

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, 2005	
Present name of respondent: Upper Peninsula Power Company	
Address of principal place of business: 600 East Lakeshore Drive, Houghton, Michigan 49931	
Utility representative to whom inquires regarding this report may be directed:	
Name: James Massoglia	Title: Accountant
Address: 600 East Lakeshore Drive	
City: Houghton	State: MI Zip: 49931
Telephone, Including Area Code: (906) 483-4527	
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 (Bill Stosik) at
(517) 241-5853 or bmstosi@michigan.gov OR forward correspondence to:

Regulated Energy Division (Bill Stosik)
Financial Analysis and Customer Choice Section
6545 Mercantile Way
P.O. Box 30221
Lansing, MI 48909



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

Tel: +1 414 271 3000

www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Upper Peninsula Power Company:

We have audited the balance sheet—regulatory basis of Upper Peninsula Power Company (the “Company”) as of December 31, 2005, included on Pages 110(M) through 113(M) of the accompanying Michigan Public Service Commission (“MPSC”) Form P-521; and the related statements of income—regulatory basis; retained earnings—regulatory basis; cash flows—regulatory basis; and accumulated other comprehensive income, comprehensive income, and hedging activities—regulatory basis for the year ended December 31, 2005, included on pages 110 through 123 of the accompanying Federal Energy Regulatory Commission Form 1. These financial statements are the responsibility of the Company's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed on page 123, Note 1, these financial statements were prepared in accordance with the accounting requirements of the MPSC, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, such regulatory—basis financial statements present fairly, in all material respects, the assets, liabilities, and proprietary capital of Upper Peninsula Power Company as of December 31, 2005, and the results of its operations and its cash flows for the year ended December 31, 2005 in accordance with the accounting requirements of the MPSC.

This report is intended solely for the information and use of the board of directors and management of Upper Peninsula Power Company and for filing with the MPSC and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte + Touche LLP

April 5, 2006

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.

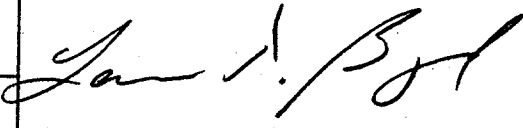
- III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "NONE" where it truly and completely states the fact.
- IV. For any page(s) that is not applicable to respondent, either
- (a) Enter the words "NOT APPLICABLE" on the particular 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, 2005
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) 600 East Lakeshore Drive, Houghton, MI 49931		
05 Name of Contact Person James Massoglia	06 Title of Contact Person Accountant	
07 Address of Contact Person (Street, City, St., Zip) 600 East Lakeshore Drive, Houghton, MI 49931		
08 Telephone of Contact Person, Including Area Code: (906) 483-4527	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 28, 2006
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 Lawrence T. Borgard	03 Signature 	04 Date Signed (Mo, Da, Yr) April 28, 2006
02 Title Chief Executive Officer		

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) April 28, 2006	Year of Report December 31, 2005
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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 Corporations Controlled by Respondent	M 102 103	
Officers and Employees	M 104	
Directors	M 105	
Security Holders and Voting Powers	M 106-107	
Important Changes During the Year	108-109	
Comparative Balance Sheet	M 110-113	
Statement of Income for the Year	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	
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	

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) April 28, 2006	Year of Report December 31, 2005
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LIST OF SCHEDULES (Electric Utility) (Continued)

Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits) (Continued)		
Other Paid-In Capital	253	
Discount on Capital Stock	254	None
Capital Stock Expense	254	None
Long-Term Debt	256-257	
Reconciliation of Reported Net Income with Taxable Income for Federal Income Tax	M 261A-B	
Calculation of Federal Income Tax		
Taxes Accrued, Prepaid and Charged During Year	M 262-263	
Distribution of Taxes Charged	M 262-263	
Accumulated Deferred Investment Tax Credits	266-267	
Other Deferred Credits	269	
Accumulated Deferred Income Taxes - Accelerated Amortization Property	M 272-273	None
Accumulated Deferred Income Taxes - Other Property	M 274-275	
Accumulated Deferred Income Taxes - Other	M 276A-B	
Other Regulatory Liabilities	M 278	
INCOME ACCOUNT SUPPORTING SCHEDULES		
Electric Operating Revenues	M 300-301	
Sales of Electricity by Rate Schedules	304	
Sales for Resale	310-311	
Electric Operation and Maintenance Expenses	320-323	
Number of Electric Department Employees	323	
Purchased Power	326-327	
Transmission of Electricity for Others	328-330	
Transmission of Electricity by Others	332	None
Miscellaneous General Expenses - Electric	M 335	
Depreciation and Amortization of Electric Plant	M 336-337	Page 337-None
Particulars Concerning Certain Income Deduction and Interest Charges Accounts	340	
COMMON SECTION		
Regulatory Commission Expenses	350-351	
Research, Development and Demonstration Activities	352-353	None
Distribution of Salaries and Wages	354-355	
Common Utility Plant and Expenses	356	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	Page 403-None
Hydroelectric Generating Plant Statistics (Large Plants)	406-407	Page 407-None
Pumped Storage Generating Plant Statistics (Large Plants)	408-409	
Generating Plant Statistics (Small Plants)	410-411	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) April 28, 2006	Year of Report December 31, 2005
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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	Filing Not Required
Environmental Protection Expenses	431	Filing Not Required
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	
Construction Work In Progress and Completed Construction Not Classified - Electric	216	
Accumulated Provision for Depreciation and Amortization of Nonutility Property	221	
Investments	222-223	
Notes & Accounts Receivable Summary for Balance Sheet	226A	
Accumulated Provision for Uncollectible Accounts - Credit Receivables From Associated Companies	226A 226B	
Production Fuel and Oil Stocks	227A-B	
Miscellaneous Current and Accrued Assets	230A	
Preliminary Survey and Investigation Charges	231A-B	
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	
Notes Payable	260A	None
Payables to Associated Companies	260B	
Investment Tax Credits Generated and Utilized	264-265	Pages Eliminated by MPSC
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 280B-None
Income from Utility Plant Leased to Others	281	None
Particulars Concerning Certain Other Income Accounts	282	
Electric Operation and Maintenance Expenses (Nonmajor)	320N-324N	Not Applicable
Number of Electric Department Employees	324N	Not Applicable
Sales to Railroads & Railways and Interdepartmental Sales	331A	None
Rent From Electric Property & Interdepartmental Rents	331A	
Sales of Water and Water Power	331B	None
Misc. Service Revenues & Other Electric Revenues	331B	
Lease Rentals Charged	333A-D	Page 333 C & D-None
Expenditures for Certain Civic, Political and Related Activities	341	

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) April 28, 2006	Year of Report December 31, 2005
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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	
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	None
Steam-Electric Generating Plants	413A-B	None
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 Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 28, 2006	Year of Report December 31, 2005
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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.

Gary W. Erickson

600 East Lakeshore Drive

Houghton, MI 49931

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 327 of the 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.

NA

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 electric energy.

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

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

(2) No

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 28, 2006	Year of Report December 31, 2005
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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.

Upper Peninsula Power Company is a wholly-owned subsidiary of WPS Resources Corporation ("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) April 28, 2006	Year of Report December 31, 2005
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CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.
2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.
3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

DEFINITIONS

1. See the Uniform of Accounts for a definition of control.
2. Direct control is that which is exercised without interposition of an intermediary.
3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.
4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Line	Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock (c)	Footnote Ref. (d)
1	WPS Investments LLC*	Company which holds	6.79%	
2		Respondent's investments in		
3		American Transmission Co.		
4				
5				
6				
7				
8				
9				
10	* Jointly owned by Respondent (approximately			
11	7%), holding company WPS Resources			
12	Corporation (approximately 68%), and			
13	another subsidiary, Wisconsin Public			
14	Service Corporation (approximately 25%).			
15	Respondent became a member on			
16	June 29, 2001.			
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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	Thomas P. Meinz, Chairman	None	None	None	None
2	Lawrence T. Borgard, CEO	None	None	None	None
3	Gary W. Erickson, President	151,944	61,166 57,884	A & B C	270,994
4	Barth J. Wolf, Secretary	None	None	None	None
5	Bradley A. Johnson, Treasurer	None	None	None	None

Footnote Data

- 1 (1) Officers Salaries (except Gary W. Erickson's) are reported on the affiliated company's (Wisconsin Public Service Corporation) FERC Form 1.
- 2 (b) Other compensation includes electric deferred compensation, above market earnings on deferred compensation, bonuses, and company contributions under the employee stock ownership plan and trust.
- 3 A&B - Includes elective deferred compensation, above market earnings on deferred compensation, incentive, bonuses, and company contributions under the employee stock ownership plan and trust.
- 4 C - Value of stock options and stock rights awarded during the year.
- 5

Compensation Type Codes:

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

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 28, 2006	Year of Report December 31, 2005
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DIRECTORS

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

	Name and Title of Director (a)	Principal Business Address (b)	# of Directors Meetings During Yr (c)	Fees During Yr (d)
1	Thomas P. Meinz	Wisconsin Public Service Corporation 700 North Adams Street P. O. Box 19001 Green Bay, WI 54301	8	
2	Lawrence T. Borgard	Wisconsin Public Service Corporation 700 North Adams Street P. O. Box 19001 Green Bay, WI 54301	8	
3	Gary W. Erickson	Upper Peninsula Power Company 500 North Washington Street P. O. Box 357 Ishpeming, MI 49849	8	
4	Joseph P. O'Leary	Wisconsin Public Service Corporation 700 North Adams Street P. O. Box 19001 Green Bay, WI 54301	8	
5				

Footnote Data

- The Company does not have an Executive Committee
- Officer's salaries (except Gary W. Erickson) are paid by an affiliate. No addition fees are paid.
-
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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) April 28, 2006	Year of Report December 31, 2005
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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: 1,473,736
Meeting conducted by unanimous consent dated May 18, 2005.

By Proxy: 0

3. Give the date and place of such meeting:

Directors were elected May 18, 2005 via unanimous consent of the sole shareholder in lieu of an Annual Meeting.

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SECURITY HOLDERS AND VOTING POWERS (Continued)

Line	Name (Title) and Address of Security Holder (a)	VOTING SECURITIES			
		Number of votes as of (date):			
		Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
4	TOTAL votes all voting securities		1,473,736		
5	TOTAL number of security holders		1		
6	TOTAL votes of security holders listed below		1,473,736		
7	WPS Resources Corporation				
8	700 North Adams Street				
9	Green Bay WI 54301				
10					
11	Instruction 2: Not Applicable				
12	Instruction 3: Not Applicable				
13	Instruction 4: Not Applicable				
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RESPONSE/NOTES TO INSTRUCTION

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) April 28, 2006	Year of Report December 31, 2005
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IMPORTANT CHANGES DURING THE YEAR

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

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

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IMPORTANT CHANGES DURING THE YEAR (Continued)

1. None.
2. None.
3. None.
4. None.
5. None.
6. N/P Assoc Co-WPS Resources \$14,000,000 FERC \$20 million Authorization Docket No. ES03-23-000.
7. None.
8. 3.0% General Wage Increase.
9. None.
10. None.
11. Reserved.
12. None.

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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	185,421,633	193,231,645
3	Construction Work in Progress (107)	200-201	1,245,845	1,592,662
4	TOTAL Utility Plant (Enter total of lines 2 and 3)		186,667,478	194,824,307
5	(Less) Accum.Prov for Depr.Amort.Depl (108,111,115)	200-201	83,958,147	87,624,443
6	Net Utility Plant (Enter total of line 4 less 5)		102,709,331	107,199,864
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab (120.1)			
8	Nuclear Fuel Materials & Assemblies - Stock Account (120.2)			
9	Nuclear Fuel Assemblies in Reactor (120.3)			
10	Spent Nuclear Fuel (120.4)			
11	Nuclear Fuel under Capital Leases (120.6)			
12	Assemblies (120.5)	202-203		
13	Net Nuclear Fuel (Enter total of line 7 less 8)		0	0
14	Net Utility Plant (Enter total of lines 6 and 13)		102,709,331	107,199,864
15	Utility Plant Adjustments (116)	122		
16	Gas Stored Underground-Noncurrent (117)	--		
17	OTHER PROPERTY AND INVESTMENTS			
18	Nonutility Property (121)	221	3,873,482	4,255,409
19	(Less) Accum.Prov. for Depr. and Amort. (122)	--	507,421	576,065
20	Investments in Associated Companies (123)	222-223		
21	Investments in Subsidiary Companies (123.1)	224-225	13,346,977	14,199,199
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229		
24	Other Investments (124)			
25	Sinking Funds (125)			
26	Depreciation Fund (126)			
27	Amortization Fund - Federal (127)			
28	Other Special Funds (128)			
29	Special Funds (Non-Major Only) (129)			
30	Long-Term Portion of Derivative Assets (175)			
31	Long-Term Portion of Derivative Assets - Hedges (176)			
32	TOTAL Other Property and Investments (Total of lines 18 thru 21, 23 thru 31)		16,713,038	17,878,543
33	CURRENT AND ACCRUED ASSETS			
34	Cash and Working Funds (Non-Major Only) (130)			
35	Cash (131)	--	177,558	3,496,157
36	Special Deposits (132-134)	--	2,500	13,500
37	Working Fund (135)	--	3,200	3,200
38	Temporary Cash Investments (136)	222-223		
39	Notes Receivable (141)	226A		
40	Customer Accounts Receivable (142)	226A	6,329,946	9,519,952
41	Other Accounts Receivable (143)	226A	4,191,519	14,717,493
42	(Less) Accum.Prov. for Uncoll. Acct.- Credit (144)	226A	325,000	375,000
43	Notes Receivable from Assoc. Companies (145)	226B		
44	Accounts Receivable from Assoc. Companies (146)	226B	778,430	5,191,576
45	Fuel Stock (151)	227	261,875	358,139
46	Fuel Stock Expenses Undistributed (152)	227		
47	Residuals (Elec) and Extracted Products (153)	227		
48	Plant Materials and Operating Supplies (154)	227	1,372,575	1,162,891
49	Merchandise (155)	227		
50	Other Materials and Supplies (156)	227		
51	Nuclear Materials Held for Sale (157)	202-203, 207		
52	Allowances (158.1 and 158.2)	228-229		

