 2016, and \$9,512.2 on December 31, 2015 in the form of purchase orders issued to various vendors that relate to normal business operations.

9. EMPLOYEE BENEFIT PLANS

Defined Benefit Plans

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

	<u>Pension Plan</u>		<u>OPEB</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Obligation at Start	\$110,707.5	\$119,176.2	\$29,693.8	\$32,243.9
Service Cost	825.2	896.6	742.9	826.5
Interest Cost	4,477.4	4,472.2	1,262.4	1,256.7
Plan Amendments	-	-	-	(428.6)
Transfers to Affiliates	-	-	-	-
Actuarial (gain) loss, net	2,839.4	(6,088.4)	(2,959.9)	(2,408.3)
Participant Contributions	-	-	651.3	604.5
Benefit Payments	(7,074.2)	(7,749.1)	(1,985.0)	(2,400.9)
Federal Subsidy on benefits paid	-	-	-	-
Obligation at End	\$111,775.3	\$110,707.5	\$27,405.6	\$29,693.8
Change in Fair Value of Plan Assets				
Fair value of plan assets at start	\$111,029.0	\$119,585.9	\$24,670.2	\$26,750.9
Actual return on plan assets	5,071.0	(873.6)	1,202.7	(317.5)
Employer contributions	62.0	65.8	20.8	33.2
Participant contributions	-	-	651.3	604.4
Benefit payments	(7,074.3)	(7,749.1)	(1,985.0)	(2,400.8)
Transfer to affiliates	-	-	-	-
Fair value of plan assets at end	\$109,087.8	\$111,029.0	\$24,560.0	\$24,670.2

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

<i>(Thousands)</i>	Pension Benefits		Other Benefits	
	2016	2015	2016	2015
Noncurrent assets	\$ -	\$ 970.6	\$ -	\$ -
Current Liabilities	(55.9)	(60.6)	(24.1)	(24.5)
Long-term liabilities	(2,631.6)	(588.5)	(2,821.5)	(4,999.1)
Total net balance sheet	\$ (2,687.5)	\$ 321.5	\$ (2,845.6)	\$ (5,023.6)
asset/(liability)				

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

<i>(Thousands)</i>	December 31, 2016	December 31, 2015
Projected benefit obligati	\$111,775.3	\$110,707.5
Accumulated benefit obliq	\$108,702.9	\$108,238.5
Fair value of plan assets	\$109,087.8	\$111,029.0

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	
	2016	2015	2016	2015
Net regulatory assets				
Net actuarial loss	\$ 61,123.6	\$ 59,431.8	\$ 7,567.7	\$ 11,153.5
Prior service cost	0.0	0.0	(6,619.3)	(7,444.5)
Total	\$ 61,123.6	\$ 59,431.8	\$ 948.4	\$ 3,709.0

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The following table shows the estimated amounts that will be amortized into net periodic benefit cost during 2017:

<i>(Thousands)</i>	Pension	Other Benefits	Total
Net actuarial loss	\$ 1,838.7	\$ 435.6	\$ 2,274.3
Prior service cost credit	-	-	-

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	
	2016	2015	2016	2015
Service cost	\$ 825.2	\$ 896.6	\$ 742.9	\$ 826.5
Interest cost	4,477.4	4,472.2	1,262.4	1,256.7
Expected return on plan assets	(5,723.7)	(5,867.6)	(1,119.0)	(1,158.1)
Amortization of net actuarial loss (gain)	1,800.4	4,379.6	(825.1)	863.2
Amortization of prior service cost	-	-	679.1	(649.8)
Net periodic benefit cost (credit)	\$ 1,379.2	\$ 3,880.8	\$ 740.3	\$ 1,138.5

Assumptions - Pension and Other Postretirement Benefit Plans

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

<i>Period ending</i>	Pension Benefits		Other Benefits	
	2016	2015	2016	2015
Discount rate	3.95%	4.15%	4.10%	4.33%
Rate of compensation increase	4.50%	4.19%	N/A	N/A
Assumed medical cost trend rate	N/A	N/A	6.50%	6.75%
Ultimate trend rate	N/A	N/A	5.00%	5.00%
Year ultimate trend rate is reached	N/A	N/A	2023	2023
Assumed dental cost trend rate	N/A	N/A	5.00%	5.00%

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

<i>Period ending</i>	Pension Benefits		Other Benefits	
	2016	2015	2016	2015
Discount rate	3.95%	4.15%	4.10%	4.33%
Expected return on assets	5.15%	5.15%	5.00%	5.00%
Rate of compensation increase	4.50%	4.19%	N/A	N/A
Assumed medical cost trend rate (under age 65)	N/A	N/A	6.50%	6.75%
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	6.50%	6.75%
Ultimate trend rate	N/A	N/A	5.00%	5.00%
Year ultimate trend rate is reached	N/A	N/A	2023	2023
Assumed dental cost trend rate	N/A	N/A	5.00%	5.00%

UPPCO establishes its expected return on assets assumption based on consideration of historical and projected asset class returns, as well as the target allocations of the benefit trust portfolios. For 2017, the expected return on assets assumption for the plans is 5.15%.

Assumed health care cost trend rates have a significant effect on the amounts reported by UPPCO for the health care plans. For the year ended December 31, 2015, a one-percentage-point change in assumed health care cost trend rates would have had the following effects using the assumptions used for the December 31, 2016, re-measurement:

<i>(Thousands)</i>	One-Percentage-Point			
	Increase		Decrease	
Effect on total of service and interest cost	\$	440.2	\$	(327.00)
Effect on the health care component of the	\$	4,597.7	\$	(3,587.2)

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.

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

Asset Class (Thousands)	December 31, 2016					
	Pension Plan Assets			OPEB Plan Assets		
	Level 1	Level 2	<u>Total</u>	Level 1	Level 2	<u>Total</u>
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	166.6	14,671.3	14,837.9
Total ⁽¹⁾⁽²⁾	\$ 1,217.9	\$ 109,424.8	\$ 110,642.7	\$ 253.2	\$ 22,751.2	\$ 23,004.4

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

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 \$62.0 thousands to pension plans and \$20.8 thousand to other postretirement benefit plans in 2017, dependent on various factors affecting UPPCO, including its liquidity position and tax law changes.

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

<u>(Thousands)</u>	<u>Pension Benefits</u>	<u>Other Benefits</u>
2017	\$7,161.2	\$1,247.2
2018	6,957.8	1,239.6
2019	6,884.7	1,221.9
2020	6,969.6	1,244.2
2021	6,804.3	1,291.7
2022 through 2026	\$34,221.9	\$7,300.2

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Defined Contribution Benefit Plans

Integrus Energy Group maintained a 401(k) Savings Plan for substantially all of UPPCO's full-time employees until the sale of UPPCO to UPPHC. Following the sale, UPPCO established a new 401(k) Savings Plan for its employees. A percentage of employee contributions were matched through an employee stock ownership plan (ESOP) contribution up to certain limits prior to the sale of UPPCO to UPPHC and as a cash contribution to the 401(k) Savings Plan following the sale. Certain employees participate in a defined contribution pension plan, in which certain amounts are contributed to an employee's account based on the employee's wages, age, and years of service. UPPCO's share of the total costs incurred under all these plans was \$1,082.4 thousand in 2016 and \$822.3 thousands of costs incurred in 2015.

Prior to the sale of UPPCO to UPPHC, the portion of the deferred compensation obligation that was indexed to various investment options and allowed for distributions in cash was classified as a liability on the balance sheets. The liability is adjusted, with a charge or credit to expense, to reflect changes in the fair value of the deferred compensation obligation. Following the sale, the entire obligation is being treated in this manner. The obligation classified within other long-term liabilities was \$73.9 thousand at December 31, 2016 and \$71.3 thousand at December 31, 2015. Costs incurred under this arrangement were not significant in 2016 and 2015.

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, 2016 and 2015. 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:

December 31, 2016				
<u>(Thousands)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Derivative Assets				
FTRs	\$-	\$-	\$187.8	\$187.8
Total	\$-	\$-	\$187.8	\$187.8

December 31, 2015				
<u>(Thousands)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Derivative Assets				
FTRs	\$-	\$-	\$291.6	\$291.6
Total	\$-	\$-	\$291.6	\$291.6

The risk management assets listed in the tables above include FTRs used to manage transmission congestion costs in the MISO market. See Note 3, "Derivative Activities," for more information on derivative instruments. There were no transfers between the levels of the fair value hierarchy during 2016.

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NOTES TO FINANCIAL STATEMENTS (Continued)

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

<i>(Thousands)</i>	2016	2015
Balance at Beginning of Period	\$291.6	\$513.6
Net realized and unrealized (losses) gain	(42.7)	(622.6)
Purchases	529.1	616.6
Settlements	(590.2)	(316.1)
Balance at End of Period	\$187.8	\$291.6

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

12. REGULATORY ENVIRONMENT

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 billed. The Commission issued a final order on September 8, 2016 authorizing a final rate increase of \$4,648,466 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. Also, based on 2016 actual costs, UPPCO is required to submit annual tracking 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 settlement agreement, UPPCO committed to providing a revenue offset of \$26 million, spread over six consecutive years, to be applied to the distribution portion of each applicable tariff, effective with the date rates go into effect as approved in its next base rate case. The revenue offset is intended to hold customers harmless from factors that could impact customer rates, including the costs associated with moving UPPCO's management team and headquarters to Michigan. The first year of the revenue offset was reflected in UPPCO's rate filing in MPSC Docket U-17895. 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.

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

System Support Resources

Due to the state of the transmission system in the U.P., MISO designated the Presque Isle Power Plant ("PIPP"), the Escanaba Generating Station ("Escanaba"), and White Pine Units #1 and #2 ("White Pine") as System Support Resources ("SSRs"). SSR designation provides for compensation to be paid to the generator owner to remain in service pending a generation or transmission solution to MISO's reliability concerns. Originally, within the ATC footprint, the cost of 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.

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NOTES TO FINANCIAL STATEMENTS (Continued)

from April 2014 through June 2015. On May 3, 2016, FERC denied requests for rehearing and ordered MISO to file allocation reports by June 18, 2016. MISO began billing for cost reallocations related to Escanaba and White Pine in July 2016 and will continue through July 2017. FERC ordered that SSR reallocation costs related to PIPP be suspended pending an order on the appropriateness of PIPP SSR costs. There is the potential that the results of pending litigation and final FERC orders may require further changes in the cost reallocation potentially resulting in additional costs to customers. Also, on August 25, 2016, MISO issued a notice of MISO's intent to terminate the White Pine Unit 1 SSR agreement. Subsequently, MISO filed a Request to Terminate the White Pine Unit 1 SSR with FERC on September 1, 2016.

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.