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

Line	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
53	(Less) Noncurrent Portion of Allowances	---		
54	Stores Expense Undistributed (163)	227	5,313	11,112
55	Gas Stored Underground-Current (164.1)	---		
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)	---		
57	Prepayments (165)	---	94,288	311,356
58	Advances for Gas (166-167)	---		
59	Interest and Dividends Receivable (171)	---		
60	Rents Receivable (172)	---		
61	Accrued Utility Revenues (173)	---	3,290,941	3,253,215
62	Misc Current and Accrued Assets (174)		8,144,942	5,627,939
63	Derivative Instrument Assets (175)			915,346
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)		24,328,087	44,206,876
68	DEFERRED DEBITS			
69	Unamortized Debt Expenses (181)	---	107,052	94,769
70	Extraordinary Property Losses (182.1)	230		
71	Unrecovered Plant & Regulatory Study Costs (182.2)	230		
72	Other Regulatory Assets	232	4,317,054	5,623,968
73	Prelim. Survey & Invest. Charges (Elec) (183)	231	591,930	627,295
74	Prelim. Survey & Invest. Charges (Gas) (183.1)	---		
75	Other Prelim. Survey & Investigation Charges (183.2)			
76	Clearing Accounts (184)	---		
77	Temporary Facilities (185)	---		
78	Miscellaneous Deferred Debits (186)	233	539,578	504,297
79	Def. Losses from Disposition of Utility Plant (187)	235		
80	Research, Devel. and Demonstration Expend (188)	352-353		
81	Unamortized Loss on Reacquired Debt (189)	237	45,660	42,948
82	Accumulated Deferred Income Taxes (190)	234	4,306,923	3,592,258
83	Unrecovered Purchased Gas Costs (191)	---		
84	TOTAL Deferred Debits (Enter total of lines 69 thru 83)		9,908,197	10,485,535
85	TOTAL Assets and Other Debits (Enter total of lines 14 thru 16, 32, 67, and 84)		153,658,653	179,770,818

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COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	13,263,624	13,263,624
3	Preferred Stock Issued (204)	250-251		
4	Capital Stock Subscribed (202, 205)	252		
5	Stock Liability for Conversion (203, 206)	252		
6	Premium on Capital Stock (207)	252	25,575,520	19,893,673
7	Other Paid-In Capital (208-211)	253	40,250	40,250
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254		
11	Retained Earnings (215, 215.1, 216)	118-119	24,312,146	31,935,704
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	1,074,615	1,563,588
13	(Less) Reacquired Capital Stock (217)	250-251		
14	Noncorporate Proprietorship (Non-major only) (218)			
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	183,200	
16	TOTAL Proprietary Capital (Enter total of lines 2 thru 15)		64,449,355	66,696,839
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	15,300,000	14,400,000
19	(Less) Reacquired Bonds (222)	256-257		
20	Advances from Associated Companies (223)	256-257	15,000,000	15,000,000
21	Other Long-Term Debt (224)	256-257		
22	Unamortized Premium on Long-Term Debt (225)	---		
23	(Less) Unamortized Discount on Long-Term Debt -Debit (226)	---		
24	TOTAL Long-Term Debt (Enter total lines 18 thru 23)		30,300,000	29,400,000
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases-Noncurrent (227)			
27	Accumulated Prov. for Property Insurance (228.1)			
28	Accumulated Prov. for Injuries and Damage (228.2)			
29	Accumulated Prov. for Pensions and Benefits (228.3)			
30	Accumulated Misc. Operating Provisions (228.4)			
31	Accumulated Provision for Rate Refunds (229)			
32	Long-Term Portion of Derivative Instrument Liabilities			
33	LT Portion of Derivative Instrument Liabilities - Hedges			
34	Asset Retirement Obligations (230)			891,295
35	TOTAL Other Noncurrent Liabilities (Enter total of lines 26 thru 34)		0	891,295
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)			
38	Accounts Payable (232)		4,533,749	21,344,089
39	Notes Payable to Associated Companies (233)		11,600,000	14,000,000
40	Accounts Payable to Associated Companies (234)		4,091,472	5,465,570
41	Customer Deposits (235)		19,553	19,579
42	Taxes Accrued (236)	262-263	3,137,279	3,609,016
43	Interest Accrued (237)		237,660	223,680
44	Dividends Declared (238)			
45	Matured Long-Term Debt (239)			

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

Line	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
46	Matured Interest (240)			
47	Tax Collections Payable (241)		30,241	82,812
48	Misc. Current and Accrued Liabilities (242)		1,227,126	1,174,577
49	Obligations Under Capital Leases -Current (243)			
50	Derivative Instruments Liabilities (244)			46,068
51	Michigan Single Business Taxes Accrued for Prior Years (244.1)			
52	Fed. Inc. Taxes Accrued for Prior Years -Adj. (245)			
53	Michigan Single Business Taxes Accrued for Prior Years - Adj. (245.1)			
54	37 thru 53)		24,877,080	45,965,391
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		4,930,032	5,124,373
57	Accumulated Deferred Investment Tax Credits (255)	266-267	1,002,892	876,723
58	Deferred Gains from Disposition of Utility Plt. (256)	270		
59	Other Deferred Credits (253)	269	4,911,239	4,769,946
60	Other Regulatory Liabilities	278	4,575,837	5,624,823
61	Unamortized Gain on Reacquired Debt (257)	237		
62	Accum. Deferred Income Taxes-Accel. Amort. (281)		18,978,618	20,421,428
63	Accum. Deferred Income Taxes-Other Property (282)			
64	Accum. Deferred Income Taxes-Other (283)	272-277		
65	TOTAL Deferred Credits (Enter total of lines 56 thru 64)		34,398,618	36,817,293
66	TOTAL Liabilities and Other Credits (Enter total of lines 16, 24, 35, 54 and 65)		154,025,053	179,770,818

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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 Utiliity Operating Income, in the dame manner as accounts 412 and 413 above.
- 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 amoutn 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	104,194,274	95,427,734
3	Operating Expenses			
4	Operation Expenses (401)	320-323	81,701,910	74,470,241
5	Maintenance Expenses (402)	320-323	5,783,427	5,319,255
6	Depreciation Expenses (403)	336-337	4,783,750	4,457,647
7	Depreciation Expenses for Asset Retirement Costs (403.1)			
8	Amortization and Depl. of Utility Plant (404-405)	336-337	189,811	192,871
9	Amortization of Utility Plant Acq. Adj (406)	336-337	143,023	143,023
10	Amort. Of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)			
11	Amort. Of Conversion Expenses (407)			
12	Regulatory Debits		2,428	110,700
13	(Less) Regulatory Credits			
14	Taxes Other Than Income Taxes (408.1)	262-263	4,833,131	4,300,234
15	Income Taxes-Federal (409.1)	262-263	(540,263)	(1,435,168)
16	-Other (409.1)	262-263	(49,826)	40,961
17	Provision for Deferred Income Taxes (410.1)	234,272-276	5,443,209	6,037,675
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234,272-276	3,849,543	3,705,577
19	Investment Tax Credit Adj.- Net (411.4)	266-267	(126,169)	(129,223)
20	(Less) Gains from Disp. of Utility Plant (411.7)	270A-B		
21	Losses from Disposition of Utility Plant (411.6)	235A-B		
22	(Less) Gains from Disposition of Allowances			
23	Losses from Disposition of Allowances			
24	Accretion Expense (411.10)			
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		98,314,888	89,802,639
26	Net Utiliity Operating Income (Enter Total of line 2 less 25) (Carry forward to page 117, line 27)		5,879,386	5,625,095

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STATEMENT OF INCOME FOR THE YEAR (Continued)

...retain such revenues or recover amounts paid with respect to power and gas purchases.

6. Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.

7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be included on pages 122-123.

8. Enter on pages 122-123 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.

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

10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 2 to 23, and report the information in the blank space on pages 122-123 or in a footnote.

ELECTIC UTILITY		GAS UTILITY		OTHER UTILITY		Line
Current Year (e)	Previous Year (f)	Current Year (g)	Previous Year (h)	Current Year (i)	Previous Year (j)	
						1
104,194,274	95,427,734					2
						3
81,701,910	74,470,241					4
5,783,427	5,319,255					5
4,783,750	4,457,647					6
						7
189,811	192,871					8
143,023	143,023					9
						10
						11
2,428	110,700					12
						13
4,833,131	4,300,234					14
(540,263)	(1,435,168)					15
(49,826)	40,961					16
5,443,209	6,037,675					17
						18
3,849,543	3,705,577					18
(126,169)	(129,223)					19
						20
						21
						22
						23
						24
98,314,888	89,802,639	0	0	0	0	25
5,879,386	5,625,095	0	0	0	0	26

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STATEMENT OF INCOME FOR THE YEAR (Continued)

Line	Account (a)	(Ref.) Page No. (b)	Total	
			Current Year (c)	Previous Year (d)
27	Net Utility Operating Income <i>(Carried forward from page 114)</i>		5,879,386	5,625,095
28	OTHER INCOME AND DEDUCTIONS			
29	Other Income			
30	Nonutility Operating Income			
31	Revenues From Merchandising, Jobbing and Contract Work (415)	282		
32	(Less) Costs and Exp. Of Merchandising, Job. And Contract Work (416)	282		
33	Revenues From Nonutility Operations (417)	282	665,715	817,146
34	(Less) Expenses of Nonutility Operations (417.1)	282	406,905	363,315
35	Nonoperating Rental Income (418)	282	4,550	6,950
36	Equity in Earnings of Subsidiary Companies (418.1)	119,282	1,692,237	1,586,161
37	Interest and Dividend Income (419)	282	180,327	162,323
38	Allowance for Other Funds Used During Construction (419.1)	282		
39	Miscellaneous Nonoperating Income (421)	282		
40	Gain on Disposition of Property (421.1)	280	5,472,277	
41	TOTAL Other Income <i>(enter Total of lines 31 thru 40)</i>		7,608,201	2,209,265
42	Other Income Deductions			
43	Loss on Disposition of Property (421.2)	280	280	
44	Miscellaneous Amortization (425)	340		
45	Donations (426.1)		71,128	74,467
46	Life Insurance (426.2)			
47	Penalties (426.3)			1,131
48	Exp. For Certain Civic, Political & Related Activities (426.4)		34,628	71,273
49	Other Deductions (426.5)			
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		106,036	146,871
51	Taxes Applicable to Other Income and Deductions			
52	Taxes Other Than Income Taxes (408.2)	262-263	145,952	128,042
53	Income Taxes - Federal (409.2)	262-263	2,231,825	(369,071)
54	Income Taxes - Other (409.2)	262-263	35,924	12,422
55	Provision for Deferred Income Taxes (410.2)	234,272-276	308,027	1,110,400
56	(Less) Provision for Deferred Income Taxes - Cr. (411.2)	234,272-276	37,742	52,255
57	Investment Tax Credit Adjustment - Net (411.5)	264-265		
58	(Less) Investment Tax Credits (420)	264-265		
59	TOTAL Taxes on Other Income and Deductions (total of 52 thru 58)		2,683,986	829,538
60	Net Other Income and Deductions (total of lines 41,50 & 59)		4,818,179	1,232,856
61	INTEREST CHARGES			
62	Interest on Long-Term Debt (427)	257	1,411,980	1,520,350
63	Amort. Of Debt Disc. And Expense (428)	256-257	12,283	15,948
64	Amortization of Loss on Reacquired Debt (428.1)		2,712	2,712
65	(Less) Amort. Of Premium on Debt-Credit (429)	256-257		
66	(Less) Amort. of Gain on Reacquired Debt-Credit (429.1)			
67	Interest on Debt to Associated Companies (430)	257-340	1,122,110	928,349
68	Other Interest Expense (431)	340	35,949	96,943
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)			
70	Net Interest Charges (total of lines 62 thru 69)		2,585,034	2,564,302
71	Income Before Extraordinary Items (total lines 27,60,70)		8,112,531	4,293,649
72	EXTRAORDINARY ITEMS			
73	Extraordinary Income (434)	342		
74	(Less) Extraordinary Deductions (435)	342		
75	Net Extraordinary Items (total line 73 less line 74)		0	0
76	Income Taxes-Federal and Other (409.3)	262-263		
77	Extraordinary Items After Taxes (Enter Total of lines 75 less line 76)		0	0
78	Net Income (Enter Total of lines 71 and 77)		8,112,531	4,293,649

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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	3,999,654	
3 Account 281		
4 Account 282	996,905	
5 Account 283	446,650	
6 Account 284		
7 Reconciling Adjustments		
8 TOTAL Account 410.1 (on pages 114-115 line 17)	5,443,209	0
9 TOTAL Account 410.2 (on page 117 line 55)		
10 Credits to Account 411 from:		
11 Account 190	(2,681,391)	
12 Account 281		
13 Account 282		
14 Account 283	(1,168,152)	
15 Account 284		
16 Reconciling Adjustments		
17 TOTAL Account 411.1 (on page 114-115 line 18)	(3,849,543)	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	(126,169)	
22 ITC Adjustments:		
23 Adjust last year's estimate to actual per filed return		
24 Other (specify)		
25 Net Reconciling Adjustments Account 411.4*	(126,169)	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.
	3,999,654		3,999,654	1 2 3
	996,905	308027	1,304,932	4
	446,650		446,650	5 6 7
0	5,443,209			8
		308,027		9
	(2,681,391)		(2,681,391)	10 11
	(1,168,152)	(37,742)	(37,742)	13 14 15 16
0	(3,849,543)			17
		(37,742)		18
	(126,169)		(126,169)	19 20 21 22 23 24
0	(126,169)	0		25
		0		26
		0		27

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STATEMENT OF RETAINED EARNINGS FOR THE YEAR

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

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)		
1	Balance-Beginning of Year		24,278,960
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)		8,112,531
15	Appropriations of Retained Earnings (Account 436)		
16			
17			
18			
19			
20			
21	TOTAL Appropriations of Retained Earnings (Account 436)		0
22	Dividends Declared-Preferred Stock (Account 437)		
23	Dividends Declared-Preferred Stock		
24			
25			
26			
27			
28	TOTAL Dividends Declared-Preferred Stock (Account 437)		0

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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			
31			
32			
33			
34			
35	TOTAL Dividends Declared-Common Stock (Account 438)		0
36	Transfers from Account 216.1 Unappropriated Undistributed Subsidiary Earnings		(488,973)
37	Balance - End of the Year (Enter Total of lines 1 thru 36)		31,902,518
<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	Total Approp Retained Earnings-Amort Reserve Federal (Acct. 215.1)		33,186
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)		31,935,704
<p>UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)</p>			
47	Balance-Beginning of Year (Debit or Credit)		1,074,615
48	Equity in Earnings for Year (Credit) (Account 418.1)		1,692,237
49	(Less) Dividends Received (Debit)		(1,203,264)
50	Other Changes (Explain)		
51	Balance-End of Year (Enter Total of lines 47 thru 50)		1,563,588