On October 23, 2012, Enbridge Energy, Limited Partnership ("Enbridge") filed a complaint against UPPCO with the MPSC, in Case No. U-17077, alleging that the surcharges established by the MPSC pursuant to UPPCO's approved RDM were unlawful. On May 13, 2014, the MPSC issued its Order dismissing Enbridge's complaint with prejudice on substantive grounds for failure to state a claim for which relief can be granted. Pursuant to MCL 462.26, Enbridge filed a Claim of Appeal with the Michigan Court of Appeals. The Court of Appeals issued its published decision in this case on December 22, 2015 reversing the MPSC's order which enforced the rate case settlement agreement establishing the RDM, and remanded the matter to the Commission. On February 2, 2016 the MPSC and UPPCO filed Applications for Leave to Appeal this decision with the Michigan Supreme Court. Enbridge filed its Answer and Brief in Opposition to the Motions for Leave to Appeal on March 2, 2016. Replies to the Answer and Brief of Enbridge 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 will be filed by appellates on or before November 18, 2016. After consultation with external and internal counsel, we believe the probability of loss stemming from this action to be remote. Our estimate of maximum exposure stemming from this action is \$2,100.0 thousand.

Sale of Hydro-electric Generation Facilities

On February 2, 2011, UPPCO sold the Cataract hydro-electric generation facility to UP Hydro. Under the terms of the agreement, UPPCO incurred a net loss of approximately \$1,901,300 on the sale. On July 27, 2010, the MPSC authorized deferred accounting treatment of the net loss for recovery in a future general rate case proceeding. Recovery of the loss began on January 1, 2012. As of December 31, 2015, UPPCO has \$380.3 thousand remaining to recover related to this deferral. As of December 31, 2016, this amount has been fully recovered.

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

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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>2016</u>	<u>2015</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	\$8,495.0	\$11,850.0
Intercompany Interest	\$3,554.7	\$4,718.1

Name of Respondent UPPER PENINSULA POWER COMPANY		This Report Is: (1) [] An Original (2) [X] A Resubmission	Date of Report (Mo, Da, Yr) 05/19/17	Year of Report 12/31/16
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)	306,100,368	306,100,368	
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)	306,100,368	306,100,368	
9	Leased to Others			
10	Held for Future Use			
11	Construction Work in Progress	10,003,710	10,003,710	
12	Acquisition Adjustments			
13	TOTAL Utility Plant (Enter Total of lines 8 thru 12)	316,104,078	316,104,078	
14	Accum. Prov. For Depr., Amort., & Depl.	125,059,508	125,059,508	
15	Net Utility Plant (Enter Total of line 13 less 14)	191,044,570	191,044,570	
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION			
17	In Service:			
18	Depreciation	121,229,990	121,229,990	
19	Amort. & Depl. Of Producing Natural Gas Land & Land Rights			
20	Amort. Of Underground Storage Land & Land Rights			
21	Amort. Of Other Utility Plant	3,829,518	3,829,518	
22	TOTAL In Service (Enter Total of lines 18 thru 21)	125,059,508	125,059,508	
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)	125,059,508	125,059,508	

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SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISION FOR DEPRECIATION, AMORTIZATION AND DEPLETION (Continued)					
Gas (d)	Other (Specify) _____ (e)	Other (Specify) _____ (e)	Other (Specify) _____ (e)	Common (h)	Line No.
					1
					2
					3
					4
					5
					6
					7
0	0	0	0	0	8
					9
					10
					11
					12
0	0	0	0	0	13
					14
0	0	0	0	0	15
					16
					17
					18
					19
					20
					21
0	0	0	0	0	22
					23
					24
					25
0	0	0	0	0	26
					27
					28
					29
0	0	0	0	0	30
					31
					32
0	0	0	0	0	33

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/2016
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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	5
4	303 Miscellaneous Intangible Plant	300,695	17,886,915
5	TOTAL Intangible Plant	6,260,585	17,886,920
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 and Land Rights		
19	320.2 Land Rights		
20	321 Structures and Improvements		
21	322 Reactor Plant Equipment		
22	323 Turbogenerator Units		
23	324 Accessory Electric Equipment		

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/2016
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ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)

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

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

to primary account classifications.

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

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

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					1
				301	2
5			5,959,890	302	3
185,500			18,002,110	303	4
185,505	0	0	23,962,000		5
					6
					7
			143,334	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		This Report Is:	Date of Report	Year of Report
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ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)				
Line No.	Account (a)	Balance at Beginning of Year (b)	Addition (c)	
24	325 Miscellaneous Power Plant Equipment			
25	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	0		
29	331 Structures and Improvements	1,678,338	259,767	
30	332 Reservoirs, Dams and Waterways	78,892,475	10,899	
31	333 Water Wheels, Turbines and Generators	624,791		
32	334 Accessory Electric Equipment	5,006,345	7,107	
33	335 Miscellaneous Power Plant Equipment	782,229		
34	336 Roads, Railroads and Bridges	900,562		
35	TOTAL Hydraulic Production Plant	88,515,467	277,773	
36	Other Production Plant			
37	340.1 Land	63,016		
38	340.2 Land Rights			
39	341 Structures and Improvements	205,147		
40	342 Fuel Holders, Products and Accessories	1,351,574		
41	343 Prime Movers	2,487,784		
42	344 Generators	1,056,338		
43	345 Accessory Electric Equipment	753,020	916	
44	346 Miscellaneous Power Plant Equipment	28,291		
44a	347 Asset Retirement Costs for Other Prod.			
45	TOTAL Other Production Plant	5,945,170	916	
46	TOTAL Production Plant	94,603,971	278,689	
47	3. TRANSMISSION PLANT			
48	350.1 Land			
49	350.2 Land Rights			
50	352 Structures and Improvements			
51	353 Station Equipment			
52	354 Towers and Fixtures			
53	355 Poles and Fixtures			
54	356 Overhead Conductors and Devices			
55	357 Underground Conduit			
56	358 Underground Conductors and Devices			

Name of Respondent		This Report Is:		Date of Report		Year of Report	
UPPER PENINSULA POWER COMPANY		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		04/30/17		12/31/2016	
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		
			630,727	330.1	27		
10,543			1,927,562	330.2	28		
472,950			78,430,424	331	29		
			624,791	332	30		
			5,013,452	333	31		
			782,229	334	32		
			900,562	335	33		
				336	34		
483,493	0	0	88,309,747		35		
					36		
			63,016	340.1	37		
			205,147	340.2	38		
			1,351,574	341	39		
			2,487,784	342	40		
			1,056,338	343	41		
			753,936	344	42		
			28,291	345	43		
				346	44		
				347	44a		
0	0	0	5,946,086		45		
483,493	0	0	94,399,167		46		
					47		
				350.1	48		
				350.2	49		
				352	50		
				353	51		
				354	52		
				355	53		
				356	54		
				357	55		
				358	56		

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ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
57	359 Roads and Trails	0		
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	31,373,604	8,185	
64	363 Storage Battery Equipment	0		
65	364 Poles, Towers and Fixtures	34,656,219	742,285	
66	365 Overhead Conductors and Devices	18,236,286	300,283	
67	366 Underground Conduit	0		
68	367 Underground Conductors and Devices	21,276,591	685,626	
69	368 Line Transformers	26,040,499	2,133,653	
70	368.1 Capacitors			
71	369 Services	15,280,967	368,133	
72	370 Meters	4,465,313	151,356	
73	371 Installations on Customers' Premises	385,949	6,748	
74	372 Leased Property on Customers' Premises	0		
75	373 Street Lighting and Signal Systems	1,939,208	(4,718)	
75a	374 Asset Retirement Costs for Distrib. Plant	(49,058)		
76	TOTAL Distribution Plant	155,585,651	4,391,551	
77	5. GENERAL PLANT			
78	389.1 Land	596,531		
79	389.2 Lands Rights			
80	390 Structures and Improvements	8,177,717		
81	391 Office Furniture and Equipment	1,840,162	35,531	
82	391.1 Computers / Computer Related Equipment			
83	392 Transportation Equipment	9,137,498	814,809	
84	393 Stores Equipment	104,040		
85	394 Tools, Shop and Garage Equipment	1,926,589		
86	395 Laboratory Equipment	2,132,987	4,276	
87	396 Power Operated Equipment	1,428,256	64,147	
88	397 Communication Equipment	2,816,607	74,237	
89	398 Miscellaneous Equipment	37,270		
90	SUBTOTAL	28,197,657	993,000	

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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
			745,813		360.1		60
			1,234,260		360.2		61
36,702			31,345,087		361		62
					362		63
174,708			35,223,796		363		64
103,286			18,433,283		364		65
					365		66
170,141			21,792,076		366		67
71,399			28,102,753		367		68
23,478			15,625,622		368		69
137,324			4,479,345		368.1		70
15,749			376,948		369		71
			0		370		72
8,094			1,926,396		371		73
			(49,058)		372		74
					373		75
					374		75a
740,881	0	0	159,236,321				76
5,267			591,264		389.1		78
325,259			7,852,458		389.2		79
38,999			1,836,694		390		80
475,019			9,477,288		391		81
			104,040		391.1		82
			1,926,589		392		83
			2,137,263		393		84
7,525			1,484,878		394		85
			2,890,844		395		86
			37,270		396		87
					397		88
					398		89
852,069	0	0	28,338,588				90

Name of Respondent UPPER PENINSULA POWER COMPANY		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/2016
ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
91	399 Other Tangible Property	194,875		
92	TOTAL General Plant	28,392,532	993,000	
93	TOTAL (Accounts 101 and 106)	284,842,739	23,550,160	
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>	284,842,739	23,550,160	

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) 04/30/17	Year of Report 12/31/2016	
ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
40,583				399	91
892,652	0	0	28,492,880		92
2,302,531	0	0	306,090,368		93
					94
				102	95
					96
				103	97
2,302,531	0	0	306,090,368		98

Name of Respondent UPPER PENINSULA POWER COMPANY		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/2016
CONSTRUCTION WORK IN PROGRESS AND COMPLETED CONSTRUCTION NOT CLASSIFIED - ELECTRIC (Accounts 107 and 106)				
1. Report below descriptions and balances at end of year of projects in process of construction and completed construction not classified for projects actually in service. For any substantial amounts of completed construction not classified for plant actually in service explain the circumstances which have prevented final classification of such amounts to prescribed primary accounts for plant in service.		Not Classified-Electric, shall be furnished even though this account is included in the schedule, Electric Plant in Service, pages 204-211, according to a tentative classification by primary accounts.		
2. The information specified by this schedule for Account 106, Completed Construction		3. Show items relating to "research and development" projects last under a caption Research and Development (See Account 107, Uniform System of Accounts). 4. Minor projects may be grouped.		
Line No.	Description of Project (a)	Construction Work in Progress-Electric (Account 107) (b)	Completed Construction Not Classified-Electric (Account 106) (c)	Estimated Additional Cost of Project (d)
1	Enbridge Homer Road New Substation	1,149,803		68,315
2	SCADA Capital Project Installation Work	870,453		573,547
3	4000011525-S Basin URD - Part II	480,717		Not Available
4	SAP Phase 3-EAM Design & Implementation	347,734		Not Available
5	4000010952-State Rd M35-Gwinn 653-3	344,423		Not Available
6	Ontonagon Bank 2 Protection Upgrade	285,210		Not Available
7	MTU Bank 2 Transformer Installation	271,010		Not Available
8	Control Center Conceptual Design	229,644		Not Available
9	V77350 2017 Interntl Bucket Truck	229,202		Not Available
10	Masonville-Repl RTU & OCR Controls	225,888		Not Available
11	V77360 2017 Internl Bucket Truck	221,372		Not Available
12	4000006539-@Cliffs Natural Resources-R	192,920		Not Available
13	Victoria Sub New Bank 3 Install	190,577		Not Available
14	Bayview Bank 1 Transformer Installation	187,623		Not Available
15	Victoria Substation New Control House	178,390		Not Available
16	4000012388-Harma Rd Budget	176,006		Not Available
17	2016 Marq Adm Lower Lvl-BLDG Renovation	152,042		Not Available
18	2016 SCADA - Hardware	147,468		Not Available
19	Meter Testing Software	140,198		Not Available
20	4000001583-Rebuild Saginaw St	127,452		Not Available
21	4000014817-EP Replace URD N Entry Rd Par	121,646		Not Available
22	4000005979-Install 25-45 Ft CL 5 Poles	118,118		Not Available
23	2016 S&T - Capital Tool Purchases	112,477		Not Available
24	2016 Marq Adm Lower Level-Furniture	110,263		Not Available
25	Ishpeming Building Yard Upgrade	105,476		Not Available
26	4000007844-Bates Amasa Rd UPPCO Job	101,329		Not Available
27	Chatham Substation RTU Replacement	101,232		Not Available
28	Alger Substation RTU Replacement	100,181		Not Available
29	Projects with Balances less than \$100,000	2,984,856		Not Available
30				
31				
32				
33				
34				
35	TOTAL	10,003,710	0	641,862

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) 04/30/17	Year of Report 12/31/2016
CONSTRUCTION OVERHEADS - ELECTRIC			
<p>1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items.</p> <p>2. On page 218 furnish information concerning construction overheads.</p> <p>3. A respondent should not report "none" to this page if no overhead apportionments are made, but rather</p>		<p>should explain on page 218 the accounting procedures employed and the amounts of engineering, supervision and administrative costs, etc., which are directly charged to construction.</p> <p>4. Enter on this page engineering, supervision, administrative, and allowance for funds used during construction, etc., which are first assigned to a blanket work order and then prorated to construction jobs.</p>	
Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)	
1	Allowance for Funds Used During Construction	97,534	
2	Internal Design, Engineering and Supervision	971,887	
3			
4			
5			
6			
7			
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11			
12			
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39	TOTAL	1,069,421	

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) 04/30/17	Year of Report 12/31/2016
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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			1.779% s
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.

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) 04/30/17	Year of Report 12/31/2016
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	114,301,036	114,301,036		
2	Depreciation Prov. for Year, Charged to				
3	(403) Depreciation Expense	9,081,710	9,081,710		
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	95,066	95,066		
9a	182376/254160 ARO Depreciation Exp	0			
10	TOTAL Deprec. Prov. For Year (Enter Total of Lines 3 thru 9)	9,176,776	9,176,776	0	0
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	2,298,660	2,298,660		
13	Cost of Removal	(167,025)	(167,025)		
14	Salvage (Credit)	38,514	38,514		
15	TOTAL Net Chrgs. For Plant Ret. (Enter Total of lines 12 thru 14)	2,170,149	2,170,149	0	0
16	Net Earnings of Decommissioning Funds	(77,673)	(77,673)		
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				
18e					
19	Balance End of Year (Enter total of lines 1, 10, 15, 16 & 17)	121,229,990	121,229,990	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	25,238,294	25,238,294		
23	Hydraulic Production-Conventional	0			
24	Hydraulic Production-Pumped Storage	5,494,874	5,494,874		
25	Other Production	0			
26	Transmission	0			
27	Distribution	77,058,326	77,058,326		
28	General	13,438,496	13,438,496		
29	TOTAL (Enter total of lines 20 thru 28)	121,229,990	121,229,990	0	0

Name of Respondent UPPER PENINSULA POWER COMPAN	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/16
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FOOTNOTE DATE

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
219M	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 <u>25,238,294</u>
219M	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 <u>5,494,876</u>
219M	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 <u>77,024,334</u>
219M	28	c	End Balance 13,438,496 Less: 108 ARO Depreciation (Non-Rate Base) (150,685) Add: 182.3 ARO COR Depr (Rate Base) 0 Ending Rate Base Reserve <u>13,287,811</u>
219M	29	c	End Balance 121,045,313 Less: 108 ARO Depreciation (Non-Rate Base) (184,677) Add: 182.3 ARO COR Depr (Rate Base) 0 Ending Rate Base Reserve <u>121,045,313</u>

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NONUTILITY PROPERTY (Account 121)

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

Line No.	Description and Location (a)	Balance at Beginning of Year (b)	Purchases, Sales Transfers, etc. (c)	Balance at End of Year (d)
1	Two (2) Dam Sites in Baraga & Houghton County	9,949		9,949
2	Land in Ontonagon River Area	1,900,556		1,900,556
3	Land in City of Gladstone	55,031		55,031
4	Escanaba River Hydros Delta Cty	2,558,205		2,558,205
5	Boney Falls Delta Cty	5,997,917		5,997,917
6	Bond Falls Ontonagon County	454,062		454,062
7	Eastern Hydro Dams	640,411		640,411
8	Forsyth Land		(36,450)	(36,450)
9	Autrain Property 1		(131)	(131)
10	Autrain Property 2		(131)	(131)
11	CWIP			
12				
13				
14				
15				
16				
	TOTAL	11,616,131	(36,712)	11,579,419

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	1,603,278
2	Accruals for Year, Charged to	
3	(417) Income from Nonutility Operations	228,274
4	(418) Nonoperating Rental Income	
5	Other Accounts (Specify):	
6		
7	TOTAL Accruals for Year (Enter Total of lines 3 thru 6)	228,274
8	Net Charges for Plant Retired:	
9	Book Cost of Plant Retired	(36,712)
10	Cost of Removal	
11	Salvage (Credit)	
12	TOTAL Net Charges (Enter Total of lines 9 thru 11)	(36,712)
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)	1,794,840

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/2016
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)	0	
2	Customer Accounts Receivable (Account 142)	9,383,414	14,474,320
3	Other Accounts Receivable (Account 143) * (Disclose any capital stock subscriptions received)	725,176	692,753
4	TOTAL	10,108,590	15,167,073
5	Less: Accumulated Provision for Uncollectible Accounts-Cr. (Account 144) **	400,000	1,000,000
6	TOTAL, Less Accumulated Provision for Uncollectible Accounts	9,708,590	14,167,073
7			
8			
9	* Accounts Receivable From Employees:		
10	** Michigan's Portion of Account 144:		
11			
12			
13			
14			

ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNT-CR. (Account 144)						
1. Report below the information called for concerning this accumulated provision.						
2. Explain any important adjustments of subaccounts.						
3. Entries with respect to officers and employees shall not include items for utility services.						
Line No.	Item (a)	Utility Customers (b)	Merchandise Jobbing and Contract Work (c)	Officers and Employees (d)	Other (e)	Total (f)
1	Balance beginning of year	400,000				400,000
2	Prov. for uncollectibles for current year	693,202				693,202
3	Account written off (less)	136,190				136,190
4	Coll. of accounts written off	42,988				42,988
5	Adjustments (explain): To reserve based on modified black motor formula					0
6	Balance end of year	1,000,000	0	0	0	1,000,000
7						
8						
9						
10						
11						

/ TO SET THE ACCOUNTS UP _ DR VS CR AND COLUMNS

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) 04/30/17	Year of Report 12/31/2016
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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)	452,299	406,584	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)	602,429	1,247,726	Electric
6	Assigned to - Operations & Maintenance			
7	Production Plant (Estimated)			
8	Transmission Plant (Estimated)			
9	Distribution Plant (Estimated)	524,364	1,106,474	Electric
10	Assigned to - Other			
11	TOTAL Account 154 <i>(Enter total of line 5 thru 10)</i>	1,126,793	2,354,200	
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)	116,104	247,952	Electric
16				
17				
18				
19				
20	TOTAL Materials & Supplies (Per Balance Sheet)	1,695,206	3,008,736	

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) 04/30/17	Year of Report 12/31/2016
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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	452,299		
2	Received during year	724,583		
3	TOTAL	1,176,882	0	0
4	Used during year (specify department)	770,298		
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15	Sold or transferred			
16	TOTAL DISPOSED OF	770,298	0	0
17	BALANCE END OF YEAR	406,584	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) 04/30/17		Year of Report 12/31/2016	
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.	
199,251	452,299					1	
440,107	724,583					2	
639,358	1,176,882	0	0	0	0	3	
435,171	770,298					4	
						5	
						6	
						7	
						8	
						9	
						10	
						11	
						12	
						13	
						14	
						15	
435,171	770,298	0	0	0	0	16	
204,187	406,584	0	0	0	0	17	

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) 04/30/17	Year of Report 12/31/2016
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 Optimization	253,518	
2	UPPCO SSR Unbilled	1,270,009	
3	UPPCO PSCR 2016	153,512	
4			
5			
6			
7			
8			
9			
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11			
12			
13			
14			
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24			
25	TOTAL	1,677,039	

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) 04/30/17	Year of Report December 31, 2016
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	0	
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
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15			
16			
17			
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24			
25			
26			
27			
28			
29			
TOTAL		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) 04/30/17	Year of Report 12/31/2016
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PRELIMINARY SURVEY AND INVESTIGATION CHARGES (Account 183)

Debits (c)	CREDITS		Balance End of Year (f)	Line No.
	Account Charged (d)	Amount (e)		
12,852	107.00	6,426	6,426	1
				2
				3
				4
				5
				6
				7
				8
				9
				10
				11
				12
				13
				14
				15
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				29
12,852		6,426	6,426	TOTAL

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/2016
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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 Cost		253	55,000	715,000
2	Minimum Pension Liability Adjustment	3,758,957	128\ 228	4,827,822	62,072,026
3	ARO Depr/Accr NonRate Base	9,589	186\ 230	104,654	599,674
4	Devivatives		175\ 224	22,820	0
5	Cataract	63,378	407	443,642	0
6	Decoupling	11,220	449	12,870	66,777
7	Deferred Taxes	16,401			87,927
8					
9					
10					
11	See Footnote				
12					
13					
14					
15					
16					
17					
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28					
29					
30					
31					
32					
33					
34					
35	TOTAL	3,859,545		5,466,808	63,541,404

NOTE: All amounts are recorded in Account 182.3.

Name of Respondent UPPER PENINSULA POWER COMPAN	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/16
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FOOTNOTE DATE

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
232	21	a	Formula Rate Regulatory Assets - Allocable to Distribution, Average of Line 3, Columns (b) and (f). Formula Rate Regulatory Assets - Direct Assigned to Distribution, None.