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STATEMENT OF CASH FLOWS

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

2. Under "Other" specify significant amounts and group others.

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

Line No.	Description (See instructions for Explanation of Codes) (a)	Amounts (b)
1	Net Cash Flow from Operating Activities: (enter outflows from company as negative #s)	
2	Net Income (Line 72 (c) on page 117)	8,112,531
3	Noncash Charges (Credits) to Income:	
4	Depreciation and Depletion	4,865,395
5	Amortization of (Specify)	
6	Amortization of Utility Plant	189,812
7	Amortization of Utility Plant Acq. Adj.	143,023
8	Deferred Income Taxes (Net)	1,863,951
9	Investment Tax Credit Adjustment (Net)	(126,169)
10	Net (Increase) Decrease in Receivables	(18,400,253)
11	Net (Increase) Decrease in Inventory	107,620
12	Net (Increase) Decrease in Allowances Inventory	
13	Net (Increase) Decrease in Payables and Accrued Expenses	18,642,244
14	Net (Increase) Decrease in Other Regulatory Assets	(552,102)
15	Net (Increase) Decrease in Other Regulatory Liabilities	525,491
16	(Less) Allowance for Other Funds Used During Construction	
17	(Less) Undistributed Earnings from Subsidiary Companies	
18	Other: Pension Expense	488,973
19	Other Items not affecting Cash Flow	111,947
20	Other Changes in Working Capital Besides Cash	(5,511,504)
21		2,199,312
22	Net Cash Provided by (Used in) Operating Activities (Total of lines 2 thru 21)	11,682,325
23		
24	Cash Flows from Investment Activities:	
25	Construction and Acquisition of Plant (including land):	
26	Gross Additions to Utility Plant (less nuclear fuel)	(9,344,272)
27	Gross Additions to Nuclear Fuel	
28	Gross Additions to Common Utility Plant	
29	Gross Additions to Nonutility Plant	(685,154)
30	(Less) Allowance to Other Funds Used During Construction	
31		
32		
33		
34	Cash Outflows for Plant (Total of lines 26 thru 33)	(10,029,426)
35		
36	Acquisition of Other Noncurrent Assets (d)	
37	Proceeds from Disposal of Noncurrent Assets (d)	
38	Proceeds from Disposal of Non-Utility Plant	5,876,700
39	Investments in and Advances to Assoc. and Subsidiary Companies	
40	Contributions and Advances from Assoc. and Subsidiary Companies	
41	Disposition of Investments in (and Advances to)	
42	Associated and Subsidiary Companies	
43		
44	Purchase of Investment Securities (a)	
45	Proceeds from Sales of Investment Securities (a)	

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STATEMENT OF CASH FLOWS (Continued)

- | | | |
|--|---|-----------|
| <p>4. Investing Activities</p> <p>(a) Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of asset acquired with liabilities assumed on pages 122-123.</p> <p>(b) Don not include on this statement the dollar amount of leases capitalized per USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on pages 122-123.</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>Enter on pages 122-123 clarifications and explanations.</p> | <p>6.</p> |
|--|---|-----------|

Line No.	Description (See instructions for Explanation of Codes) (a)	Amount (b)
46	Loans Made or Purchased	
47	Collections on Loans	
48		
49	Net (Increase) Decrease in Receivables	
50	Net (Increase) Decrease in Inventory	
51	Net (Increase) Decrease in Allowances Held for Speculation	
52	Net Increase (Decrease) in Payables and Accrued Expenses	
53	Other:	
54		
55		
56	Net Cash Provided by (Used in) Investing Activities	
57	(Total of lines 34 thru 55)	(4,152,726)
58		
59	Cash Flows from Financing Activities:	
60	Proceeds from Issuance of:	
61	Long Term Debt (b)	
62	Preferred Stock	
63	Common Stock	
64	Other: Return of Capital to Shareholder	(5,700,000)
65		
66	Net Increase in Short-Term Debt (c)	2,400,000
67	Other:	
68		
69		
70	Cash Provided by Outside Sources (Total of lines 61 thru 69)	(3,300,000)
71		
72	Payments for Retirement of:	
73	Long Term Debt (b)	(900,000)
74	Preferred Stock	
75	Common Stock	
76	Other:	
77	Other:	
78	Net Decrease in Short-Term Debt (c)	
79		
80	Dividends on Preferred Stock	
81	Dividends on Common Stock	
82	Net Cash Provided by (Used in) Financing Activities	
83	(Total of lines 70 thru 81)	(4,200,000)
84		
85	Net Increase (Decrease) in Cash and Cash Equivalents	
86	(Total of lines 22, 57 and 83)	3,329,599
87		
88	Cash and Cash Equivalents at Beginning of Year	183,258
89		
90	Cash and Cash Equivalents at End of Year	3,512,857

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FOOTNOTE DATE

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
120	20	(b)	Other items not affecting cash flow: Gain on sale of property (5,472,277) Bad debt write-off 321,126 Other operating <u>(360,353)</u> (5,511,504)
120	21	(b)	Other changes in working capital besides cash: Accrued revenues 37,727 Miscellaneous assets <u>2,161,585</u> 2,199,312

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NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, *Unamortized Loss on Reacquired Debt*, and 257, *Unamortized Gain on Reacquired Debt*, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 16 of Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be herein.

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NOTES TO FINANCIAL STATEMENTS (Continued)

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FERC Form 1 Presentation Compared to Generally Accepted Accounting Principles

The accompanying financial statements have been prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission ("FERC") as set forth in its applicable Uniform System of Accounts and accounting releases and of the Michigan Public Service Commission ("MPSC"), which is a comprehensive basis of accounting that differs from generally accepted accounting principles ("GAAP"). As required by FERC and MPSC, Upper Peninsula Power Company classifies certain items in its Form 1 and Form P-521 Comparative Balance Sheet (primarily the components of accumulated deferred income taxes, certain miscellaneous current and accrued liabilities, maturities of long-term debt, deferred debits, deferred credits, and non-legal asset retirement obligations) in a manner different than that required by GAAP. In accordance with FERC and MPSC reporting requirements, removal costs that do not have an associated legal obligation are recognized as a component of accumulated depreciation, whereas upon adoption of Statement of Financial Accounting Standards No. 143 these costs are recognized for GAAP as a regulatory liability.

Nature of Operations

Upper Peninsula Power Company (the "Company") is an electric utility engaged in the supply and distribution of electric power in its franchised territory in the Upper Peninsula of Michigan. The Company is a wholly owned subsidiary of WPS Resources Corporation ("WPSR").

Use of Estimates

The preparation of financial statements in conformity with the accounting requirements of the FERC and MPSC requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

Guarantees

FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees Including Indirect Guarantees of Indebtedness of Others," requires that the guarantor recognize, at the inception of the guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. See Note 20, "Guarantees," for additional information on Interpretation No. 45.

Utility Plant

Utility plant is stated at original cost. The cost of property additions, including replacements of units of property and betterments, is capitalized. Cost includes contract labor, company labor, materials, allowance for funds used during construction ("AFUDC"), and overheads. Expenditures for maintenance and repairs of property and costs of replacing items determined to be less than units of property are charged to operating expenses. The Company charges cost of removal and original cost of property, less salvage, to accumulated provision for depreciation when the property is retired, sold, or otherwise disposed of. Substantially all utility property is subject to lien and collateralized under first mortgage bonds.

AFUDC is defined in the applicable regulatory system of accounts as the net cost, during the period of construction, of borrowed funds used for construction purposes and a reasonable rate on equity funds when so used. The Company is subject to one AFUDC rate. That rate is specified in a formula in the Federal Energy Regulatory Commission's Uniform System of Accounts, but limited by the Michigan Public Service Commission's allowed rate of return. The cost-of-borrowed-funds element of AFUDC is reported as a reduction of interest expense, and the

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NOTES TO FINANCIAL STATEMENTS (Continued)

non-cash equity portion is reported as other income. Historically, there have been few calculations of allowance for funds used during construction due to the small dollar amounts or short construction periods of Upper Peninsula Power's construction projects. There were no construction projects qualifying for AFUDC in 2005 and 2004.

Asset Retirement Obligation

SFAS No. 143, "Accounting for Asset Retirement Obligations," requires companies to recognize, 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 asset. The asset retirement obligation is accreted using a credit-adjusted risk-free interest rate commensurate with the expected settlement date of the asset retirement obligation. The associated retirement costs are capitalized as part of the related long-lived asset and depreciated over the useful life of the asset. Prior to the adoption of Interpretation No. 47 as discussed below, the Company did not identify any asset retirement obligations to record pursuant to SFAS No. 143.

In March 2005, the FASB issued Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations." SFAS No. 143 had been inconsistently applied in practice because the accounting for conditional asset retirement obligations was interpreted differently among companies. An asset retirement obligation is conditional when the timing and/or method of settling the obligation is conditioned on a future event. Many companies, including the Company, did not record a liability for conditional asset retirement obligations under the guidance of SFAS No. 143, concluding that either (1) the conditional nature of the obligation did not create a liability until the retirement activity occurred, or (2) the timing and/or method of settling the obligation was unknown.

Interpretation No. 47 concludes that, if required legally, an obligation associated with an asset's retirement is inevitable, even though uncertainties may exist regarding the timing and/or method of settling the obligation. According to the Interpretation, these uncertainties affect the fair value of the liability, rather than negate the need to record one at all. Additionally, the ability of a company to indefinitely postpone settlement of the obligation, or to sell the asset prior to its retirement, does not relieve a company of its present duty to settle the obligation. Therefore, the Interpretation concludes that conditional asset retirement obligations are within the scope of SFAS No. 143. The Company adopted Interpretation No. 47 as of December 31, 2005. Asset retirement obligations included within the scope of Interpretation No. 47 are calculated and recorded using the methodology in SFAS No. 143. The Company identified and recorded asset retirement obligations related to asbestos abatement at certain generation facilities and service centers as well as disposal of PCB-contaminated transformers. We believe it is probable that the actual cost to dispose of the assets will be recoverable in rates; therefore, we have deferred the cumulative effect of adopting Interpretation No. 47 as a regulatory asset. See Note 9, Asset Retirement Obligation, for additional information regarding SFAS No. 145 and interpretation No. 47.

Depreciation

For financial statement purposes, the original cost of utility property is depreciated using the straight-line method over its estimated service life. The Company's book depreciation rates, effective for the years December 31, 2005 and 2004, are approved by the MPSC. The book depreciation calculated for those years was the equivalent of approximately 2.85% for 2005 and 2.84% for 2004 of depreciable plant. For income tax purposes, accelerated methods of depreciation are utilized.

Non-Utility Property

Investments include three Escanaba River hydros (9 MW) purchased from Escanaba Paper Company, a division of Mead Corporation. Under terms of the purchase agreement, Escanaba Paper will purchase all energy produced by the hydros through June 30, 2012. This investment together with a small portion of land is included in non-utility plant.

Excise Taxes

The Company presents revenue net of pass-through taxes on the Statements of Income.

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NOTES TO FINANCIAL STATEMENTS (Continued)

Investments in Affiliates

WPS Investments LLC, a consolidated subsidiary of WPSR, has a 31.01% ownership in American Transmission Company LLC ("ATC") as of December 31, 2005. ATC is a for-profit, transmission-only company. It owns, plans, maintains, monitors, and operates electric transmission assets in portions of Wisconsin, Michigan, and Illinois. ATC began operations on January 1, 2001. Its assets previously were owned and operated by multiple electric utilities serving the upper Midwest all of which transferred their transmission assets to ATC in exchange for an ownership interest.

WPS Investments LLC, jointly owned by the Company (7%), Wisconsin Public Service Corporation ("WPSC") (25%), and WPSR (68%), holds the Company's entire investment in ATC. The ownership interests have varied throughout 2005 and will continue to change as WPSC and the Company contribute additional assets to WPS Investments, or as cash is contributed by WPSR. The Company's investment in WPS Investments LLC is accounted for under the equity method.

The Company records related-party transactions for services provided to and network transmission services received from ATC. Charges to ATC for services provided by the Company were \$2.6 million, and \$6.7 million, in 2005, and 2004, respectively. Network transmission service costs paid to ATC by the Company were \$3.4 million, and \$4.0 million, in 2005 and 2004, respectively.

The Company recorded dividends of \$1,164,925 and \$1,027,379 from WPS Investments LLC in 2005 and 2004, respectively.

Cash and Cash Equivalents

All highly liquid investments with original maturities of three months or less are considered to be cash equivalents. There were no non-cash transactions in 2005 and 2004.

Total interest and income taxes paid (received) in cash during the year ended December 31, 2005 and 2004, consist of the items shown below (in thousands).

	<u>2005</u>	<u>2004</u>
Interest (Net of Amount Capitalized)	\$2,521.8	\$2,460.8
Income Taxes		-13.3

The balance in cash and cash equivalents at the end of the current year consists of items shown below (in thousands).

	<u>2005</u>	<u>2004</u>
Cash	\$3,496.2	\$177.6
Working Funds	3.2	3.2
Special Deposits	13.5	2.5
Temporary Cash Investments	0.0	0.0
	<u>\$3,512.9</u>	<u>\$183.3</u>

Inventories

Inventories consist of fossil fuels and are valued at average cost.

Risk Management Activities

As part of our regular operations, the Company may enter into contracts, including forwards and other contractual commitments, to manage market risks such as changes in commodity prices and interest rates.

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The Company evaluates its derivative contracts in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended and interpreted. SFAS No. 133 establishes accounting and financial reporting standards for derivative instruments and requires, in part, that we recognize certain derivative instruments on the balance sheet as assets or liabilities at their fair value. If the derivatives qualify for regulatory deferral subject to the provisions of SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation," the derivatives are marked to fair value pursuant to SFAS No. 133 and are offset with a corresponding regulatory asset or liability. In 2004, the Company recognized no derivatives. At December 31, 2005, the Company has recorded a risk management asset of \$0.9 million related to financial transmission rights in the MISO market. This amount is offset by a regulatory liability. For additional information on Risk Management Activities, See Note 7, "Risk Management Activities".

Regulatory Assets and Liabilities

The Company is subject to the provisions of Statement of Financial Accounting Standard No. 71, "Accounting for the Effects of Certain Types of Regulation." Regulatory assets represent incurred costs that are probable recovery from customers through the ratemaking process. Based on current evaluation of the various factors and conditions that are expected to impact future cost recovery, we believe the recovery of the regulatory asset is probable. The retiree health care regulatory asset is earning a rate of return. Regulatory liabilities represent amounts imposed by rate actions of the Company's regulators that may require refunds to customers, represent amounts provided in current rates that are intended to recover costs that are expected to be incurred in the future for which the Company remains accountable, or represent gain or other reduction of allowable costs to be given to customers over future periods.

The following regulatory assets and liabilities were reflected in the Balance Sheets as of December 31:

	(Thousands of Dollars)	
	<u>2005</u>	<u>2004</u>
Regulatory Assets:		
Retiree Health Care	\$211	\$242
Warden Ash Site Groundwater Monitoring	1,320	1,375
2003 PSCR Dead River	2,459	1,871
Silver Lake Costs	827	829
Minimum Pension Liability	329	-
Asset Retirement Obligation	432	-
Risk Management Activities	46	-
TOTAL	\$5,624	\$4,317
Regulatory Liabilities:		
Income Tax Related	\$ 472	\$540
Income Tax Rate Changes - Plant	4,132	3,972
Income Tax Rate Changes - Non-Plant	105	64
Risk Management Activities	915	-
TOTAL	\$5,624	\$4,576

Revenue and Customer Receivables

Revenues are recognized on the accrual basis. The Company utilizes monthly cycle billing and applies the unbilled revenue method for recording revenue on services rendered but not billed. Under the unbilled revenue method, revenues are recognized for electric power delivered to customers through the end of the period but not billed to customers.

The Company uses automatic fuel and purchased power adjustment clauses for the MPSC retail electric portions of the business. At Upper Peninsula Power, most wholesale electric contracts are special contracts and have no

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automatic fuel and purchase power adjustment clauses.

Billings to the Company customers under the MPSC jurisdiction include base rate charges and a power supply cost recovery factor. The Company 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. The Company recognizes any over or under recovery currently in its revenues and a deferred asset or liability is recognized on the balance sheet until settlement. The deferrals are relieved with additional billings or refunds. At December 31, 2005, the Company has also recorded regulatory assets related to costs associated with the flooding on the Dead River in 2003 for which the MPSC has authorized deferral.