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) 04/30/17		Year of Report 12/31/2016	
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	133,894	15,440	511.00	25,414	123,920	
2	Work Orders	48,525	71,899	Various	122,956	(2,532)	
3	Minor Items	2,001	14	253.00	2,015	0	
4	Insurance Recovery	48,861	0		0	48,861	
5	Other DEF Charges	(31,711)	4,461,312	242	4,399,049	30,552	
6							
7							
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34							
35							
36							
37							
38	Misc. Work in Progress						
39	TOTAL	201,570	4,548,665		4,549,434	200,801	

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

TAX SCHEDULES

I Purpose:

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

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

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/2016
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ACCUMULATED DEFERRED INCOME TAXES (Account 190)

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

Line No.	Account Subdivision (a)	Balance at Beginning of Year (b)	Changes During Year	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Electric			
2	Plant/Other than Plant	474,765	20,945	63,638
3	Plant	31,346,197	5,518,088	961,177
4				
5				
6				
7	Other			
8	TOTAL (Account 190) (Enter total of lines 2 thru 7)	31,820,962	5,539,033	1,024,815
9	Gas			
10				
11				
12				
13				
14				
15	Other			
16	TOTAL Gas (Enter total of lines 10 thru 15)			
17	Other (Specify) - Nonutility	37,860,694	2,321,822	2,320,657
18	TOTAL (Account 190) (Enter total of lines 8, 16 & 17)	69,681,656	7,860,855	3,345,472
19	Classification of Total:			
20	Federal Income Tax	62,924,719		
21	State Income Tax	6,756,939		
22	Local Income Tax			

NOTES

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

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/2016
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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)		
							1
						517,458	2
						26,789,286	3
							4
							5
							6
							7
0	0		0		0	27,306,744	8
							9
							10
							11
							12
							13
							14
							15
						37,859,529	16
							17
						65,166,273	18
						59,748,144	19
						5,418,129	20
							21
							22

NOTES (Continued)

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/2016	
CAPITAL STOCK (Accounts 201 and 204)				
<p>1. Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outline in column (a) is available from the SEC 10-K Report Form filing, a specific reference</p>		<p>to report form (i.e. year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible. 2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.</p>		
Line No.	Class and Series of Stock and Name of Stock Exchange (a)	Number of Shares Authorized by Charter (b)	Par or Stated Value Per Share (c)	Call Price at End of Year (d)
1	Common Stock Without Par	3,000,000	9	
2				
3	Cumulative Preferred Stock	300,000		
4				
5	Cumulative Preference Stock	1,000,000	1	
6				
7	NOTE: Respondent's common stock is			
8	held entirely by its parent holding			
9	company.			
10	Upper Peninsula Power Holding Company			
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Name of Respondent 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) 04/30/17	Year of Report 12/31/2016	
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
						2
						3
						4
						5
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Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/2016
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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, 2016	65,516,469
2		
3	Return of Capital to Parent	(8,495,000)
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
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35	TOTAL	57,021,469

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) 04/30/17	Year of Report 12/31/2016
LONG-TERM DEBT (Accounts 221, 222, 223 and 224)			
<p>1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt.</p> <p>2. In column (a), for new issues, give Commission authorization numbers and dates.</p> <p>3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.</p> <p>4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.</p> <p>5. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.</p> <p>6. In column (b) show the principal amount of bonds or other long-term debt originally issued.</p> <p>7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.</p> <p>8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.</p> <p>9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.</p>			
Line No.	Class and Series of Obligation, Coupon Rate <i>(For new issue, give Commission Authorization numbers and dates)</i> (a)	Principal Amount of Debt Issued (b)	Total Expense, Premium or Discount (c)
1			
2	Account 223		
3			
4	3.95% Issue	16,230,000	180,846
5	4.20% Issue	27,050,000	300,581
6	4.43% Issue	51,395,000	571,104
7	4.91% Issue	13,525,000	150,291
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25	TOTAL	108,200,000	1,202,822

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/2016
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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	8/27/2024			27,050,000	1,136,100	5
8/27/2014	8/27/2024			51,395,000	2,276,799	6
8/27/2014	8/27/2024			13,525,000	664,077	7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
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						22
						23
						24
				108,200,000	4,718,061	25

Name of Respondent UPPER PENINSULA POWER COMPAN	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/2016
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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						
2	Scotia Bank		various	various	various	\$7,400,000
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
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24						
TOTAL						\$7,400,000

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/2016
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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)	6,867,059
6	Allocation of Net income for the year	
7	Add: Federal income tax expenses	4,375,990
8		
9	Total pre-tax income	11,243,049
10		
11	Add: Taxable income not reported on books:	
12		
13		
14		
15	Add: Deductions recorded on books not deducted from return	16,384,023
16		
17		
18		
19	Subtract: Income recorded on books not included in return:	(8,186,772)
20		
21		
22		
23	Subtract: Deductions on return not charged against book income:	(19,440,300)
24	Schedule M (Addition of Taxable Income)	
25		
26	Federal taxable income for the year	0

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/2016
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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
3,947,140	230,177	6
		7
		8
		9
		10
		11
		12
		13
		14
9,753,573	6,630,450	15
		16
		17
		18
(8,186,772)		19
		20
		21
		22
(13,491,986)	(5,948,314)	23
		24
		25
		26

Name of Respondent UPPER PENINSULA POWER COMPAN		This Report Is: (1) [] An Original (2) [X] A Resubmission	Date of Report (Mo, Da, Yr) 05/19/17	Year of Report 12/31/16
FOOTNOTE DATE				
Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)	
261	20	b	Benefits and Incentives Benefits and Incentives Accrued 1,843,191 CGL & NOL Gain/Loss (2,959,169) Other Bad Debts 600,000 Customer Advances 210,551 Price Risk Hedging 148,405 Deferred Income Deductions (569,264) Interest 479,229 Meals & Entertainment 34,249 Charitable Contributions 95,974 Penalties & Lobbying 1,990 Plant - Other Depreciation (9,148,441) Goodwill (10,421,749) CIAC 104,129 Regulatory Deferral Environmental Cleanup 64,974 Regulatory Assets Current 6,976,059 Regulatory Asset Non-current 381,914 Regulatory Liabilities Non-Current 914,908 Total (11,243,049)	

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) 04/30/17	Year of Report 12/31/2016
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Account 236)

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

Line No.	Kind of Tax Subaccount (See Instruction 5) (a)	BALANCE AT BEGINNING OF YEAR	
		Taxes Accrued (Account 236) (b)	Prepaid Taxes (Incl. In Account 165) (c)
1			
2	FICA		
3	FUTA		
4	Unemployment Compensation		
5	Payroll Taxes billed		
6	Use Tax		
7	Real Estate & Personal Property	2,332,996	
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20		2,332,996	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	0			
2	768,530			
3	15,012			
4	30,017			
5	16,880			
6	777			
7	5,496,005			64,991
8				
9				
10				
11				
12				
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16				
17				
18				
19				
20	6,327,221	0	0	64,991

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) 04/30/17	Year of Report 12/31/2016
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

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

Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	BALANCE AT END OF YEAR		Line No.
			Taxes Accrued (Account 236) (g)	Prepaid Taxes (Incl. In Account 165) (h)	
					1
768,530	585,090		183,440		2
15,012	11,747		3,265		3
30,017	17,578		12,439		4
16,880					5
777					6
5,560,996	5,583,176		2,310,818		7
					8
					9
					10
					11
					12
					13
					14
					15
					16
					17
					18
					19
6,392,212	6,197,591	0	2,509,962	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

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) 04/30/17	Year of Report 12/31/2016
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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-401(k) Serv Acc	428,220
2	Cur & Acc Liab-Union Dues Pay	0
3	Current Pension Obligation	27,004
4	Current Sick Pay Plan Oblig	41,370
5	Current Pension Restoration	28,849
6	Curr Post Retirement Obligation	24,093
7	C&A Liab-401(k) Deducts	77,424
8	Cur & Acc Liab Vac Pay Accrual	1,382,949
9	Accrued Wages Payable	377,395
10	Empl Cont - Flex Spending Plan	0
11	Accrued Wkrs Comp Claim Liab	53,849
12	Accrued Pay at Risk	937,571
13	UPPCO Self Implemented Rate Refund	523,903
14		
15		
16		
17		
18		
19		
20		
21		
22	TOTAL	3,902,627

CUSTOMER ADVANCES FOR CONSTRUCTION (Account 252)

Line No.	List Advances by department (a)	Balance End of Year (b)
23	Electric	1,972,579
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39	TOTAL	1,972,579

Name of Respondent		This Report Is:		Date of Report	Year of Report	
UPPER PENINSULA POWER COMPANY		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr) 04/30/17	12/31/2016	
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	379,175	various	119,903	214,956	474,228
2	Outstanding Checks	4,818	various	149	1,449	6,118
3	Cancelled					
4	Warden Ash Site	770,825	186	55,945	120	715,000
5	Sick Leave Term Pay	149,664	131	26,049	2,680	126,295
6	Deferred Comp	71,341	920	5,358	7,981	73,964
7	Workers Comp Claim	238,202	921	86,000		152,202
8	Reserve					
9	Deferred Income Plan	189,316	131	87,229	17,117	119,204
10	Other Def Cr/Cust Work				54,399	54,399
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	1,803,341		380,633	298,702	1,721,410

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) 04/30/17	Year of Report 12/31/2016
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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	6,648,416	13,001,025	9,345,198
3	Gas			
4	Other (Define) Nonutility			
5	TOTAL (Enter total of lines 2 thru 4)	6,648,416	13,001,025	9,345,198
6	Other (Specify)			
7				
8	Non Utility	194,112		
9	TOTAL Account 282 (Enter total of lines 5 thru 8)	6,842,528	13,001,025	9,345,198
10	Classification of TOTAL			
11	Federal Income Tax	6,385,657	12,132,955	8,691,034
12	State Income Tax	456,871	868,069	654,164
13	Local Income Tax			

NOTES

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/2016
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**ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY
(Account 282) (Continued)**

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

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year	Line No.
Amounts Debited to Acct. 410.2	Amounts Credited to Acct. 411.2	Account Credited	Amount	Account Debited	Amount		
(e)	(f)	(g)	(h)	(i)	(j)	(k)	
							1
						10,304,243	2
							3
							4
						10,304,243	5
							6
							7
	78,496					115,616	8
0	78,496		0		0	10,419,859	9
							10
	78,496					9,749,082	11
						670,777	12
							13

NOTES (Continued)

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/2016
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ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283)

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

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Acct. 410.1 (c)	Amounts Credited to Acct. 411.1 (d)
1	Electric			
2	Plant			
3	Other Than Plant	29,901,662		3,700,324
4	Other Than Plant (FAS 109)			
5				
6	Other			
7	TOTAL Electric (<i>total of lines 2 thru 6</i>)	29,901,662	0	3,700,324
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			
16	TOTAL (Account 283) (<i>Enter total of lines 7, 14 and 15</i>)	29,901,662	0	3,700,324
17	Classification of TOTAL			
18	Federal Income Tax	26,903,806	0	3,131,452
19	State Income Tax	2,997,856	0	568,872
20	Local Income Tax			

NOTES

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) [] An Original (2) [X] A Resubmission	Date of Report (Mo, Da, Yr) 05/19/17	Year of Report 12/31/2016
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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
						26,201,338	3
							4
							5
							6
0	0		0		0	26,201,338	7
							8
							9
							10
							11
							12
							13
0	0		0		0	0	14
							15
0	0		0		0	26,201,338	16
							17
						23,772,354	18
						2,428,984	19
							20

NOTES (Continued)

Name of Respondent UPPER PENINSULA POWER COMPA		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/2016
OTHER REGULATORY LIABILITIES					
<p>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).</p> <p>2. For regulatory liabilities being amortized, show period of amortization in column (a).</p> <p>3. Minor items (amounts less than \$50,000) may be grouped by classes.</p> <p>4. Give the number and name of the account(s) where each amount is recorded.</p>					
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	533,510	658,595	187,801
2	Regulatory Liability Pension Expense	449	0	391,005	391,005
3					
4					
5					
6					
7	See Footnote				
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21	TOTAL		533,510	1,049,600	578,806

NOTE: All amounts are recorded in Account 254.