The Company is required to provide service and grant credit to customers within their service territories. The Company continually reviews their customers' credit-worthiness and obtain or refund deposits accordingly. The Company is precluded from discontinuing service to residential customers during winter moratorium months. The regulated segments calculate a reserve for potential uncollectible customer receivables using a four-year average of bad debts net of recoveries as a percentage of total accounts receivable. The historical percentage is reviewed in light of the current year conditions, and an appropriate percentage is applied to the current year-end accounts receivable balance to determine the required reserve balance.

Asset Impairment

We review the recoverability of long-lived tangible and intangible assets, excluding goodwill, other indefinite lived intangible assets, and regulatory assets, in accordance with SFAS No. 144. This Statement requires review of assets when circumstances indicate that the carrying amount may not be recoverable. The carrying amount of assets held and used is not recoverable if it exceeds the undiscounted sum of cash flows expected to result from the use and eventual disposition of the asset. If the carrying value is not recoverable, the impairment loss is measured as the excess of the asset's carrying value over its fair value. The carrying value of assets held for sale is not recoverable if it exceeds the fair value less cost to sell the asset. An impairment charge is recorded for any excess of the carrying value over the fair value less cost to sell. If events or circumstances indicate the carrying value of investments accounted for under the equity method of accounting may not be recoverable, potential impairment is assessed by comparing the future anticipated cash flows from these investments to their carrying values. Impairment charges are recorded if the carrying value of such assets exceeds the future anticipated cash flows. There were no impairment charges for the years ended December 31, 2005 and 2004.

Retirement of Debt

Premiums, discounts, and expenses incurred with the issuance of outstanding long-term debt are amortized over the terms of the debt issues. Any call premiums or unamortized expenses associated with refinancing higher-cost debt obligations used to finance regulated assets and operations are deferred as a regulatory asset and amortized consistent with regulatory treatment of those items, where appropriate.

Income Taxes

We account for income taxes using the asset and liability method as prescribed by SFAS No. 109, "Accounting for Income Taxes." Under this method, deferred income taxes have been recorded using currently enacted tax rates for the differences between the tax basis of assets and liabilities and the basis reported in the financial statements. Due to the effects of regulation, certain adjustments made to deferred income taxes are, in turn, recorded as regulatory assets or liabilities.

Investment tax credits, which have been used to reduce our federal income taxes payable, have been deferred for financial reporting purposes. These deferred investment tax credits are being amortized over the useful lives of the property to which they are related.

The Company is a member of a consolidated group under WPSR. WPSR files a consolidated United States income tax return that includes domestic subsidiaries in which its ownership is 80 percent or more. WPSR and its

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consolidated subsidiaries, including the Company, are parties to a tax allocation arrangement under which each entity determines its income tax provision on a stand-alone basis, after which effects of federal consolidation are accounted for.

WPSR and its subsidiaries have routinely been subject to examination by various taxing jurisdictions, including the IRS, other state and local taxing jurisdictions. At any given time there might be several of these audits open covering multiple tax years. Management has not been informed by any taxing jurisdictions of any material adjustment to any filed or proposed tax position as a result of the on-going examinations.

Variable Interest Entities

The FASB has issued Interpretation No. 46R (as revised), "Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51," in order to improve financial reporting by companies involved with variable interest entities. Interpretation No. 46R requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional financial support from other parties. The primary beneficiary is the party that absorbs the majority of the expected losses and/or receives the majority of the expected residual returns of the variable interest entity's activities.

The Company adopted the provisions of Interpretation No. 46R for variable interest entities not defined as special purpose entities effective March 31, 2004. The required adoption had no impact on our Financial Statements, as we did not identify significant variable interests in any unconsolidated variable interest entities where we were determined to be the primary beneficiary. The adoption of Interpretation No. 46R also included an analysis of our power purchase and sale agreements. We do not believe that any of our power purchase or sale agreements constitute significant variable interests that would lead us to consolidate entities not currently consolidated or deconsolidate any entities currently consolidated.

New Accounting Pronouncements

In December 2004, the FASB issued SFAS No. 123R, "Share-Based Payment," which addresses the accounting for share-based payment transactions. SFAS No. 123R eliminates the ability to account for share-based compensation transactions using Accounting Principles Board Opinion No. 25, and requires companies to measure the cost of share-based awards at their grant date fair value. That cost is recognized over the period during which an employee is required to provide service in exchange for the award. SFAS No. 123R is effective for WPSR and subsidiaries beginning in the first quarter of 2006. WPSR has chosen the modified prospective method of adopting the Statement. Under this method, all share-based payment awards granted after December 31, 2005, will be measured at fair value and recognized as a component of income available for common shareholders over the requisite service period of the award. Additionally, compensation cost for the portion of awards granted on or before December 31, 2005, for which the requisite service has not been rendered, but which are outstanding as of the beginning of the first quarter of 2006, will be recognized as the remaining requisite service is rendered. Share-based compensation transactions are allocated among WPSR and its subsidiaries, including the Company. The impact on the Company's financial position and results of operations will be dependent upon a number of factors, including share-based awards granted in 2006. Because we do not know the number of share-based awards that will be granted in 2006, we cannot estimate the precise effect that SFAS No. 123R will have on our financial position and results of operations. However, assuming the number of share-based awards granted in 2006 remains consistent with prior years, we do not anticipate that the incremental impact to income available for common shareholders of adopting SFAS No. 123R in 2006 will differ significantly from prior years.

2. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

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Cash, Short-Term Investments, and Outstanding Short Term Debt: The carrying amount approximates fair value due to the short maturity of those investments and obligations.

Long-Term Debt: The fair value of long-term debt is estimated based on the quoted market price for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturity.

The estimated fair values of our financial instruments as of December 31 were:

<i>(Thousands)</i>	2005 Carrying Amount	Fair Value	2004 Carrying Amount	Fair Value
Cash and cash equivalents	\$3,512.9	\$3,512.9	\$180.1	\$180.1
Commercial paper	\$14,000.0	\$14,000.0	\$11,600.0	\$11,600.0
Long-term debt	\$29,400.0	\$34,731.0	\$30,300.0	\$37,456.0

3. SHORT-TERM BORROWINGS AND LINES OF CREDIT

All borrowings are from WPSR and bear interest at WPSR's weighted average borrowing rate on short-term loans. Short-term borrowings from WPSR were as follows (in thousands):

	<u>2005</u>	<u>2004</u>
Maximum amount of short-term borrowings outstanding during the year	\$14,000.0	\$11,600.0
Average amount of short-term borrowings outstanding during the year	\$9,859.7	\$9,101.8
Weighted average interest rate on short-term borrowings	3.39%	1.55%
Weighted average interest rate on short-term borrowing outstanding at year end	4.33%	2.33%
Short-term borrowings from WPSR at December 31	\$14,000.0	\$11,600.0

4. LONG-TERM DEBT

First mortgage bonds are secured by utility plant assets. A summary of long-term debt outstanding at December 31 is as follows:

	<u>(Thousands of Dollars)</u>	
	<u>2005</u>	<u>2004</u>
First Mortgage Bonds:		
9.32% Series Due 2021	\$14,400.0	\$15,300.0
Less Current Portion	\$900.0	\$900.0
Long Term Notes from Assoc Co. - WPSR	\$15,000.0	\$15,000.0
Total Long Term Debt	<u>\$30,300.0</u>	<u>\$31,200.0</u>

Amounts of long-term debt due in each year subsequent to December 31, 2005, aggregate approximately \$900,000 for 2006, \$900,000 for 2007, \$900,000 for 2008, \$900,000 for 2009, \$900,000 for 2010, and \$9,900,000 for remaining years.

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5. EMPLOYEE BENEFIT PLANS

Employees of the Company are eligible to participate in WPSR employee benefit plans. The costs of the plans are allocated among WPSR and its subsidiaries, including the Company. The plans are sponsored and administered by WPSC, a subsidiary of WPSR. The Board of Directors has established the Employee Benefits Administrator Committee, which consists of WPSR employees, to manage the operations and administration of all benefit plans and related trusts.

WPSR has a non-contributory qualified retirement plan covering substantially all employees. During 2005 and 2004, \$8.2 and \$1.6 million was contributed to the Pension Plan, respectively.

WPSR also currently offers medical, dental, and life insurance benefits to employees and their dependents. These items for active employees are expensed as incurred. Most benefits for retirees are funded through irrevocable trusts as allowed for income tax purposes.

The costs of pension and postretirement benefits are expensed over the period in which the employee renders service. The transition obligation for postretirement benefits of current and future retirees is being recognized over a 20-year period beginning in 1993. WPSR uses a December 31 measurement date for the majority of its plans. The Company's share of pension costs was \$4.4 million in 2005, \$3.8 million in 2004, and \$1.7 million in 2003. The Company's share of postretirement health care costs was \$2.4 million in 2005, and \$2.5 million in 2004.

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("the Act") provides a prescription drug benefit under Medicare Part D as well as a federal subsidy to sponsors of certain retiree health care benefit plans. In May 2004, the FASB staff issued FASB Staff Position ("FSP") 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003."

WPSR and its actuarial advisors determined that benefits provided by the plan as of the date of enactment were at least actuarially equivalent to Medicare Part D, and, accordingly, WPSR will be entitled to the federal subsidy. WPSR performed a measurement of the effects of the Act on its accumulated postretirement benefit obligation as of July 1, 2004 (the date FSP 106-2 was adopted). As of July 1, 2004, the Company's accumulated postretirement benefit obligation decreased \$6.8 million as a result of the Act. The change in the accumulated postretirement benefit obligation due to the Act is considered an actuarial gain that will be recognized in future periods and, therefore, had no cumulative effect on the Company's retained earnings as of July 1, 2004. The effect of the subsidy served to reduce the net postretirement benefit cost by \$6.5 million and \$2.6 million for WPSR for the years ended December 31, 2005 and 2004, respectively.

WPSC serves as plan sponsor and administrator for the Company's non-qualified Supplemental Employee Retirement Plan (SERP). The liabilities for this plan are recorded on the Company's Balance Sheet. There are no assets for this plan. Actuarial calculations are performed (based upon specific employees and their related years of service) in order to determine the Company's benefit cost. The following tables provide a reconciliation of the changes in the plan's benefit obligation during 2005 and 2004, as well as a statement of the funded status as of December 31 for each year.

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<i>(Millions)</i>	2005	2004
Reconciliation of benefit obligation		
Obligation at January 1	\$1.7	\$1.8
Interest cost	0.1	0.1
Actuarial (gain) loss - net	0.1	0.1
Benefit payments	(0.3)	(0.3)
Obligation at December 31	\$1.6	\$1.7

Funded status of plans		
Funded status at December 31	(\$1.6)	(\$1.7)
Unrecognized loss	0.3	0.2
Net asset (liability) recognized	(\$1.3)	(\$1.5)

Amounts recognized in the Balance Sheet related to the SERP consist of:

<i>(Millions)</i>	2005	2004
Accrued benefit cost	\$(1.6)	\$(1.7)
Regulatory asset	0.3	
Accumulated other comprehensive income (before tax effect of \$0.0 million and \$0.1 million, respectively)	0.0	0.2
Net asset (liability) recognized	(\$1.3)	(\$1.5)

We record a minimum provision liability to reflect the funded status of the SERP. Regulatory Assets are recorded for costs that are probable of recovery when recognized. Prior to 2005, the Company had not received approval for deferral of the minimum pension liability from the MPSC. As a result, the minimum pension liability was recognized as other comprehensive income.

The following table presents the components of the net periodic benefit cost (credit) for the SERP for 2005 and 2004:

<i>(Millions)</i>	2005	2004
Net periodic benefit cost		
Interest cost	\$0.1	\$0.1
Net periodic benefit cost	\$0.1	\$0.1

Assumptions

The weighted average assumptions used at December 31 in the accounting for the WPSR benefit plans are as follows:

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	SERP	
	2005	2004
Discount rate for benefit obligations	5.65%	6.25%
Discount rate for net periodic benefit cost	5.75%	6.75%
Rate of compensation increase	5.50%	5.50%

Cash Flows

WPSR expects to contribute \$25.3 million to its pension plans and \$19.8 million to its other postretirement benefit plans in 2005.

The following table shows the payments, reflecting expected future service that WPSR expects to make for pension and other postretirement benefits. In addition, the table shows the expected federal subsidies under Medicare Part D, which will partially offset other postretirement benefits, as discussed earlier.

(Millions)	Pension Benefits	Other Benefits	Federal Subsidies
2006	\$40.9	\$11.7	\$ (1.4)
2007	42.7	12.7	(1.5)
2008	42.8	13.7	(1.7)
2009	44.1	14.8	(1.8)
2010	45.2	15.6	(2.0)
2011-2015	235.3	89.5	(11.7)

Defined Contribution Benefit Plans

WPSR maintains a 401(k) Savings Plan for substantially all full-time employees including employees of the Company. Employees generally may contribute from 1% to 30% of their base compensation to individual accounts within the 401(k) Savings Plan. For the Company union employees, the Company matches 50% of the employees' contributions up to 5% of eligible compensation. Effective April 1, 2005, the Company matches 50% of the union employees' contributions up to 6% of eligible compensation. Participation in this plan automatically qualifies eligible non-union employees for participation in the Employee Stock Option Plan ("ESOP"). The Company match, in the form of WPSR shares of common stock, is contributed to an employee's ESOP account. The plan requires a match equivalent to 100% of the first 4% and 50% of the next 2% contributed by non-union employees. The Company union employees do not participate in the ESOP. The ESOP held 2.2 million shares of WPSR common stock (market value of approximately \$120.8 million) at December 31, 2005. Total costs incurred under these plans were \$8.2 million in 2005 and \$7.7 million in 2004. The Company's share of the total costs was \$0.3 million each year in 2005 and 2004.

6. INCOME TAXES

Deferred income taxes are recorded for temporary differences in the recognition of certain assets and liabilities for tax and financial reporting purposes. The principal components of the Company's deferred tax assets and liabilities recognized in the balance sheet as of December 31 are as follows:

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<i>(Thousands)</i>	2005	2004
Deferred Tax Assets		
Plant & Investment Related	\$719	\$25
Employee Benefits	1,028	2,435
Deferred Income and Deductions	1,642	1,573
Other	203	274
Total	\$3,592	\$4,307
Deferred Tax Liabilities		
Plant & Investment Related	(\$18,436)	(\$16,049)
Regulatory Deferrals	(1,660)	(2,555)
Deferred Income and Deductions	(1)	-
Other	(323)	(375)
Total	(\$20,421)	(\$18,979)
Net Deferred Tax Liabilities	(\$16,829)	(\$14,672)

The following is a reconciliation of federal income taxes that would be computed by applying the federal statutory rate to income before income taxes, and the actual current and future income tax expense that was recorded on the income statement for the year ended December 31:

<i>(Thousands, except for percentages)</i>	2005 Rate	Amount	2004 Rate	Amount
Statutory Federal Income Tax	35.0%	\$4,035	35.0%	\$2,032
State Income Taxes - Net	0.1%	7	-0.1%	(4)
Investment Tax Credit Restored	-1.1%	(126)	-2.2%	(129)
Plant-Related Differences	-4.5%	(524)	-7.2%	(418)
Other Differences, Net	0.1%	23	0.5%	29
Effective Income Tax	29.60%	\$3,415	26.00%	\$1,510
Current Provision				
Federal		\$1,692		\$(1,926)
State		(14)		33
Total Current Provision		1,678		(1,893)
Deferred Provision		1,868		3,537
Deferred Provision - NOL		(5)		(5)
Investment Tax Credit Restored, Net		(126)		(129)
Total Deferred Provisions		1,737		3,403
Total Income Tax Expense		\$3,415		\$1,510

The Company is refunding taxes provided in prior years at rates greater than current rates to customers prospectively as the temporary differences reverse. The net regulatory liability for these refunds totaled \$4.7 million as of December 31, 2005 and \$4.6 million as of December 31, 2004.

7. RISK MANAGEMENT ACTIVITIES

The following table shows the Company's assets and liabilities from risk management activities as of December 31, 2005, and 2004.

<i>(Thousands)</i>	Assets		Liabilities	
	2005	2004	2005	2004
Financial Transmission Rights	915	-	46	-
Balance Sheet Presentation				
Current	915	-	46	-

Assets and liabilities from risk management activities are classified as current or long-term based upon the maturities of the underlying financial instruments.

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Financial transmission rights in the above table include financial instruments used to manage the transmission congestion costs of the electric utilities. The Company believes any gains or losses resulting from the eventual settlement of these derivative instruments will be collected from or refunded to customers.

8. LEASES

The Company leases its General Office Building. Terms of the lease require the Company to pay property taxes, insurance premiums, and maintenance costs associated with the leased property. Rental expense attributable to operating leases was \$999,600 and \$999,600 in 2005 and 2004, respectively. Future minimum rental obligations under non-cancelable operating leases are payable as follows:

<i>(Thousands)</i>		
Year Ended December 31		
	2006	999.6
	2007	999.6
	2008	999.6
	2009	999.6
	2010	999.6
	7 Remaining Years	6,997.2
Total Payments		11,995.2

9. ASSET RETIREMENT OBLIGATIONS

The Company adopted the provisions of Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations," as of December 31, 2005. Upon adoption of this Interpretation, the Company recorded liabilities for certain conditional asset retirement obligations that we previously believed to be outside the scope of SFAS No. 143.

The Company identified conditional asset retirement obligations related to asbestos abatement at certain generation facilities, office buildings, and service centers, as well as disposal of PCB-contaminated transformers. Upon implementation of Interpretation No. 47 as of December 31, 2005, the Company recorded a net asset retirement cost of \$0.3 million and an asset retirement obligation of \$0.9 million. This resulted in a \$0.6 million cumulative effect of change in accounting principle before taxes. This amount was deferred as a regulatory asset pursuant to SFAS No. 71, as we believe it is probable that the actual cost to dispose of the assets will be recoverable in future rates.

10. REGULATORY ENVIRONMENT

On December 20, 2002, the MPSC approved an 8.95% increase in retail electric rates. The MPSC granted an 11.4% return on common equity with the new rates being effective December 21, 2002. This was the first base rate increase for the Company in 10 years.

In July 2003, the Company requested from the MPSC and the FERC to defer incremental costs associated with the May 2003 flooding incident near Marquette. These requests were approved in November 2003. Recovery of these incremental costs will be requested in a future rate proceeding.

On March 31, 2004, the Company submitted an application to the MPSC to recover \$5.2 million of increased 2003 power supply costs relating to the Company's integrated system. In addition, the Company requested deferral of \$1.8 million of power supply costs related to the Dead River flood. On August 31, 2004, the MPSC approved the deferral of the \$1.8 million of power supply costs relating to the Dead River flood, and authorized the interim recovery of the \$5.2 million pending a final prudence determination. Recovery of the \$1.8 million will be requested after final determinations regarding costs and responsibilities for the Dead River flood are completed, but recovery

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cannot begin before January 1, 2007. On October 14, 2004, the MPSC approved final recovery of the \$5.2 million of increased 2003 power supply costs relating to the Company's integrated system. These costs were recovered from customers through December 2005.

On December 8, 2004, the Company submitted a request to the MPSC to approve the Company's proposed treatment of the pre-tax gains from certain sales of undeveloped and partially developed lands located in the Upper Peninsula of Michigan as appropriate for ratemaking purposes. On April 28, 2005, the MPSC issued an order authorizing the Company to retain 100% of the pre-tax gains on certain lands owned up to \$18.5 million, and 73% of any pre-tax gains over that amount. Under the order, the Company was not allowed to file for a retail electric service base rate increase until January 1, 2006. The Power Supply Cost Recovery Clause was not subject to the filing moratorium.

On January 3, 2006, the Company submitted an application to the MPSC for an 8.1% increase in retail electric rates (\$6.6 million in revenue). The Company also requested interim rate recovery of 6.1% (\$5.0 million in revenues) to allow the Company to recover costs during the time the MPSC is reviewing the full case. The retail electric rate increase was required due to costs associated with improving service quality and reliability, technology upgrades, FERC-mandated improvements to hydroelectric properties, and managing rising employee and retiree benefit costs. The case is pending before the MPSC, and a final order is expected in fall 2006.

The Company and WPSC made a joint filing with FERC on November 1, 2004 for approval of a new wholesale power contract between the companies to be in effect on January 1, 2005. Parties, including the Company's wholesale customers, intervened and protested the filing. On December 21, 2004, FERC issued an order accepting and suspending the contract and established settlement discussions. The Company reached settlement with its wholesale customers. The settlement included new power supply contracts for two wholesale customers that did not have contracts in place beyond December 31, 2005, and a one-time early termination provision for the other wholesale customers that have contracts with the Company beyond December 31, 2005. On November 2, 2005, the Company filed this settlement agreement at FERC. FERC approved this settlement on December 27, 2005. Settlement has not yet been reached with the other party, a group of wholesale customers of WPSC, which protested the filing.

11. COMMITMENTS, CONTINGENCIES, AND UNCERTAINTIES

The Company has made commitments for the purchase of commodities, mainly capacity or energy related to purchased power, which total \$33.9 million and extend through 2010.

For 2005, the Company has a Capacity Purchase Agreement and Combustion Turbine Dispatch Agreement with WPSC that entitles the Company to purchase 65 MW of capacity through 2007. The Company also has a purchase power agreement for interruptible partial requirement service for 45 to 52 MWs that varies by month. Either party may terminate this agreement with 24 months prior notice. The rate is determined by a rate formula.

The Company has a capacity and energy purchase agreement with White Pine Electric Power for 12 to 35 MW of capacity through December 31, 2014. Termination of this contract may occur on the fifth anniversary of the effective date, which will be in 2010.

The Company also has two energy and capacity purchase agreements with Alliant Energy. One of the agreements is for the Iron River system and continues through December 2006. If terminated, the contract has a rolling twelve-month calculation based on the contract provision of providing Alliant with a twelve (12) month termination notice.

The second agreement with Alliant Energy is to serve the Enbridge load. If terminated, the contract has a rolling nine-month calculation based on the contract provision of providing Alliant with less than a nine (9) month termination notice. Any termination of this contract with less than a nine (9) month notice will require payment of a cancellation fee of \$4,200 multiplied by the difference between nine (9) and the number of months notice given.

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NOTES TO FINANCIAL STATEMENTS (Continued)

The Company is subject to various unresolved legal matters which arose in the normal course of its business. Although it is not possible to predict the outcome of these legal actions, Company management believes that these actions will not have a material adverse effect on its financial position or results of operation.

The Company also has commitments in the form of purchase orders issued to various vendors. At December 31, 2005, these purchase orders totaled \$9.7 million. The majority of these commitments relate to breach of the Silver Lake reservoir.

Environmental Issues

Groundwater testing at a former ash disposal site of the Company indicated elevated levels of boron and lithium. Supplemental remedial investigations were performed, and a revised remedial action plan was developed. The Michigan Department of Environmental Quality approved the plan in January 2003. The Company received an order from the MPSC permitting deferral and future recovery of these costs. A liability of \$1.3 million and an associated regulatory asset of \$1.3 million were recorded at December 31, 2005, for estimated future expenditures associated with remediation of the site. The Company has an informal agreement, with the owner of another landfill, under which they have agreed to pay 17% of the investigation and remedial costs. It is estimated that the cost of addressing the site over the next year will be \$1.8 million. The Company has recorded \$0.3 million of this amount as its share of the liability as of December 31, 2005.

Flood Damage

On May 14, 2003, a fuse plug at the Silver Lake reservoir owned by The Company was breached. This breach resulted in subsequent flooding downstream on the Dead River, which is located in Michigan's Upper Peninsula near Marquette, Michigan.

A dam owned by Marquette Board of Light and Power, which is located downstream from the Silver Lake reservoir near the mouth of the Dead River, also failed during this event. In addition, high water conditions and siltation resulted in damage at the Presque Isle Power Plant owned by Wisconsin Electric Power Company. Presque Isle, which is located downstream from the Marquette Board of Light and Power dam, was ultimately forced into a temporary shutdown.

The FERC's Independent Board of review issued its report in December of 2003 and concluded that the root cause of the incident was the failure of the design of the fuse plug to take into account the highly erodible nature of the fuse plug's foundation materials and spillway channel, resulting in the complete loss of the fuse plug, foundation and spillway channel, which caused the release of Silver Lake far beyond the intended design of the fuse plug. The fuse plug for the Silver Lake reservoir was designed by an outside engineering firm.

The Company has worked with the federal and state agencies in their investigations. The Company is still in the process of investigating the incident. WPSR maintains a comprehensive insurance program that included The Company and which provides both property insurance for its facilities and liability insurance for liability to third parties. The Company is insured in amounts that it believes are sufficient to cover its responsibilities in connection with this event. Deductibles and self insured retentions on these policies are not material to WPSR.

As of May 13, 2005, several lawsuits were filed by claimants and putative defendants relating to this incident. The suits that have been filed against The Company, WPSR, and WPSC include the following claimants: WE Energies; Cleveland Cliffs, Inc.; Board of Light and Power of the City of Marquette; The City of Marquette; the County of Marquette; Dead River Campers, Inc.; Marquette County Road Commission; SBC; ATC; and, various land and home owners along the Silver Lake reservoir and Dead River system. The Company filed a suit against the engineering company that designed the fuse plug (MWH Americas, Inc.) and contractors who built it (Moyle Construction, Inc.). The Company has reached a confidential settlement with WE Energies resolving WE Energies' claims. The settlement payment will be reimbursed by the Company's insurer, and therefore did not leave a material impact on the Company's financial statements. The Company is defending the remaining lawsuits filed

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NOTES TO FINANCIAL STATEMENTS (Continued)

against it and is seeking resolution of all claims and litigation where possible.

In November 2003, the Company received approval from the MPSC and FERC for deferral of costs that are not reimbursable through insurance or recoverable through the power supply cost recovery mechanism. Recovery of cost deferred will be addressed in future rate proceedings.

In November 2005, the Company announced it had not made a final decision whether to restore Silver Lake as a reservoir for power generation or to forego refilling the reservoir and that more time is needed to study the ramifications of design changes recommended by consultants and FERC. The Company will undertake additional studies of the new recommendation to see if there are alternatives that would make restoring the Silver Lake Dam and refilling the reservoir economically beneficial for its customers. The Company expects to make its final decision on Silver Lake in the first half of 2006.

Collective Bargaining Agreement

The Company is party to a collective bargaining agreement with a union representing approximately 77% of the Company's employees. A three-year contract agreement is in effect from April 24, 2005 through April 19, 2008.

12. SALE OF UPPER PENINSULA POWER COMPANY LANDS

In December 2005, the Company sold a portion of its real estate holdings that were no longer needed for operations for \$5.9 million and recognized a pre-tax gain of \$5.5 million in 2005, with the possibility of recognizing up to an additional \$3.0 million of pre-tax gains related to these sales, as certain contingencies are resolved. See Note 10, "Regulatory Environment," for details on how the MPSC has agreed to handle these land sales.

13. COMMON STOCK

(Thousands)	December 31	
	2005	2004
Common Stock of the Company consists of		
Common Stock without par value,		
\$9 stated value, authorized		
3,000,000 shares, issued and		
outstanding - 1,473,736 shares		
in 2005 and 2004	\$13,263.3	\$13,263.3

All shares of the Company's common stock are owned by WPSR.

In 2005, The Company made a \$5.7 million return of capital to WPSR.

14. DIVIDEND RESTRICTION

The Company's indentures relating to first mortgage bonds contain certain limitations on the payment of cash dividends on common stock. Under the most restrictive of these provisions, approximately \$27.7 million of retained earnings was available at December 31, 2005, for the payment of common stock cash dividends by the Company.

15. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consists of the following utility and nonutility assets.

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NOTES TO FINANCIAL STATEMENTS (Continued)

<i>(Millions)</i>	2005	2004
Electric utility	\$193.2	\$185.4
Less: Accumulated depreciation	87.6	84.0
Net	\$105.6	\$101.4
Construction in progress	1.6	1.3
Net utility plant	\$107.2	\$102.7
Nonutility plant	\$4.3	\$3.9
Less: Accumulated depreciation	0.6	0.5
Net nonutility plant	3.7	3.4
Total property, plant, and equipment	\$110.9	\$106.1

16. QUARTERLY FINANCIAL INFORMATION (Unaudited)

<i>(Millions)</i>	Three Months Ended				
	2005				
	March	June	September	December	Total
Operating revenues	\$24.1	\$21.0	\$32.0	\$27.1	\$104.2
Operating income	\$1.8	\$0.7	\$2.1	\$1.3	\$5.9
Net income	\$1.5	\$0.5	\$1.7	\$4.4	\$8.1

<i>(Millions)</i>	Three Months Ended				
	2004				
	March	June	September	December	Total
Operating revenues	\$24.5	\$20.6	\$24.4	\$25.9	\$95.4
Operating income	\$2.2	\$0.8	\$1.2	\$1.5	\$5.7
Net income	\$1.8	\$0.5	\$0.9	\$1.1	\$4.3

Because of various factors which affect the utility business, the quarterly results of operations are not necessarily comparable.

17. RELATED PARTY TRANSACTIONS

The Company enters into transactions with related parties, including WPSR, its subsidiaries, and other related parties.

The following table shows purchases from and sales to related parties:

<i>(Millions)</i>	2005	2004
Electric purchases from WPSC	\$33.5	\$16.1
Electric sales to WPSC	28.0	4.9

The assets and liabilities related to the qualified and non-qualified pension plans and the postretirement plans of WPSR are recorded on WPSC's Balance Sheet. The net periodic benefit cost associated with the plans is allocated among WPSR's subsidiaries. At December 31, 2005, and 2004, the Company's Balance Sheet included \$0.7 million and \$0.6 million, respectively, in payables to related parties related to these benefit plans.