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) 04/30/17	Year of Report 12/31/16
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FOOTNOTE DATE

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
278	7	a	Formula Rate ⁴ Regulatory Liabilities - Allocable to Distribution, Average of Line 5, Columns (b) and (f). Formula Rate Regulatory Liabilities - Direct Assigned to Distribution, None.

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) 04/30/17	Year of Report 12/31/2016
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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					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17	Total Gain	0		0	

Name of Respondent UPPER PENINSULA POWER COMPANY		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/16	
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	Sale of Land	41,977			14,330
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34	Total Loss	41,977			14,330

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) 04/30/17	Year of Report 12/31/2016
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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	Revenues from Nonutility Operations	308,100
3	Operations & Maintenance Expense	1,125,613
4		
5		
6		
7		
8	Subtotal 417	(817,513)
9		
10	Non-Operating Rental Income	
11	Rental Income	150
12		
13	Subtotal 418	150
14		
15	Interest and Dividend Income	
16	Interest and Dividend Income	53,155
17		
18		
19		
20		
21		53,155
22		
23		
24	Allowance for Funds Used for Construction	71,773
25		
26		
27		
28		
29		
30		
31		
32		
33	Subtotal 419	71,773
34		
35	Miscellaneous Non-Operating Income	
36		
37	Subtotal 421	(692,435)

Name of Respondent	This Report Is:	Date of Report	Year of Report
UPPER PENINSULA POWER COMPANY	(1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission	(Mo, Da, Yr) 05/19/17	12/31/16
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	60,822,813	58,465,231
3	(442) Commercial and Industrial Sales		
4	Small (or Commercial)	25,849,950	31,657,559
5	Large (or Industrial)	25,417,407	18,845,332
6	(444) Public Street and Highway Lighting	1,745,585	1,692,220
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	113,835,755	110,660,342
13			
14	(447) Sales for Resale	2,876,121	2,753,284
15	TOTAL Sales of Electricity	116,711,876	113,413,626
16			
17	(Less) (449.1) Provision for Rate Refunds	7,191,208	(7,500,137)
18	TOTAL Revenue Net of Provision for Refunds	109,520,668	120,913,763
19	Other Operating Revenues		
20	(450) Forfeited discounts	44,197	59,714
21	(451) Miscellaneous Service Revenues	24,374	87,754
22	(453) Sales of Water and Water Power	43,697	42,840
23	(454) Rent from Electric Property	200,458	289,597
24	(455) Interdepartmental Rents		
25	(456) Other Electric Revenues	948,258	447,534
26	(456.1)Transmission of Elecricity to others		
27			
28			
29			
30	TOTAL Other Operating Revenues	1,260,984	927,439
31			
32	TOTAL Electric Operating Revenues	110,781,652	121,841,202

Name of Respondent UPPER PENINSULA POWER COMPAN	This Report Is: (1) [] An Original (2) [X] A Resubmission	Date of Report (Mo, Da, Yr) 10/18/17	Year of Report 12/31/16	
ELECTRIC OPERATING REVENUES (Account 400) (Continued)				
<p>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.)</p> <p>5. See Page 108, Important Changes During Year, for important new territory added and important rate increases or decreases.</p> <p>6. For line 2, 4, 5, and 6, see page 304 for amounts relating to unbilled revenue by account.</p> <p>7. Include unmetered sales. Provide details of such sales in a footnote.</p>				
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)	
249,180	255,188		46,176	1
				2
				3
142,906	197,561		5,553	4
335,910	325,119		20	5
4,682	4,818		177	6
				7
				8
				9
				10
			0	11
732,678	782,686	0	51,926	12
				13
81,061	61,441		16	14
813,739	844,127	0	51,942	15
				16
			0	17
813,739	844,127	0	51,942	18
<p>* Includes \$_____ unbilled revenues.</p> <p>** Includes - MWH relating to unbilled revenues.</p>				

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) [] An Original (2) [X] A Resubmission	Date of Report (Mo, Da, Yr) 10/18/17	Year of Report 12/31/16
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FOOTNOTE DATE

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
300	14	b	Includes \$2,141,057 for FERC Order 668-A
300	14	d	Includes 81,061 MWh for FERC Order 668-A
300	14	c	Includes \$1,712,862 for FERC Order 668-A
300	14	e	Includes 56,942 MWh for FERC Order 668-A

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) [] An Original (2) [X] A Resubmission	Date of Report (Mo, Da, Yr) 05/19/17	Year of Report 12/31/16
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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	0	0	0	0	0.0000
2	A-1 Residential	203,617	50,413,898	40,029	5,087	0.2476
3	A-2 Residential	17,913	4,166,543	3,290	5,445	0.2326
4	AH-1 Electric Heat	27,650	5,982,779	3,510	7,877	0.2164
5	AH-2 Electric Heat	0	0	0	0	0.0000
6	Z-1&3 Dusk to Dawn	587	232,924	0	0	0.3968
7	Z-2&4 Dusk to Dawn	78	26,669	0	0	0.3419
8	Total	249,845	60,822,813	46,829	5,335	0.2434
9	442 Commercial & Industrial	0	0	0	0	0.0000
10	C-1 General Commercial	59,057	11,834,046	4,975	11,871	0.2004
11	C-2 General Commercial	0	0	0	0	0.0000
12	H-1 Commercial Heating	7,509	1,171,394	233	32,227	0.1560
13	H-2 Commercial Heating	0	0	0	0	0.0000
14	P-1 Light & Power	75,300	12,604,886	524	142,702	0.1674
15	RTMP	180,694	7,662,335	1	180,694,000	0.0424
16	CP-1 Interruptible Rider	0	0	0	0	0.0000
17	WP-3	28,930	2,589,814	2	14,465,000	0.0895
18	Z-1&3 Dusk to Dawn	543	215,006	0	0	0.3960
19	Z-2&4 Dusk to Dawn	71	24,618	0	0	0.3467
20	C-1 Commercial	0	0	0	0	0.0000
21	C-2 Comercial-IR	0	0	0	0	0.0000
22	CPU(PRI)	126,286	15,165,258	68	1,857,147	0.1201
23	CPU(SEC)	0	0	0	0	0.0000
24	CPU(SECV)	0	0	0	0	0.0000
25	CPU(TRANV)	0	0	0	0	0.0000
26	Total	478,390	51,267,357	5,803	82,438	0.1072
27	444 Public Stgreet Hwy Light	4,682	1,745,585	75	62,427	0.3728
28	Total	4,682	1,745,585	75	62,427	0.3728
29	Unbilled Revenue by	0	0	0	0	0.0000
30	Revenue Class:	0	0	0	0	0.0000
31	Residential	0	0	0	0	0.0000
32	Comm & Industrial	0	0	0	0	0.0000
33						
34						
35						
36						
37						
38	Total	732,916	113,835,755			0.1553

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) 04/30/17	Year of Report 12/31/2016
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SALES FOR RESALE (Account 447)

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

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

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

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

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

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

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

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

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

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

OS - for other service. Use this category only for

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

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/16
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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)	
			7,814	7,814	1
				0	2
				0	3
				0	4
98,706		2,619,159		2,619,159	5
			127,438	127,438	6
98,706	120,233	2,619,159	135,252	2,874,644	7
				0	8
				0	9
				0	10
				0	11
				0	12
				0	13
				0	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) 04/30/17	Year of Report 12/31/16
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FOOTNOTE DATE

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

Name of Respondent UPPER PENINSULA POWER COMPANY		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/2016
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	19,188		21,847
17	(512) Maintenance of Boiler Plant			
18	(513) Maintenance of Electric Plant			
19	(514) Maintenance of Miscellaneous Steam Plant			
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	19,188		21,847
21	TOTAL Power Production Expenses-Steam Power (Total of lines 13 & 20)	19,188		21,847
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	1,164,090		756,364
45	(536) Water for Power			
46	(537) Hydraulic Expenses	62,964		692,607
47	(538) Electric Expenses	318,058		44,262
48	(539) Miscellaneous Hydraulic Power Generation Expenses	13,153		35,955
49	(540) Rents	121,010		129,834
50	TOTAL Operation (Enter Total of Lines 44 thru 49)	1,679,275		1,659,022

Name of Respondent UPPER PENINSULA POWER COMPANY		This Report Is: (1) [X] An Original (2) [] A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2017	Year of Report 12/31/2016
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	227,766	203,306	
54	(542) Maintenance of Structures	74,411	22,836	
55	(543) Maintenance of Reservoirs, Dams, and Waterways	244,770	231,213	
56	(544) Maintenance of Electric Plant	440,747	14,795	
57	(545) Maintenance of Miscellaneous Hydraulic Plant	1,524	0	
58	TOTAL Maintenance (Total of Lines 53 thru 57)	989,218	472,150	
59	TOTAL Pwr. Production Expenses-Hydraulic Pwr. (Total of lines 50 & 58)	2,668,493	2,131,172	
60	D. Other Power Generation			
61	Operation			
62	(546) Operation Supervision and Engineering	10,352	42,637	
63	(547) Fuel	767,128	667,952	
64	(548) Generation Expenses	3,867	37,507	
65	(549) Miscellaneous Other Power Generation Expenses	37,014	25,339	
66	(550) Rents			
67	TOTAL Operation (Total of Lines 62 thru 66)	818,361	773,435	
68	Maintenance			
69	(551) Maintenance Supervision and Engineering	1,481	14,900	
70	(552) Maintenance of Structures		818	
71	(553) Maintenance of Generating and Electric Plant	18,040	14,450	
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	6,864	6,750	
73	TOTAL Maintenance (Total of Lines 69 thru 72)	26,385	36,918	
74	TOTAL Pwr. Production Expenses-Other Power (Total of Lines 67 & 73)	844,746	810,353	
75	E. Other Power Supply Expenses			
76	(555) Purchased Power	30,086,464	33,972,261	
77	(556) System Control and Load Dispatching	1,197,780	866,205	
78	(557) Other Expenses			
79	Total Other Power Supply Expenses (Total of Lines 76 thru 78)	31,284,244	34,838,466	
80	Total Pwr. Production Expenses (Total of lines 21, 41, 59, 74 & 79)	34,816,671	37,801,838	
81	2. TRANSMISSION EXPENSES			
82	Operation			
83	(560) Operation Supervision and Engineering			
84	(561) Load Dispatching	660,756	225,881	
85	(562) Station Expenses	12,497	9,189	
86	(563) Overhead Lines Expenses			
87	(564) Underground Lines Expenses			
88	(565) Transmission of Electricity by Others	9,152,068	18,033,546	
89	(566) Miscellaneous Transmission Expenses			
90	(567) Rents			
91	TOTAL Operation (Total of Lines 83 thru 90)	9,825,321	18,268,616	
92	Maintenance			
93	(568) Maintenance Supervision and Engineering			
94	(569) Maintenance of Structures			
95	(570) Maintenance of Station Equipment			
96	(571) Maintenance of Overhead Lines			
97	(572) Maintenance of Underground Lines			
98	(573) Maintenance of Miscellaneous Transmission Plant			
99	TOTAL Maintenance (Total of Lines 93 thru 98)			
100	TOTAL Transmission Expenses (Total of Lines 91 & 99)	9,825,321	18,268,616	