WPSR and its consolidated subsidiaries file consolidated federal income tax returns. WPSC pays the income taxes, which are then allocated to the appropriate entities. The tax allocable to each subsidiary is the amount of tax

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NOTES TO FINANCIAL STATEMENTS (Continued)

it would have paid had it filed a separate return for the tax year in question, after application of any credit to which it would be entitled on a separate return basis. Adjustments are made as necessary to reflect any items which are usable on the consolidated return, but which would not be usable on a separate return, such as deducting a capital loss that can be used against capital gains attributable to another member of the consolidated group. At December 31, 2005, the Company's Balance Sheet included intercompany taxes payable of \$0.8 million. At December 31, 2004, intercompany taxes payable totaled \$0.2 million.

At December 31, 2005, the Company had a 6.79% interest in WPS Investments, accounted for under the equity method. WPS Investments is a consolidated subsidiary of WPSR that is jointly owned by WPSR, WPSC, and the Company. The ownership interests have varied throughout 2003 thru 2005 and will continue to change as cash is contributed by WPSR or additional assets are contributed by the utilities. Net equity pretax income recorded by the Company during 2005 and 2004 was \$1.7 million and \$1.5 million, respectively.

The Company also provides and receives other services, property, and things of value to and from its parent, WPSR, and other subsidiaries of WPSR. All such transactions are made pursuant to a master affiliated interest agreement. The agreement provides that the Company receives payment equal to the higher of its cost or fair value for services and property and other things of value which the Company provides to WPSR or its other nonregulated subsidiaries, and the Company makes payments equal to the lower of the provider's cost or fair value for property, services, and other things of value which WPSR or its other nonregulated subsidiaries provide to the Company. The agreement further provides that any services, property, or other things of value provided to or from the Company to or for any other regulated subsidiary of WPSR be provided at cost.

The Company lease its corporate office building from Upper Peninsula Building Development Corporation, a sister company.

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STATEMENT OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

1. Report in columns (b), (c), (d) and (e) the amounts of accumulated other comprehensive income items, on a net-of-tax basis, where appropriate.
2. Report in columns (f) and (g) the amounts of other categories of other cash flow hedges
3. For each category of hedges that have been accounted for as "fair value hedges", report the accounts affected and the related amounts in a footnote.

Line No.	Item (a)	Unrealized Gains and Losses on Available for Sale Securities (b)	Minimum Pension Liability and adjustment (net amount) (c)	Foreign Currency Hedges (d)	Other Adjustments (e)
1	Balance of Acct 219 @ Beginning of Preceding Year		(91,238)		
2					
3	Preceding Year to Date Changes in Fair Value		(91,962)		
4	Total (Lines 2 and 3)		(91,962)		
5	Balance of Acct 219 @ End of Preceding Year		(183,200)		
6	Balance of Acct 219 @ Beginning of Current Year		(183,200)		
7					
8	Current Year Change in fair Value		183,200		
9	Total (lines 7 and 8)		183,200		
10	Balance of Acct 219 at end of Current Year				

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STATEMENT OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES (cont'd)

Line No.	Other Cash Flow Hedges Interest Rate Swaps (f)	Other Cash Flow Hedges (specify) (g)	Totals for each category of items recorded in Account 219 (h)	Net Income (carried forward from Page 117, Line 72) (i)	Total Comprehensive Income (j)
1			(91,238)		
2					
3			(91,962)		
4			(91,962)		(91,962)
5			(183,200)		
6			(183,200)		
7					
8			183,200		183,200
9			183,200		
10					

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**SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISION FOR DEPRECIATION,
AMORTIZATION AND DEPLETION**

Line No.	Item (a)	Total (b)	Electric (c)
1	UTILITY PLANT		
2	In Service	179,504,429	179,504,429
3	Plant in Service (Classified)		
4	Property Under Capital Leases		
5	Plant Purchased or Sold		
6	Completed Construction not Classified	13,727,216	13,727,216
7	Experimental Plant Unclassified		
8	TOTAL (Enter Total of lines 3 thru 7)	193,231,645	193,231,645
9	Leased to Others		
10	Held for Future Use		
11	Construction Work in Progress	1,592,662	1,592,662
12	Acquisition Adjustments		
13	TOTAL Utility Plant (Enter Total of lines 8 thru 12)	194,824,307	194,824,307
14	Accum. Prov. For Depr., Amort., & Depl.		
15	Net Utility Plant (Enter Total of line 13 less 14)	194,824,307	194,824,307
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
17	In Service:		
18	Depreciation	84,123,342	84,123,342
19	Amort. & Depl. Of Producing Natural Gas Land & Land Rights		
20	Amort. Of Underground Storage Land & Land Rights		
21	Amort. Of Other Utility Plant	950,531	950,531
22	TOTAL In Service (Enter Total of lines 18 thru 21)	85,073,873	85,073,873
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	2,550,570	2,550,570
33	TOTAL Accumulated Provisions (Should agree with line 14 above) (Enter Total of lines 22, 26, 30, 31 & 32)	87,624,443	87,624,443

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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	2,005	
3	302 Franchises and Consents	7,551,275	
4	303 Miscellaneous Intangible Plant	2,367	10,005
5	TOTAL Intangible Plant	7,555,647	10,005
6	2. PRODUCTION PLANT		
7	Steam Production Plant		
8	310.1 Land	153,164	
9	310.2 Land Rights	185	
10	311 Structures and Improvements	1,474,516	
11	312 Boiler Plant Equipment	4,410,820	
12	313 Engines and Engine-Driven Generators		
13	314 Turbogenerator Units	1,429,231	
14	315 Accessory Electric Equipment	568,767	
15	316 Miscellaneous Power Plant Equipment	208,347	
16	TOTAL Steam Production Plant	8,245,030	0
17	Nuclear Production Plant		
18	320.1 Land		
19	320.2 Land Rights		
20	321 Structures and Improvements		
21	322 Reactor Plant Equipment		
22	323 Turbogenerator Units		
23	324 Accessory Electric Equipment		

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

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

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

to primary account classifications.

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

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

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					1
				301	2
				302	3
2,367				303	4
2,367	0	0	7,563,285		5
					6
					7
				310.1	8
				310.2	9
				311	10
				312	11
				313	12
6,403				314	13
1,019				315	14
				316	15
7,422	0	0	8,237,608		16
					17
				320.1	18
				320.2	19
				321	20
				322	21
				323	22
				324	23

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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	TOTAL Nuclear Production Plant	0	0	
26	Hydraulic Production Plant			
27	330.1 Land	285,252		
28	330.2 Land Rights	367,462		
29	331 Structures and Improvements	756,311	146,657	
30	332 Reservoirs, Dams and Waterways	25,699,939	3,522,110	
31	333 Water Wheels, Turbines and Generators	698,005		
32	334 Accessory Electric Equipment	1,347,369	3,029	
33	335 Miscellaneous Power Plant Equipment	565,466	50,973	
34	336 Roads, Railroads and Bridges	455,339	62,939	
35	TOTAL Hydraulic Production Plant	30,175,143	3,785,708	
36	Other Production Plant			
37	340.1 Land	63,016		
38	340.2 Land Rights			
39	341 Structures and Improvements	153,022	34,586	
40	342 Fuel Holders, Products and Accessories	389,511	33,315	
41	343 Prime Movers	2,411,356		
42	344 Generators	1,056,338	78,500	
43	345 Accessory Electric Equipment	701,981		
44	346 Miscellaneous Power Plant Equipment	31,904		
45	TOTAL Other Production Plant	4,807,128	146,401	
46	TOTAL Production Plant	43,227,301	3,932,109	
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			

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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.
				325	24
0	0	0	0		25
					26
				330.1	27
				330.2	28
436				331	29
3,416				332	30
				333	31
				334	32
				335	33
				336	34
3,852	0	0	33,956,999		35
					36
				340.1	37
				340.2	38
				341	39
1,427				342	40
				343	41
				344	42
				345	43
				346	44
1,427	0	0	4,952,102		45
12,701	0	0	47,146,709		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			
58	TOTAL Transmission Plant	0		0
59	4. DISTRIBUTION PLANT			
60	360.1 Land	351,112		
61	360.2 Land Rights	387,362		
62	361 Structures and Improvements	1,061,661		8,364
63	362 Station Equipment	19,971,142		609,250
64	363 Storage Battery Equipment			
65	364 Poles, Towers and Fixtures	25,652,393		66,024
66	365 Overhead Conductors and Devices	14,568,160		344,265
67	366 Underground Conduit			
68	367 Underground Conductors and Devices	14,678,015		624,785
69	368 Line Transformers	16,893,902		1,161,112
70	368.1 Capacitors	56,471		
71	369 Services	10,282,378		877,414
72	370 Meters	5,398,102		183,196
73	371 Installations on Customers' Premises	553,960		22,705
74	372 Leased Property on Customers' Premises			
75	373 Street Lighting and Signal Systems	1,686,523		79,976
76	TOTAL Distribution Plant	111,541,181		3,977,091
77	5. GENERAL PLANT			
78	389.1 Land	125,655		156
79	389.2 Lands Rights			
80	390 Structures and Improvements	4,058,339		300,917
81	391 Office Furniture and Equipment	1,778,990		10,832
82	391.1 Computers / Computer Related Equipment	1,036,866		125,421
83	392 Transportation Equipment	7,398,014		418,932
84	393 Stores Equipment	100,995		
85	394 Tools, Shop and Garage Equipment	1,417,298		100,201
86	395 Laboratory Equipment	1,004,071		32,832
87	396 Power Operated Equipment	485,842		8,341
88	397 Communication Equipment	2,088,596		76,881
89	398 Miscellaneous Equipment	27,273		4,900
90	SUBTOTAL	19,521,939		1,079,413

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ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
				359	57
0	0	0	0		58
					59
				360.1	60
				360.2	61
23,718		59,707		361	62
49,407		(47,300)		362	63
				363	64
156,656		(1,163)		364	65
27,460				365	66
				366	67
142,435		(700)		367	68
374,033				368	69
34,942				368.1	70
		700		369	71
86,209				370	72
9,485				371	73
				372	74
16,735				373	75
921,080	0	11,244	114,608,436		76
					77
				389.1	78
				389.2	79
12,414				390	80
		(402)		391	81
95,569				391.1	82
740,272				392	83
				393	84
		(186,653)		394	85
		187,055		395	86
6,648				396	87
		(12,407)		397	88
				398	89
854,903	0	(12,407)	19,734,042		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) April 28, 2006	Year of Report December 31, 2005
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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)
91	399 Other Tangible Property		
92	TOTAL General Plant	19,521,939	1,079,413
93	TOTAL (Accounts 101 and 106)	181,846,068	8,998,618
94			
95	102 Electric Plant Purchased		
96	(Less) 102 Electric Plant Sold		
97	103 Experimental Plant Unclassified		
98	TOTAL Electric Plant in Service (Total of lines 93 thru 97)	181,846,068	8,998,618

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

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
				399	91
854,903	0	(12,407)	19,734,042		92
1,791,051	0	(1,163)	189,052,472		93
					94
				102	95
					96
				103	97
1,791,051	0	(1,163)	189,052,472		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) April 28, 2006	Year of Report December 31, 2005
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**PLANT ACQUISITION ADJUSTMENTS AND ACCUMULATED PROVISION FOR AMORTIZATION
OF PLANT ACQUISITION ADJUSTMENTS (Accounts 114 & 115)**

1. Report the particulars called for concerning acquisition adjustments.
2. Provide a subheading for each account and list thereunder the information called for, observing the instructions below.
3. Explain each debit and credit during the year, give reference to any Commission orders or other authorizations concerning such amounts, and show contra account debited or credited.
4. For acquisition adjustments arising during the year
 - state the name of the company from which the property was acquired, date of transaction, and date journal entries clearing Account 102, Plant Purchased or Sold, were filed with the Commission.
 - 5. In the blank space at the bottom of the schedule, explain the plan of disposition of any acquisition adjustments not currently being amortized.
 - 6. Give date Commission authorized use of Account 115.

Line No.	Description (a)	Balance Beginning of Year (b)	Debits (c)	CREDITS		Balance End of Year (f)
				Contra Acct. (d)	Amount. (e)	
1	Account 114					
2						
3	Purchased Four (4) Hydro-	3,575,565				3,575,565
4	Electric Generating Stations					
5	From Cliffs Electric Service					
6	On February 17, 1988					
7						
8						
9						
10						
11						
12						
13						
14						
15	Account 115					
16						
17	Four (4) Hydro-Electric	2,407,548		406	(143,023)	2,550,571
18	Generating Stations					
19						
20						

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

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

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

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

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

4. Minor projects may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress-Electric (Account 107) (b)	Completed Construction Not Classified-Electric (Account 106) (c)	Estimated Additional Cost of Project (d)
1	Silver Lake Dam Replacement	403,913		4,946,087
2	Autrain Dam PMF Discharge Study	373,815		1,726,185
3	Elevation St. Sun Exits		105,095	
4	Bayview Upgrade Reclosers & Regulators		107,612	
5	Prickett Intake Structure Canal Sinkhole		114,413	
6	Iron River & Bates Ckts., Covert Sub Exits		125,172	
7	Osceola Sub Exits		132,779	
8	Lincoln Ave., Conv. 12.5kv Feeders to OH Exits		144,749	
9	McClure Dam Stability & Anchoring Engineering		189,838	
10	Bond Falls Aux. Dike (Fuse Plug)		222,243	
11	Hoist Dam Stability & Anchoring Engineering		244,011	
12	Hoist Dam Reverse Filter Blanket		897,753	
13	Osceola-Replace Bank #1 Transformer		1,076,805	
14	Hoist Stability & Post Tension Anchoring		1,282,706	
15	McClure Dam Safety Mod., Anchoring/Spillway		1,560,649	
16	New L'Anse Area Distribution Sub		2,729,902	
17	Projects with Balances Less than \$100,000	814,934	4,793,489	
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35	TOTAL	1,592,662	13,727,216	6,672,272

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CONSTRUCTION OVERHEADS - ELECTRIC

1. List in columns (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items. should explain on page 218 the accounting procedures employed and the amounts of engineering, supervision and administrative costs, etc., which are directly charged to construction.
2. On page 218 furnish information concerning construction overheads.
3. A respondent should not report "none" to this page if no overhead apportionments are made, but rather
4. Enter on this page engineering, supervision, administrative, and allowance for funds used during construction, etc., which are first assigned to a blanket work order and then prorated to construction jobs.

Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)
1	Local Engineering	
2		153,166
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
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34		
35		
36		
37		
38		
39	TOTAL	153,166

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) April 28, 2006	Year of Report December 31, 2005
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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.

- Construction Overheads: Supervision and engineering are charged to specific requisitions involved, direct from the time vouchers. Pensions expense, workmen's compensation insurance, payroll taxes, and other employee benefits including health and dental insurance, and long term disability insurance, are allocated to construction based on direct payroll charges.
- General Administration: By examination, certain administration and general salaries are transferred to construction costs based on direct payroll charges to construction projects involved.
- Items 2 and 3 below (Gross rate for borrowed funds and rate for other funds) are based on Michigan Public Service Commission's found overall rate of return ordered by Case U-13497 dated December 20, 2002.

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 \$ 9,859,726		
2	Short-Term Interest			s 3.39%
3	Long-Term Debt	D 30,300,000	32.11%	d 7.36%
4	Preferred Stock	P		p
5	Common Equity	C 64,049,769	67.89%	c 11.40%
6	Total Capitalization	\$104,209,495	100.00%	
7	Average Construction Work In Progress Balance	W \$ 1,834,843		

2. Gross Rate for Borrowed Funds

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

3. Rate for Other Funds

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

4. Weighted Average Rate Actually Used for the Year:
- Rate for Borrowed Funds - 8.589
 - Rate for Other Funds - 0.000

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ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108 & 110)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c), and that reported for electric plant in service, pages 202-204A, column (d), excluding retirements of non-depreciable property.
3. Accounts 108 and 110 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service.

If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all cost included in retirement work in progress at year end in the appropriate functional classifications.

4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	80,787,512	80,787,512		
2	Depreciation Prov. for Year, Charged to	-			
3	(403) Depreciation Expense	4,783,750	4,783,750		
4	(403.1) Decommissioning Expense	-			
5	(413) Exp. Of Elec. Pft. Leas. to Others	-			
6	Transportation Expenses-Clearing	458,636	458,636		
7	Other Clearing Accounts	-			
8	Other Accounts (Specify):	-			
9		5,242,386	5,242,386		
10	TOTAL Deprec. Prov. For Year (Enter Total of Lines 3 thru 9)	-	-		
11	Net Charges for Plant Retired:	-			
12	Book Cost of Plant Retired	1,788,684	1,788,684		
13	Cost of Removal	395,434	395,434		
14	Salvage (Credit)	129,118	129,118		
15	TOTAL Net Chrgs. For Plant Ret. (Enter Total of lines 12 thru 14)	2,055,000	2,055,000		
16	Net Earnings of Decommissioning Funds	-			
17	Other Debit or Credit Items (Described)	148,444	148,444		
18	Retirement WIP	-			
19	Balance End of Year (Enter total of lines 1, 10, 15, 16 & 17)	84,123,342	84,123,342		

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

20	Steam Production	8,580,635	8,580,635		
21	Nuclear Production-Depreciation	-			
22	Nuclear Production-Decommissioning	-			
23	Hydraulic Production-Conventional	9,455,364	9,455,364		
24	Hydraulic Production-Pumped Storage	-			
25	Other Production	4,284,403	4,284,403		
26	Transmission	-			
27	Distribution	50,463,041	50,463,041		
28	General	11,339,899	11,339,899		
29	TOTAL (Enter total of lines 20 thru 28)	84,123,342	84,123,342		

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FOOTNOTE DATE					
Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)		
219	16	(b)	Implementation of Fin47 ARO \$(170,687) (\$170,687) Implementation of Fin47 ARO \$ 314,798 314,798 Repurchase transformer from ATC <u>4,333</u> TOTAL \$148,444		

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NONUTILITY PROPERTY (Account 121)

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

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 County & Houghton County	48,622	(281)	48,341
2				
3				
4	Land in the Ontonagon River Area	135,117	(26,343)	108,774
5				
6	Land in the City of Gladstone	205,031		205,031
7				
8	Land in Houghton Cty. Franklin Twnshp.	703	(633)	70
9				
10	Escanaba River Hydros Delta County	3,318,098	105,351	3,423,449
11				
12	CWIP	93,582	310,557	404,139
13				
14	Eastern Hydro Dams	72,329	(6,724)	65,605
15				
16				
17				
18				
	TOTAL	3,873,482	381,927	4,255,409

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	507,421
2	Accruals for Year, Charged to	
3	(417) Income from Nonutility Operations	81,645
4	(418) Nonoperating Rental Income	
5	Other Accounts (Specify):	
6		
7	TOTAL Accruals for Year (Enter Total of lines 3 thru 6)	81,645
8	Net Charges for Plant Retired:	
9	Book Cost of Plant Retired	13,001
10	Cost of Removal	
11	Salvage (Credit)	
12	TOTAL Net Charges (Enter Total of lines 9 thru 11)	13,001
13	Other Debit or Credit Items (Describe):	
14		
15	Balance, End of Year (Enter Total of lines 1, 7, 12, and 14)	576,065

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INVESTMENTS (Accounts 123, 124, 136)

1. Report below the investments in Accounts 123, *Investments in Associated Companies*, 124, *Other Investment*, and 136, *Temporary Cash Investments*.
 2. Provide a subheading for each account and list thereunder the information called for:
 (a) Investment in securities - List and describe each security owned, giving name of user, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant to authorization by the Board of Directors, and included in Account 124, *Other Investments*), state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, *Temporary Cash Investments*, also may be grouped by classes.
 (b) Investment Advances-Report separately for each person or company the amounts of loans or investment advances which are properly includable in Account 123. Advances subject to current repayment should be included in Accounts 145 and 146. With respect to each advance, show whether the advance is a note or an open account. Each note should be

Line No.	Description of Investment (a)	Book Cost at Beginning of Year <i>(if book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference)</i> (b)		Purchases or Additions During Year (c)
		Original Cost	Book Value	
1	WPS Investments LLC			
2	Date Acquired 06/29/01			
3	6.79% Interest (Paid In Capital)	13,343,757		
4				
5	ATC Management, Inc.			
6	Date Acquired 06/29/01			
7	2.04% Non-Voting Interest, 0% Voting Interest	3,220		
8	(Common Equity)			
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30		13,346,977	0	0

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INVESTMENTS (Accounts 123, 124, 136) (Cont'd)

listed giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees. Exclude amounts reported on page 229.

3. For any securities, notes or accounts that were pledged designate with an asterisk such securities, notes, or accounts and in a footnote state the name of pledge and purpose of the pledge.

4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.

5. Report in column (g) interest and dividend revenues from investments including such revenues from securities disposed of during the year.

6. In column (h) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (g).

Sales or Other Dispositions During Year (d)	Principal Amount or No. of Shares at End of Year (e)	Book Cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (f)		Revenues for Year (g)	Gain of Loss from Improvement Disposed of (h)	Line No.
		Original Cost	Book Value			
801,676		14,195,979		1,653,898		1
		3,220				2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
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						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
801,676	0	14,199,199	0	1,653,898	0	29
						30

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INVESTMENT IN SUBSIDIARY COMPANIES (Account 123.1)

Report below the investments in Accounts 123.1, *Investments in Subsidiary Companies*.

2. Provide a subheading for each company and list thereunder the information called for below. Sub-total by company and give a total in columns (e), (f), (g) and (h).

(a) Investment in Securities - List and describe each security owned. For bonds give also principal amount, date of issue, maturity, and interest rate.

(b) Investment Advances - Report separately the

amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.

3. Report separately the equity in undistributed subsidiary earnings since acquisition. The total in column (e) should equal the amount entered for Account 418.1.

Line No.	Description of Investment (a)	Date Acquired (b)	Date of Maturity (c)	Amount of Investment at Beginning of Year (d)
1	WPS Investments LLC			
2	6.79% Interest	06/29/01		13,343,757
3	Paid In Capital			
4				
5	ATC Management, Inc.			
6	2.45% Non-Voting Interest, 0% Voting Interest	06/29/01		3,220
7	Common Equity			
8				
9				
10				
11				
12				
13				
14				
15				
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31				
32				
33				
34				
35				
36	TOTAL Cost of Account 123.1 \$ 0		TOTAL	13,346,977

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INVESTMENT IN SUBSIDIARY COMPANIES (Account 123.1) (Continued)

4. For any securities, notes, or accounts that were pledged, designate such securities, notes or accounts in a footnote, and state the name of pledgee and purpose of the pledge.
5. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.
6. Report in column (f) interest and dividend revenues from investments, including such revenues from securities disposed of during the year.
7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including interest adjustment includible in column (f).
8. Report on Line 36, column (a) the total cost of Account 123.1.

Equity in Subsidiary Earnings for Year (e)	Revenues for Year (f)	Amount of Investment at End of Year (g)	Gain or Loss from Investment Disposed of (h)	Line No.
2,017,147	(1,164,925)	14,195,979		1
				2
				3
				4
		3,220		5
				6
				7
				8
				9
				10
				11
				12
				13
				14
				15
				16
				17
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				24
				25
				26
				27
				28
				29
				30
				31
				32
				33
				34
				35
2,017,147	(1,164,925)	14,199,199	0	36

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FOOTNOTE DATE

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
224	1	(f)	WPS Investments hold our investments in the American Transmission Company LLC. Included in Column (f) are dividends from ATC in the amount of \$1,164,925.
224	5	(b)	ATC Management is the corporate manager of the American Transmission Company LLC.
224	5	(f)	Ownership balance adjustment in ATC Management are due to changes in ownership of American Transmission Company LLC.

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NOTES AND ACCOUNTS RECEIVABLE SUMMARY FOR BALANCE SHEET

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

Line No.	Accounts (a)	Balance Beginning of Year (b)	Balance End of Year (c)
1	Notes Receivable (Account 141)	6,329,946	9,519,952
2	Customer Accounts Receivable (Account 142)	4,191,519	14,717,493
3	Other Accounts Receivable (Account 143) (Disclose any capital stock subscriptions received)		
4	TOTAL	10,521,465	24,237,445
5	Less: Accumulated Provision for Uncollectible Accounts-Cr. (Account 144)	325,000	375,000
6	TOTAL, Less Accumulated Provision for Uncollectible Accounts	10,196,465	23,862,445
7			
8			
9			
10			
11			
12			
13			
14			

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

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

Line No.	Item (a)	Utility Customers (b)	Merchandise Jobbing and Contract Work (c)	Officers and Employees (d)	Other (e)	Total (f)
1	Balance beginning of year	325,000				325,000
2	Prov. For uncollectibles for current year	318,216				318,216
3	Account written off (less)	(331,375)				(331,375)
4	Coll. Of accounts written off	63,159				63,159
5	Adjustments (explain):					0 0
6	Balance end of year	375,000	0	0	0	375,000
7						
8						
9						
10						
11						

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) April 28, 2006	Year of Report December 31, 2005
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RECEIVABLES FROM ASSOCIATED COMPANIES (Accounts 145, 146)

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

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

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

Line No.	Particulars (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)
			Debits (c)	Credits (d)		
1	Account 146					
2						
3	Penvest, Inc.	3,000	0	3,000	0	
4	WPS Power Development, Inc.	534	111	534	111	
5	Wisconsin Public Service Corp.	774,896	58,466,897	54,079,349	5,162,444	
6	WPS Resources Corporation	0	134,411	128,529	5,882	
7	Upper Peninsula Building	0	632,476	609,388	23,088	
8	Development Co.					
9	Wisconsin River Power Co.	0	1,180	1,129	51	
10						
11						
12						
13						
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16						
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24						
25	TOTAL	778,430	59,235,075	54,821,929	5,191,576	0

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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)	261,874	358,139	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)			
6	Assigned to - Operations & Maintenance	496,025	384,090	Electric
7	Production Plant (Estimated)	307,751	297,910	Electric
8	Transmission Plant (Estimated)			
9	Distribution Plant (Estimated)	554,889	468,411	Electric
10	Assigned to - Other	13,910	12,480	Electric
11	TOTAL Account 154 (Enter total of line 5 thru 10)	1,372,575	1,162,891	
12	Merchandise (Account 155)			
13	Other Material & Supplies (Account 156)			
14	Nuclear Materials Held for Sale (Account 157) (not applicable to Gas utilities)			
15	Stores Expense Undistributed (Account 163)	5,313	11,112	Electric
16				
17				
18				
19				
20	TOTAL Materials & Supplies (Per Balance Sheet)	1,639,762	1,532,142	

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PRODUCTION FUEL AND OIL STOCKS (Included in Account 151)

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

Line No.	Item (a)	Total Cost (b)	KINDS OF FUEL AND OIL	
			Quantity (c) Barrels	Cost (d) Oil
1	On hand beginning of year	261,875	4,362.67	261,875
2	Received during year	5,044,662	61,311.10	5,044,662
3	TOTAL	5,306,537	65,673.77	5,306,537
4	Used during year (specify department)	4,948,398	61,525.11	4,948,398
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15	Sold or transferred			
16	TOTAL DISPOSED OF	4,948,398	61,525.11	4,948,398
17	BALANCE END OF YEAR	358,139	4,148.66	358,139

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PRODUCTION FUEL AND OIL STOCKS (Included in Account 151 (Continued))							
KINDS OF FUEL AND OIL (Continued)							
Quantity (e) MCF	Cost (f) Gas	Quantity (g)	Cost (h)	Quantity (i)	Cost (j)	Line No.	
						1	
0	5,500					2	
0	5,500	0	0	0	0	3	
0	5,500					4	
						5	
						6	
						7	
						8	
						9	
						10	
						11	
						12	
						13	
						14	
						15	
0	5,500	0	0	0	0	16	
0	0	0	0	0	0	17	

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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	Accrued Ad Valorem Taxes	3,749,700
2	Deferred Power Supply Cost Revenue	1,878,239
3		
4		
5		
6		
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24		
25	TOTAL	5,627,939

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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) April 28, 2006	December 31, 2005

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	Hydro Land Appraisal	102,139
2	Bond Falls - Eng. For New License Requirements	62,058
3	Victoria Investigation, Drilling & Piezometers	95,905
4	Silver Lake Dike Evaluation & Eng.	328,182
5	Snow Feils Substation - Eng. & Design	911
6	Victoria Dam Re-Evaluation Hydrology	2,735
7	Prickett IDF Assessment/Evaluation/Eng.	
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TOTAL		591,930

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) April 28, 2006	Year of Report December 31, 2005
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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)		
4,857	956	106,996	0	1
			62,058	2
36,022			131,927	3
47,891			376,073	4
			911	5
22,041			24,776	6
31,550			31,550	7
				8
				9
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142,361		106,996	627,295	TOTAL

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OTHER REGULATORY ASSETS

- 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.)
- For regulatory assets being amortized, show period of amortization in column (a).
- Minor items (amounts less than \$50,000) may be grouped by classes.
- Give the number and name of the account's) where each amount if 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	Retiree Health and Life		926	30,210	211,464
2	Minimum Pension Liability	329,235			329,235
3	Warden Ash Site Monitoring		253	55,000	1,320,000
4	ARO	431,797			431,797
5	Silver Lake Cost		Various	2,428	826,641
6	PI Power Plant Outage PSCR Integrated	587,452			2,458,763
7	Derivatives	46,068			46,068
8	*All amounts are recorded in Accounts 182.3				
9					
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38					
39	TOTAL	1,394,552		87,638	5,623,968

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) April 28, 2006	Year of Report December 31, 2005
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MISCELLANEOUS DEFERRED DEBITS (Account 186)

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

Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	Accruals to Subsidiaries	29,831	318,419	Various	341,201	7,049
2	Labor Load/Trans Capital Accrual	48,764	603,635	Various	652,399	0
3	Work Orders	218,252	130,968	Various	94,402	254,818
4	Amortization Warden Ash Site Costs	222,862	29,794	511	30,131	222,525
5	Minor Items	19,869	36			19,905
6						
7						
8						
9						
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37						
38	Misc. Work in Progress					
39	TOTAL	539,578	1,082,852		1,118,133	504,297

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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	0		
3	Other Than Plant	4,248,940	(3,999,654)	2,681,391
4	Plant (FAS 109)	0		
5	Other than Plant (FAS 109)	57,983		
6				
7	Other			
8	TOTAL (Account 190) (Enter total of lines 2 thru 7)	4,306,923	(3,999,654)	2,681,391
9	Gas			
10				
11				
12				
13				
14				
15	Other			
16	TOTAL Gas (Enter total of lines 10 thru 15)	0	0	0
17	Other (Specify)			
18	TOTAL (Account 190) (Enter total of lines 8, 16 & 17)	4,306,923	(3,999,654)	2,681,391
19	Classification of Total:			
20	Federal Income Tax	4,329,042	(3,949,823)	2,639,723
21	State Income Tax	(22,119)	(49,831)	41,668
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.