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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)	
101	3. REGIONAL MARKET EXPENSES			
102	Operation			
103	(575.4) Capacity Market Facilitation			
104	(575.5) Ancillary Services Market Facilitation			
105	(575.6) Market Monitoring and Compliance			
106	(575.7) Market Facilitation, Monitoring and Compliance Services	69,197	78,028	
107	(575.8) Rents			
108	TOTAL Regional Market Expenses (Lines 103 thru 107)	69,197	78,028	
109	4. DISTRIBUTION EXPENSES			
110	Operation			
111	(580) Operation Supervision and Engineering	1,918,881	1,194,325	
112	(581) Load Dispatching	201,031	514,845	
113	(582) Station Expenses	848,167	914,045	
114	(583) Overhead Line Expenses	299,939	233,851	
115	(584) Underground Line Expenses	107,042	64,926	
116	(585) Street Lighting and Signal System Expenses	155,657	33,609	
117	(586) Meter Expenses	641,030	463,722	
118	(587) Customer Installations Expenses	0	0	
119	(588) Miscellaneous Expenses	1,292,828	1,995,764	
120	(589) Rents	40,513	99,742	
121	TOTAL Operation (Total of Lines 111 thru 120)	5,505,088	5,514,829	
122	Maintenance			
123	(590) Maintenance Supervision and Engineering	315,242	148,317	
124	(591) Maintenance of Structures	55,151	259,511	
125	(592) Maintenance of Station Equipment	786,271	645,188	
126	(593) Maintenance of Overhead Lines	6,016,685	6,162,456	
127	(594) Maintenance of Underground Lines	387,795	515,224	
128	(595) Maintenance of Line Transformers	(130,499)	32,089	
129	(596) Maintenance of Street Lighting and Signal Systems	3,097	48,349	
130	(597) Maintenance of Meters	6,886	971	
131	(598) Maintenance of Miscellaneous Distribution Plant	12,516	3,546	
132	TOTAL Maintenance (Total of Lines 123 thru 131)	7,453,144	7,815,651	
133	TOTAL Distribution Expenses (Total of Lines 121 & 132)	12,958,232	13,330,480	
134	5. CUSTOMER ACCOUNTS EXPENSES			
135	Operation			
136	(901) Supervision	114,748	171,073	
137	(902) Meter Reading Expenses	855,006	933,061	
138	(903) Customer Records and Collection Expenses	1,611,107	1,769,646	
139	(904) Uncollectible Accounts	701,064	596,129	
140	(905) Miscellaneous Customer Accounts Expenses	14,218	36,873	
141	TOTAL Customer Accounts Expenses (Total of Lines 136 thru 140)	3,296,143	3,506,782	
142	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES			
143	Operation			
144	(907) Supervision		14,148	
145	(908) Customer Assistance Expenses	2,714,119	2,558,640	
146	(909) Informational and Instructional Expenses	3,600	88,124	
147	(910) Miscellaneous Customer Service and Informational Expenses			
148	TOTAL Cust. Service and Informational Exp. (Total of Lines 144 thru 147)	2,717,719	2,660,912	
149	7. SALES EXPENSE			
150	Operation			
151	(911) Supervision			
152	(912) Demonstrating and Selling Expenses			
153	(913) Advertising Expenses			
154	(916) Miscellaneous Sales Expenses			
155	Total Sales Expenses (Total of Lines 150 thru 154)	0	0	

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Name of Respondent UPPER PENINSULA POWER COMPANY		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2017	Year of Report 12/31/2016
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)	
156	8. ADMINISTRATIVE AND GENERAL EXPENSES			
157	Operation			
158	(920) Administrative and General Salaries	3,114,217	3,607,375	
159	(921) Office Supplies and Expenses	2,548,316	2,237,804	
160	(Less) (922) Administrative Expenses Transferred - CR			
161	(923) Outside Services Employed	1,620,313	1,347,219	
162	(924) Property Insurance	422,325	(31)	
163	(925) Injuries and Damages	794,174	1,163,186	
164	(926) Employee Pensions and Benefits	3,153,049	8,291,319	
165	(927) Franchise Requirements			
166	(928) Regulatory Commission Expenses	241,417	477,574	
167	(929) Duplicate Charges - CR.	(128,365)	(468,632)	
168	(930.1) General Advertising Expenses			
169	(930.2) Miscellaneous General Expenses	175,105	674,744	
170	(931) Rents	95,679	225,412	
171	TOTAL Operation (Total of Lines 158 thru 170)	12,036,230	17,555,970	
172	Maintenance			
173	(935) Maintenance of General Plant			
174	TOTAL Administrative and General Expenses (Total of Lines 171 & 173)	12,036,230	17,555,970	
175	TOTAL Electric Operation and Maintenance Expenses (Enter total of lines 80, 100, 108, 133, 141, 148, 155, and 174)	75,719,513	93,202,626	

NUMBER OF ELECTRIC DEPARTMENT EMPLOYEES		
<p>1. The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.</p> <p>2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.</p>		<p>3. The number of employees assignable to the electric department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the electric department from joint functions.</p>
1. Payroll Period Ended (Date)		12/31/2016
2. Total Regular Full-Time Employees		165
3. Total Part-Time and Temporary Employees		2
4. Total Employees		167

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
FOOTNOTE DATE					
Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)		
320	76	b	Includes \$2,141,057 for FERC Order 668-A.		
320	88	b	Account 561.4 (561.BA) includes \$308,158 of expenses incurred related to Balancing Authority functions performed in connection with membership in the Midwest ISO (MISO). This amount is eligible for recovery through MISO's filing ER06-27-000, dated October 4, 2005.		
320	76	c	Includes \$1,712,862 for FERC Order 668-A.		
320	88	c	Account 561.4 (561.BA) includes \$123,942 of expenses incurred related to Balancing Authority functions performed in connection with membership in the Midwest ISO (MISO). This amount is eligible for recovery through MISO's filing ER06-27-000, dated October 4, 2005.		

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2017	Year of Report 12/31/2016
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**PURCHASED POWER (Account 555)
(Including power exchanges)**

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

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

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

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

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

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

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

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

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff No. (c)	Avg. Monthly Billing Demand (d)	Actual Demand (MW)	
					Avg. Monthly NCP Demand (e)	Avg. Monthly CP Demand (f)
1	AEP Energy Partners, Inc.	OS				70545
2	New Page Corporation	SF				186
3	MISO	OS				186734
4	Parallel Generation	OS				41
5	UP Hydro LLC	OS				12785
6	Wisconsin Public Service RS74	RQ				369992
7	NextEra Energy Power Marketing, LL	OS				102000
8						
9						
10						
11						
12						
13						
14	Total					742283

Name of Respondent UPPER PENINSULA POWER COMPAN	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2017	Year of Report 12/31/2016
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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	Megawatthours Delivered	Demand Charges (\$) (j)	Energy Charges (\$) (k)	Other Charges (\$) (l)	Total (j + k + l) or Settlement (\$) (m)	
	(h)	(i)					
70,545	0	0	0	1,789,727	0	1,789,727	1
186	0	0	0	7,407	0	7,407	2
186,734	0	0	0	5,071,823	0	5,071,823	3
41	0	0	0	4,032	0	4,032	4
12,785	0	0	0	932,945	0	932,945	5
369,992	0	0	9,959,391	8,844,102	21,276	18,824,769	6
102,000	0	0	0	3,455,760	0	3,455,760	7
						0	8
						0	9
						0	10
						0	11
						0	12
						0	13
742,283			9,959,391	20,105,796	21,276	30,086,463	14

Name of Respondent UPPER PENINSULA POWER COMP	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/16
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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 Rental		197,458
19	Land Rent		3,000
20			
21			
22			
23			
24			
25			
26			
27			
28			
29	Total		200,458

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) 04/30/17	Year of Report 12/31/16	
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 Power and Light	Generation	Silver Lake	43,697
10	TOTAL			43,697

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	24,374
16	Total	24,374
17		
18	<u>Other Electric Revenues (456)</u>	
19	Telephone Company Poles & Related Services	
20	Wholesale Distribution Services	869,263
21	Sale of Electric Parts, Material, and Scrap	
22	Minor Items	79,995
23	Total	949,258
24 25 26 27 28 29		
30	TOTAL	973,632

Name of Respondent UPPER PENINSULA POWER COMPANY		This Report Is: (1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 5/19/2017		Year of Report 12/31/2016	
TRANSMISSION OF ELECTRICITY BY OTHERS (Account 565) (Including transactions referred to as "wheeling")							
<p>1. Report all transmission, i.e., wheeling, of electricity provided to respondent by other electric utilities, cooperatives, municipalities, or other public authorities during the year.</p> <p>2. In column (a) report each company or public authority that provided transmission service. Provide the full name of the company; abbreviated if necessary, but do not truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation with the transmission service provider.</p> <p>3. Provide in column (a) subheadings and classify transmission service purchased from other utilities as: "Delivered Power to Wheeler" or "Received Power from Wheeler."</p> <p>4. Report in columns (b) and (c) the total megawatthours received and delivered by the provider of the transmission service.</p> <p>5. In columns (d) through (g), report expenses as shown on bills or vouchers rendered to the respondent. In column (d), provide demand charges. In column (e), provide energy charges related to the amount of energy transferred.</p>				<p>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.</p> <p>6. Enter "TOTAL" in column (a) as the last line. Provide a total amount in columns (b) through (g) as the last line. Energy provided by the respondent for the wheeler's transmission losses should be reported on the Electric Energy Account, page 401. If the respondent received power from the wheeler, energy provided to account for losses should be reported on line 19, Transmission By Others Losses, on page 401. Otherwise, losses should be reported on line 27, Total Energy Losses, page 401.</p> <p>7. Footnote entries and provide explanations following all required data.</p>			
Line No.	Name of Company or Public Authority [Footnote Affiliations] (a)	TRANSFER OF ENERGY		EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS			
		Megawatthours Received (b)	Megawatthours Delivered (c)	Demand Charges (\$) (d)	Energy Charges (\$) (e)	Other Charges (\$) (f)	Total Cost of Transmission (\$) (g)
1	Midcontinent ISO Network	789,110	0	3,481,385	0	0	3,481,385
2	American Trans Co	0	0	0	5,670,738	0	5,670,738
3	PJM Interconnection	0	0	(55)	0	0	(55)
4							0
5							0
6							0
7							0
8							0
9							0
10							
11							
12							
13							
14							
15							
16	TOTAL	789,110	0	3,481,330	5,670,738	0	9,152,068

Name of Respondent UPPER PENINSULA POWER COMPANY		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2017	Year of Report 12/31/2016
MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (ELECTRIC)				
Line No.	Description (a)	Amount (b)		
1	Industry Association Dues	31,409		
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>	6,037		
6	EPRI Dues	33,118		
7	IBS Billed Cost of Capital and Depreciation	104,541		
8				
9				
10				
11				
12				
13				
14				
15				
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46	TOTAL	175,105		

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2017	Year of Report 12/31/2016
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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	0	1,758,331	0	1,758,331
2	Steam Production	0	0	0	0
3	Nuclear Production Plant	0	0	0	0
4	Hydraulic Production Plant-Conventional	2,771,216	0	0	2,771,216
5	Hydraulic Production Plant-Pumped Storage	0	0	0	0
6	Other Production Plant	157,883	0	0	157,883
7	Transmission Plant	0	0	0	0
8	Distribution Plant	4,933,439	0	0	4,933,439
9	Regional Transmission and Market Operation	0	0	0	0
10	General Plant	1,219,172	0	0	1,219,172
11	Common Plant Electric	0	0	0	0
12					0
13					0
14					0
15	TOTAL	9,081,710	1,758,331	0	10,840,041

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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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	\$ 902.00
2		
3		
4		
5		
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7		
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10		
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12		
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31		
32	TOTAL	\$902.00

Name of Respondent UPPER PENINSULA POWER COMPANY		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2017	Year of Report 12/31/2016	
REGULATORY COMMISSION EXPENSES					
1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to formal cases before a regulatory body, or			cases in which such a body was a party. 2. Report in columns (b) and (c), only the current year's expenses that are not deferred and the current year's amortization of amounts deferred in previous years.		
Line No.	Description <i>(Furnish name of regulatory commission or body, the docket or case number, and a description of the case.)</i> (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expenses for current year (b) + (c) (d)	Deferred at Beginning of Year (e)
1	Federal Regulatory Commission	92,266	16,985	109,251	
2	Michigan Public Service Commission	227,369		227,369	
3	North American Electric Reliability Commission	37,806		37,806	
4					
5					
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43					
44	TOTAL	357,441	16,985	374,426	0

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2017	Year of Report 12/31/2016
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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	109,251					1
	928	227,369					2
	928	37,806					3
							4
							5
							6
							7
							8
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		374,426	0		0	0	44

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DISTRIBUTION OF SALARIES AND WAGES

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

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

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	ELECTRIC			
2	Operation			
3	Production	1,500,774		
4	Transmission	167,765		
5	Distribution	3,052,349		
6	Customer Accounts	1,653,797		
7	Customer Service and Informational	340,797		
8	Sales			
9	Administrative and General	2,725,456		
10	TOTAL Operation (Enter Total of lines 3 thru 9)	9,440,938		
11	Maintenance			
12	Production	478,883		
13	Transmission			
14	Distribution	2,447,694		
15	Administrative and General			
16	TOTAL Maint. (Total of lines 12 thru 15)	2,926,577		
17	Total Operation and Maintenance			
18	Production (Enter Total of lines 3 and 12)	1,979,657		
19	Transmission (Enter Total of lines 4 and 13)	167,765		
20	Distribution (Enter Total of lines 5 and 14)	5,500,043		
21	Customer Accounts (Transcribe from line 6)	1,653,797		
22	Customer Svc. And Informational (Transcribe from line 7)	340,797		
23	Sales (Transcribe from line 8)	0		
24	Administrative and General (Enter Total of lines 9 & 15)	2,725,456		
25	TOTAL Oper. And Maint. (Total of lines 18 thru 24)	12,367,515		
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 (Enter Total of lines 28 thru 37)	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) 04/30/17	Year of Report 12/31/16	
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)	12,367,515		12,367,515
63	UTILITY PLANT			
64	Construction (By Utility Departments)			
65	Electric Plant			
66	Gas Plant			
67	Other			
68	TOTAL Construction (Total of lines 65 thru 67)	0	0	0
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)	2,227,957		2,227,957
75	Other	1,848,077		1,848,077
76	Utility CWIP	182,707		182,707
76	Non-Utility			
77	TOTAL Other Accounts	4,258,741		4,258,741
78	TOTAL SALARIES AND WAGES	16,626,256	0	16,626,256

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) 04/30/17	Year of Report 12/31/2016
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CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

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

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

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

3. Designate with an asterisk associated companies.

Line No.	Name/Address	Service	Basis of Charges	Acct #	Amount
1	AEP Energy Partners	Consulting Services	Billable Hours	107	433,400
2	PO Box 22440				
3	Canton, OH				
4					
5	Alex Kwok Consulting	Consulting Services	Billable Hours	107,	340,967
6	219 Burns Drive, Unit7				
7	Richmond, BC, Canada				
8					
9	Asplund Tree Expert Co	Contractor Services	Billable Hours	107, 593	2,757,390
10	PO Box 827464				
11	Philadelphia PA				
12					
13	Bracewell & Giuliani, LLP	Legal Services	Billable Hours	426, 923	276,867
14	PO Box 848566				
15	Dallas, TX				
16					
17	Epoch Solutions Group Inc.	Consulting Services	Billable Hours	107	592,776
18	1536 Cole Blvd Ste 240				
19	Lakewood Co				
20					
21	Frei Chevrolet, Inc	Fleet Services	Billable Hours	107	384,817
22	Highway US 41 W				
23	Marquette, MI				
24					
25	GEI Consultants, Inc	Consulting Services	Billable Hours	107	334,394
26	109 W Baraga Avenue				
27	Marquette, MI				
28					
29	Global Data Information	Consulting Services	Billable Hours	107	381,375
30	8920 Sait Pierre Drive				
31	Las Vegas, NV				
32					
33	KPIT	Consulting Services	Billable Hours	107	4,583,114
34	PO Box 398227				
35	San Francisco, CA				

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) 04/30/17	Year of Report 12/31/2016
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CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

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

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

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

3. Designate with an asterisk associated companies.

Line No.	Name/Address	Service	Basis of Charges	Acct #	Amount
1	Kubra Data Transfer, Ltd	Consulting Services	Billable Hours	902	268,575
2	30 Knox Drive				
3	Piscataway, CA				
4					
5	L&H Utility Contractors Inc.	Construction Services	Billable Hours	107, 593	511,636
6	PO Box 2037				
7	Kingsford, MI				
8					
9	Marsh USA Inc	Contract Services	Billable Hours	165	1,354,995
10	PO Box 846015				
11	Dallas, TX				
12					
13	Mastec North America, Inc	Contract Services	Billable Hours	165	314,365
14	PO Box 519				
15	Hugo,				
16					
17	Mayer Brown LLP	Legal Services	Billable Hours	923	298,906
18	2027 Collection Center Dr				
19	Chicago, IL				
20					
21	Miller Canfield Paddock	Legal Services	Billable Hours	923	542,896
22	PO Drawer 640348				
23	Detroit, MI				
24					
25	Peninsula Fiber Network LLC	Contracting Services	Billable Hours	107	564,049
26	1901 W Ridge St Ste 2				
27	Marquette, MI				
28					
29	Powerplan, Inc	Consulting Services	Billable Hours	107, 921	333,614
30	25877 Network Place				
31	Chicago, IL				
32					
33	Secure-24, LLC	Consulting Services	Billable Hours	588, 921	441,834
34	26955 Northwestern Hwy Ste 200				
35	Southfield, MI				

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CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

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

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

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

3. Designate with an asterisk associated companies.

Line No.	Name/Address	Service	Basis of Charges	Acct #	Amount
1	Superior Equipment & Supply	Consulting Services	Billable Hours	107	419,151
2	PO Box 339				
3	Iron Mountain, MI				
4					
5	Steve Manz	Consulting Services	Billable Hours	107, 921	405,147
6	5663 Eagle Harbour Road				90,956
7	West Vancouver BC, Canada				
8					
9	Wisconsin Public Services	Consulting Services	Billable Services	107	6,325,647
10	700 N Adams PO Box 19003				
11	Green Bay, WI				
12					
13	Utegration	Consulting Services	Billable Hours	107, 921	346,714
14	3535 Briarpark Dr #101				
15	Houston, TX				
16					
17	WEC Business Services, LLC	Consulting Services	Billable Hours	107	2,201,373
18	231 W Michigan St				
19	Milwaukee, WI				
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Name of Respondent UPPER PENINSULA POWER COMP	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/2016		
SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES					
<p>1. In column (a) report the name of the associated company.</p> <p>2. In column (b) describe the affiliation (percentage ownership, etc.).</p> <p>3. In column (c) describe the nature of the goods and services provided (administrative and general expenses, dividends declared, etc.).</p> <p>4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.</p>					
Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	Upper Peninsula Power Com	Parent	Accrued Interest	430	4,718,061
2					
3					
4					
5					
6					
7					
8					
9					
10					
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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) 04/30/17	Year of Report 12/31/16
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SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)

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

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

Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
				4,718,061		1
						2
						3
						4
						5
						6
						7
						8
						9
			Total	4,718,061		10
						11
						12
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						17
						18
						19
						20
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Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) [] An Original (2) [X] A Resubmission	Date of Report (Mo, Da, Yr) 05/19/17	Year of Report 12/31/16
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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)	869,770
5	Hydro-Conventional	124,372	21	DISPOSITION OF ENERGY	
6	Hydro-Pumped Storage		22	Sales to Ultimate Consumers	
7	Other	3,115		(Including Interdepartmental Sales)	732,916
8	LESS Energy for Pumping		23	Requirements Sales for Resale	
9	Net Generation (Total of lines 3 thru 8)	127,487		(See instruction 4, page 311.)	
10	Purchases	742,283	24	Non-Requirements Sales For Resale	
11	Power Exchanges:			(See instruction 4, page 311.)	98,706
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)	5,773
15	Transmission for other (Wheeling)		27	Total Energy Losses	32,375
16	Received		28	TOTAL (Enter total of lines 22 thru	
17	Delivered			27) (MUST equal line 20)	869,770

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	70,505	1,174	129	12	1100
30	February	67,557	1,588	119	10	1500
31	March	71,663	6,451	110	1	1700
32	April	68,738	11,385	114	25	900
33	May	65,662	10,429	110	13	1000
34	June	78,290	17,248	108	24	1100
35	July	78,760	13,063	131	22	1200
36	August	81,465	9,233	128	3	1200
37	September	80,476	15,703	96	1	1300
38	October	74,379	7,722	107	31	700
39	November	65,404	4,059	103	11	2000
40	December	67,271	2,604	97	19	1900
41	TOTAL	870,170	100,659			

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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 661,222 MWH.
401	24	b	Sales have been reported in accordance with FERC 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.

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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			GasTurbine		
2	Plant Constrctn. Type (Conventional/Outdr. Boiler/Full Outdoor/Etc.)	Conventional			Conventional		
3	Year originally constructed	1973			1975		
4	Year last unit was installed	1975			1987		
5	Total Installed cpcty. (max. generator name plate ratings in MW)	22.6			22.6		
6	Net Peak Demand on Plant-MW (60 minutes)	0			0		
7	Plant hours connected to load	0			0		
8	Net continuous plant capability (megawatts)	0			0		
9	When not limited by condenser water	0			0		
10	When limited by condenser water	0			0		
11	Average number of employees	2			1		
12	Net generation, exclusive of plant use-KWh	3,055,107			59,892		
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	0			0		
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.	17,207			2,576		
20	Fuel	742,087			25,041		
21	Coolants and Water (Nuclear Plants only)	0			0		
22	Steam expenses	0			0		
23	Steam from other sources	0			0		
24	Steam transferred (credit)	0			0		
25	Electric expenses	0			0		
26	Misc. steam (or nuclear) power expenses	32,397			4,617		
27	Rents	0			0		
28	Allowances	0			0		
29	Maintenance Supervision and Engineering	0			0		
30	Maintenance of structures	0			0		
31	Maintenance of boiler (or reactor) plant	0			0		
32	Maintenance of electric plant	17,370			16,806		
33	Maintenance of Misc. steam (or nuclear) plant	5,042			1,397		
34	Total Production Expenses	814,103			50,437		
35	Expenses per net KWh	3.7500			1.1900		
36	Fuel: Kind (coal, gas, oil, or nuclear)	0.0000			0.0000		
37	Unit: (coal-tons of 2,000 lb) (oil-barrels of 42 gals.) (Gas-Mcf) (Nuclear-indicate)	Coal Tons	Oil BBLS	Gas MCF	Coal Tons	Oil BBLS	Gas MCF
38	Quantity (units) of fuel burned	0	0	0	0	0	0
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)	0	0	0	0	0	0
40	Avg. cost of fuel per unit, as delvrd. F.o.b. plant during year	0.000	0.000	0.000	0.000	0.000	0.000
41	Avg. cost of fuel per unit burned	0.000	0.000	0.000	0.000	0.000	0.000
42	Avg. cost of fuel burned per million Btu	0.000	0.000	0.000	0.000	0.000	0.000
43	Avg. cost of fuel burned per KWh net gen.	0.000	0.000	0.000	0.000	0.000	0.000
44	Avg. Btu per KWh net generation	0.000	0.000	0.000	0.000	0.000	0.000

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/2016
HYDROELECTRIC GENERATING PLANT STATISTICS (Large Plants)			
1. Large plants are hydro plants of 10,000 Kw or more of installed capacity (name plate ratings). 2. If any plant is leased, operated under a license from the Federal Energy Regulatory Commission, or operated as a joint facility, indicate such facts in a footnote. If licensed project, give project number.		3. If net peak demand for 60 minutes is not available, give that which is available, specifying period. 4. If a group of employees attends more than one generating plant, report on line 11 the approximate average number of employees assignable to each plant.	
Line No.	ITEM (a)	FERC Licensed Project No. Plant name: Victoria (b)	FERC Licensed Project No. _____ Plant name: _____ (c)
1	Kind of Plant (Run-of-River or Storage)	Storage	
2	Type of Plant Construction (Conventional or Outdoor)	Conventional	
3	Year originally constructed	1930	
4	Year last unit was installed	1930	
5	Total Installed Capacity (Generator name plate ratings in MW)	12	
6	Net peak demand on plant-megawatts (60 minutes)		
7	Plant hours connected to load		
8	Net plant capability (in megawatts)		
9	(a) under the most favorable oper. conditions	13	
10	(b) under the most adverse oper. conditions	6	
11	Average number of employees	4	
12	Net generation, exclusive of plant use-KWh	56,625,836	
13	Cost of plant:		
14	Land and Land Rights	514,903	
15	Structures and Improvements	821,927	
16	Reservoirs, Dams, and Waterways	34,600,030	
17	Equipment costs	3,228,358	
18	Roads, railroads, and bridges	786,844	
19	Asset Retirement Costs	0	
20	TOTAL Cost (Enter total of lines 14 thru 19)	39,952,062	
21	Cost per KW of installed capacity (Line 20/5)	3329.3385	
22	Production Expenses:		
23	Operation Supervision and Engineering	263,190	
24	Water for power		
25	Hydraulic Expenses	62,964	
26	Electric Expenses	68,792	
27	Misc. Hydraulic Power Generation Expenses	12,425	
28	Rents		
29	Maintenance Supervision and Engineering	20,802	
30	Maintenance of Structures		
31	Maintenance of Reservoirs, Dams and Waterways	77,660	
32	Maintenance of Electric Plant	189,354	
33	Maintenance of Misc. Hydraulic Plant		
34	Total Production Expenses (Total lines 23 thru 33)	695,187	
35	Expenses per net KWh	81.4500	

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) 04/30/17	Year of Report 12/31/16	
GENERATING PLANT STATISTICS (Other Plants)						
1. All other plants regardless of size or generation				2. Designate any plant leased from others, operated under a license from the Federal Energy Regulatory Commission, or operated as a joint facility, and give a concise statement of the facts in a footnote. If licensed project, give project number in footnote.		
Line No.	Name of Plant (a)	Year Orig. Const. (b)	Installed Capacity-Name Plate Rating (in MW) (c)	Net Peak Demand MW (60 min.) (d)	Net Generation Excluding Plant Use (e)	Cost of Plant (f)
1	HYDRO:					
2	Prickett	1931	2.20		8,844,798	7505149
3	Hoist*	1925	4.40		12,890,677	18035587
4	McClure	1919	8.00		36,010,898	22816948
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17	TOTAL Other Plants		14.60		57,746,373	48,357,684
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31	TOTAL WIND		0.00		0	0
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) 04/30/17	Year of Report 12/31/16	
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)			
3,142,950	77,373		92,992			1
3,961,382	287,680		235,259			2
3,077,247	189,330		146,332			3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
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	554,383		474,583			16
						17
						18
						19
						20
						21
						22
						23
	0	0	0			24
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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) 04/30/17	Year of Report 12/31/16
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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> |
|---|---|

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							
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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) 04/30/17	Year of Report 12/31/16
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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
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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) 04/30/17	Year of Report 12/31/16
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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
2	Gladstone Generating	Gladstone, MI	Gas Turbine	1987	Open	Direct
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) 04/30/17	Year of Report 12/31/16
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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
	30295	1987	12500	3	60	24.6	22.6	2
								3
								4
								5
								6
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Name of Respondent		This Report Is:	Date of Report	Year of Report	
UPPER PENINSULA POWER COMPANY		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/17	12/31/16	
SUBSTATIONS					
1. Report below the information called for concerning substations of the respondent as of the end of the year. 2. Substations which serve only one industrial or street railway customer should not be listed below. 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.			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). 5. Show in columns (i), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.		
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	0.00
2	Gladstone Sub, Gladstone	Distribution	12.50	69.00	0.00
3	Atlantic Sub, Atlantic Mine	Distribution	69.00	12.50	0.00
4	Masonville, Mason Twp*	Distribution	69.00	34.00	0.00
5	McClure Pit, Ishpeming	Distribution	2.40	34.00	0.00
6	Barnum Sub, Ishpeming	Distribution	138.00	12.50	0.00
7	Barnum Sub, Ishpeming	Distribution	69.00	12.50	0.00
8	Barnum Sub, Ishpeming	Distribution	138.00	34.00	0.00
9	Delta Sub, Wells Twp	Distribution	69.00	12.50	0.00
10	Elevation St, Hancock*	Distribution	69.00	12.50	0.00
11	KI Sawyer AFB	Distribution	69.00	12.50	0.00
12	Henry Street Sub, Hurontown*	Distribution	69.00	12.50	0.00
13	Lake Mine, Greenland Twp*	Distribution	69.00	7.20	0.00
14	L'Anse Dist, L'Anse*	Distribution	69.00	12.50	0.00
15	Lincoln Ave Sub, Iron River	Distribution	69.00	12.05	0.00
16	M-38 Sub, Baraga Twp*	Distribution	69.00	12.50	0.00
17	Negaunee City, Neg*	Distribution	34.00	4.16	0.00
18	Ontonagon Sub, Ont*	Distribution	69.00	12.50	0.00
19	Munising Sub, City of Munising	Distribution	67.00	12.50	0.00
20	Victoria, Rockland Twp	Distribution	69.00	12.50	0.00
21	Osceola Sub, Laurium*	Distribution	69.00	12.50	0.00
22	MTU, Houghton	Distribution	69.00	12.50	0.00
23	Winona	Distribution	69.00	12.50	0.00
24	14 Subs under 10,000 KVA	Distribution			
25					
26					
27	*Substations serving customers with energy				
28	for resale.				
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40	TOTAL		1,633.90	416.36	0.00

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/30/16			
SUBSTATIONS (Continued)						
6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole			ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.			
Capacity of Substation (In Service) (In Mva) (f)	Number of Transformers in Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In Mva) (k)	
25	1	0				1
37	1	0				2
14	2	3				3
20	2	0				4
10	2	0				5
22	1	0				6
12	1	0				7
22	1	0				8
28	2	1				9
28	2	0				10
15	2	0				11
14	1	0				12
1	1	0				13
35	3	1				14
32	2	0				15
7	1	1				16
6	3	1				17
7	1	0				18
41	4	0				19
28	3	1				20
45	2	0				21
18	2	0				22
4	1	0				23
80	18	11				24
						25
						26
						27
						28
						29
						30
						31
						32
						33
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						37
						38
						39
551	59	15				40

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/16
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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	63,386	23,812	674
2	Additions During Year	0	0	0
3	Purchases	2,018	819	54
4	Associated with Utility Plant Acquired	0	0	0
5	TOTAL Additions (Enter Total of lines 3 and 4)	2,018	819	54
6	Reduction During Year	0	0	0
7	Retirements	2,316	1,575	105
8	Associated with Utility Plant Sold		0	0
9	TOTAL Reductions (Enter Total of lines 7 and 8)	2,316	1,575	105
10	Number at End of Year (Lines 1+ 5 - 9) *	63,088	23,056	623
11	In Stock	2,825	700	46
12	Locked Meters on Customers' Premises	661	0	0
13	Inactive Transformers on System	0	0	0
14	In Customers' Use	59,565	22,356	577
15	In Company's Use	37	0	0
16	Total End of Year (Enter Total of lines 11 to 15. This line should equal line 10)	63,088	23,056	623

Name of Respondent UPPER PENINSULA POWER COMPAN	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/17	Year of Report 12/31/16
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FOOTNOTE DATE

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

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