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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)		
			(102,745)		694,418	694,418	1
						2,827,932	2
						0	3
					11,925	69,908	4
							5
							6
							7
0	0		(102,745)		706,343	3,592,258	8
							9
							10
							11
							12
							13
							14
							15
0	0		0		0	0	16
							17
0	0		(102,745)		706,343	3,592,258	18
							19
			(102,254)		696,352	3,613,040	20
			(491)		9,991	(20,782)	21
							22

NOTES (Continued)

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UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (Account 189, 257)

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, particulars of gain and loss on reacquisition applicable to each class and series of long-term debt, including maturity date. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.
2. In column (c) show the principal amount of bonds or other long-term debt reacquired.
3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with General Instruction 16 of the Uniform System of Accounts.

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Princ. Amt. Of Debt Reacquired (c)	Net Gain or Net Loss (d)
1	Acct 189 Unamortized Loss on Reacq Debt			
2	First Mortgage Bonds 10-3/4% Series (1)	8/1/991	3,150,000	(81,375)
3				
4				
5				
6				
7				
8				
9	(1) New Issue 11/1/91 First Mortgage Bonds 9.32% Series Due 2021 \$18,000,000			
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UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (Account 189, 257) (Continued)

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

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

Balance Beginning of Year (e)	Debits During Year (f)	Credits During Year (g)	Balance End of Year (h)	Line No.
				1
45,660		2,712	42,948	2
				3
				4
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CAPITAL STOCK (Accounts 201 and 204)

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

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

Line No.	Class and Series of Stock and Name of Stock Exchange (a)	Number of Shares Authorized by Charter (b)	Par or Stated Value Per Share (c)	Call Price at End of Year (d)
1	Common Stock Without Par \$9 Stated Value	3,000,000	9.00	
2				
3				
4	Cumulative Preferred Stock	300,000		
5				
6	Cumulative Preference Stock	1,000,000	1.00	
7				
8	NOTE: Respondent's common stock is			
9	entirely held by its parent holding company,			
10	WPS Resources Corporation.			
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CAPITAL STOCK (Accounts 201 and 204) (Continued)

- | | |
|---|---|
| <p>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.</p> <p>4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.</p> | <p>5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.</p> <p>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.</p> |
|---|---|

OUTSTANDING PER BALANCE SHEET <i>(Total amount outstanding without reduction for amounts held by respondents.)</i>		HELD BY RESPONDENT				
		AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	Line No.
1,473,736	13,263,624					1
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						3
						4
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**CAPITAL STOCK SUBSCRIBED, CAPITAL STOCK LIABILITY FOR CONVERSION, PREMIUM ON CAPITAL STOCK AND INSTALLMENTS RECEIVED ON CAPITAL STOCK
(Accounts 202 & 205, 203 & 206, 207, 212)**

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

Line No.	Name of Account & Description of Item (a)	Number of Shares (b)	Amount (c)
1	Account 207 - Premium on Capital Stock		
2			
3	Common Stock*	1,090,736	17,011,989
4	Additional Paid in Capital		2,881,684
5			
6			
7			
8	* In 1982, the Company amended its Articles of Incorporation to		
9	change its Common Stock \$9 par value, to Common Stock		
10	without par value.		
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40	TOTAL	1,090,736	19,893,673

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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.

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.

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

(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.

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

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

Line No.	Item (a)	Amount (b)
1	Account 210 - Gain on Resale or Cancellation of Reacquired Capital	
2	Stock	
3		
4	Balance Beginning of Year	40,250
5		
6		
7		
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34		
35	TOTAL	40,250

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) April 28, 2006	Year of Report December 31, 2005
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**SECURITIES ISSUED OR ASSUMED AND SECURITIES REFUNDED OR RETIRED
DURING THE YEAR**

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

Security Financing:

Security fund requirements of the various series bonds were satisfied during the year.

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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) April 28, 2006	Year of Report December 31, 2005
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LONG-TERM DEBT (Accounts 221, 222, 223 and 224)

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

Line No.	Class and Series of Obligation, Coupon Rate <i>(For new issue, give Commission Authorization numbers and dates)</i>	Principal Amount of Debt Issued	Total Expense, Premium or Discount
	(a)	(b)	(c)
1	Bonds (Account 221)		
2	9.32% Series		
3		18,000,000	224,361
4	Advances from Affiliates (Account 223)		
5	5.25% Note		
6		15,000,000	
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
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19			
20			
21			
22			
23			
24			
25	TOTAL	33,000,000	224,361

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) April 28, 2006	Year of Report December 31, 2005
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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 (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
11/1/1991	11/1/2021	11/1/1991	11/1/2021	14,400,000	1,411,980	1 2 3
8/29/2003	7/29/2013			15,000,000	787,500	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23
				29,400,000	2,199,480	24 25

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 28, 2006	Year of Report December 31, 2005
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PAYABLES TO ASSOCIATED COMPANIES* (Accounts 233, 234)

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

**See definition on page 226B*

Line No.	Particulars (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)
			Debits (c)	Credits (d)		
1	Account 233					
2	WPS Resources Corporation	11,600,000	6,100,000	8,500,000	14,000,000	334,610
3						
4						
5	Account 234					
6	Upper Peninsula Building Development Co.	206,783	1,123,084	1,123,200	206,899	
7	WPS Westwood Generation LLC	0	2,059	3,451	1,392	
8	Penvest, Inc.	1,450	17,400	17,400	1,450	
9	Wisconsin River Power Company	83	83	0	0	
10	WPS Resources Corporation	345,275	1,783,253	1,814,835	376,857	
11	Wisconsin Public Service Corporation	3,537,881	87,581,677	88,922,768	4,878,972	
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
	TOTAL	15,691,472	96,607,556	100,381,654	19,465,570	334,610

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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) April 28, 2006	Year of Report December 31, 2005
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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)	8,112,531
6	Allocation of Net income for the year	
7	Add: Federal income tax expenses	3,401,856
8		
9	Total pre-tax income	11,514,387
10		
11	Add: Taxable income not reported on books:	154,410
12		
13		
14		
15	Add: Deductions recorded on books not deducted from return	4,221,822
16		
17		
18		
19	Subtract: Income recorded on books not included in return:	(1,142,003)
20		
21		
22		
23	Subtract: Deductions on return not charged against book income:	(10,526,981)
24		
25		
26	Federal taxable income for the year	4,221,635

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) April 28, 2006	Year of Report December 31, 2005
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RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES (Continued)

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

Utility	Other	Line No.
		1
		2
		3
		4
		5
		6
		7
		8
		9
		10
154,410	0	11
		12
		13
		14
4,194,119	27,703	15
		16
		17
		18
(385,905)	(756,098)	19
		20
		21
		22
(10,343,458)	(183,523)	23
		24
		25
		26

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) April 28, 2006	Year of Report December 31, 2005
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FOOTNOTE DATE

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)																																												
261	11	--	Add: Taxable income not reported on books. <table border="0" style="width: 100%; margin-left: 20px;"> <thead> <tr> <th></th> <th align="right"><u>Utility</u></th> <th align="right"><u>Other</u></th> <th align="right"><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>Gain/Loss</td> <td align="right">146,698</td> <td align="right">0</td> <td align="right">146,698</td> </tr> <tr> <td>Contingent Liability</td> <td align="right">5,000</td> <td align="right">0</td> <td align="right">5,000</td> </tr> <tr> <td>Interest</td> <td align="right"><u>2,712</u></td> <td align="right"><u>0</u></td> <td align="right"><u>2,712</u></td> </tr> <tr> <td>Total</td> <td align="right">154,410</td> <td align="right">0</td> <td align="right">154,410</td> </tr> </tbody> </table>		<u>Utility</u>	<u>Other</u>	<u>Total</u>	Gain/Loss	146,698	0	146,698	Contingent Liability	5,000	0	5,000	Interest	<u>2,712</u>	<u>0</u>	<u>2,712</u>	Total	154,410	0	154,410																								
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Total	154,410	0	154,410																																												
261	15	--	Add: Deductions recorded on books not deducted from return. <table border="0" style="width: 100%; margin-left: 20px;"> <thead> <tr> <th></th> <th align="right"><u>Utility</u></th> <th align="right"><u>Other</u></th> <th align="right"><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>Advances</td> <td align="right">194,341</td> <td align="right">0</td> <td align="right">194,341</td> </tr> <tr> <td>Bad Debts</td> <td align="right">50,000</td> <td align="right">0</td> <td align="right">50,000</td> </tr> <tr> <td>Basis Adjustment (CWIP)</td> <td align="right">33,477</td> <td align="right">0</td> <td align="right">33,477</td> </tr> <tr> <td>Basis Adjustment (Plt)</td> <td align="right">352,431</td> <td align="right">0</td> <td align="right">352,431</td> </tr> <tr> <td>Environmental Cleanup</td> <td align="right">82,701</td> <td align="right">0</td> <td align="right">82,701</td> </tr> <tr> <td>Lobbying</td> <td align="right">0</td> <td align="right">27,703</td> <td align="right">27,703</td> </tr> <tr> <td>Meals & Entertainment</td> <td align="right">30,561</td> <td align="right">0</td> <td align="right">30,561</td> </tr> <tr> <td>Regulatory Assets</td> <td align="right">3,207,634</td> <td align="right">0</td> <td align="right">3,207,634</td> </tr> <tr> <td>Taxes</td> <td align="right"><u>242,974</u></td> <td align="right"><u>0</u></td> <td align="right"><u>242,974</u></td> </tr> <tr> <td>Total</td> <td align="right">4,194,119</td> <td align="right">27,703</td> <td align="right">4,221,822</td> </tr> </tbody> </table>		<u>Utility</u>	<u>Other</u>	<u>Total</u>	Advances	194,341	0	194,341	Bad Debts	50,000	0	50,000	Basis Adjustment (CWIP)	33,477	0	33,477	Basis Adjustment (Plt)	352,431	0	352,431	Environmental Cleanup	82,701	0	82,701	Lobbying	0	27,703	27,703	Meals & Entertainment	30,561	0	30,561	Regulatory Assets	3,207,634	0	3,207,634	Taxes	<u>242,974</u>	<u>0</u>	<u>242,974</u>	Total	4,194,119	27,703	4,221,822
	<u>Utility</u>	<u>Other</u>	<u>Total</u>																																												
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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) April 28, 2006	Year of Report December 31, 2005
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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 charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax Subaccount (See Instruction 5) (a)	BALANCE AT BEGINNING OF YEAR	
		Taxes Accrued (Account 236) (b)	Prepaid Taxes (Incl. In Account 165) (c)
1	Federal - Income		
2	Unemployment	398	
3	Social Security	55,152	
4	State - WI - IL Income Current Year	54,587	
5	WI - IL Income Prior Year	(16,084)	
6	Single Business	131,082	
7	Unemployment - WI		
8	Unemployment - MI	1,111	
9	Use Tax		
10	Other Taxes		
11	Local - 2006 Ad Valorem		
12	2005 Ad Valorem	3,424,000	
13	2000/1999 Ad Valorem	(512,967)	
14		3,137,279	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	498,377			(2,189,939)
2	12,035			
3	737,040			
4	(11,681)			
5	(37,059)			30,931
6	587,558			3,907
7	(17)			
8	38,288			
9	11,296			
10	10,570			
11	3,436,361			145,952
12				
13	5,282,768	0	0	(2,009,149)

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) April 28, 2006	Year of Report December 31, 2005
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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)	
(1,691,562)	(1,691,562)				1
12,035	12,433				2
737,040	808,744	(2,259)	18,811		3
19,250	(38,240)	(35,597)		(35,597)	4
(33,152)	(2,106)	(51,342)		47,218	5
643,167	(570,087)	(55,609)	148,553		6
17					7
38,288	39,399				8
11,296	11,296				9
10,570	10,570				10
3,749,700			3,749,700		11
(223,030)	3,571,095	370,125			12
	(204,919)		(308,048)		13
3,273,619	1,946,623	225,318	3,609,016	11,621	14

DISTRIBUTION OF TAXES CHARGED

Extraordinary Items a/c 409.3 (m)	Other Utility Opn. Income a/c 408.1, 409.1 (n)	Adjustment to Ret. Earnings a/c 439 (o)	Other (p)	Line No.
				1
				2
				3
				4
				5
				6
				7
				8
				9
				10
				11
0	0	0	0	12

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 28, 2006	Year of Report December 31, 2005
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ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

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

Line No.	Account Subdivisions	Balance at Beginning of Year	Deferred for Year		Allocation to Current Year's Income		Adjustments
			Account No. (c)	Amount (d)	Account No. (e)	Amount (f)	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Electric Utility						
2	3%						
3	4%	79,839			411.4	14,257	
4	7%						
5	10%	923,053			411.4	111,912	
6							
7							
8	TOTAL	1,002,892		0		126,169	0
9	Other (List separately and show 3%, 4%, 7%, 10% and TOTAL)						
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
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40							
41							
42							
43							
44							
45							
46							
47							
48							

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

Balance at End of Year (h)	Average Period of Allocation to Income (i)	Adjustment Explanation	Line No.
			1
65,582			2
811,141			3
			4
			5
			6
876,723			7
			8
			9
			10
			11
			12
			13
			14
			15
			16
			17
			18
			19
			20
			21
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			44
			45
			46
			47
			48

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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	Vacation Pay Accrual	
2	PSC Revenue	968,628
3	Miscellaneous Payroll Deduction	73,896
4	401(k) Deduction	3,131
5	Goal Sharing	421
6		128,501
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20	TOTAL	1,174,577

CUSTOMER ADVANCES FOR CONSTRUCTION (Account 252)

Line No.	List Advances by department (a)	Balance End of Year (b)
21	Electric	
22		5,124,373
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39	TOTAL	5,124,373

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OTHER DEFERRED CREDITS (Account 253)

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

Line No.	Description of Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year of Report (f)
			Contra Account (c)	Amount (d)		
1	Outstanding Checks Cancelled	1,039	232,904	56	304	1,287
2						
3	Deferred Option Premium				170,000	170,000
4						
5	Retirement Plan	1,747,570	131	285,114	155,728	1,618,184
6						
7	Sick Leave Term. Pay	1,474,132	131	249,064	39,544	1,264,612
8						
9	P.I. Ash Site	280,500	511	5,960	22,960	297,500
10						
11	Warden Station Ash Site	1,375,000	various	85,466	30,466	1,320,000
12						
13	Bonds Falls Mitigation	32,998	various	20,698	86,063	98,363
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
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33						
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35						
36						
37						
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39						
40						
41						
42						
43						
44						
45						
46						
47	TOTAL	4,911,239		646,358	505,065	4,769,946

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

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

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Acct. 410.1 (c)	Amounts Credited to Acct. 411.1 (d)
1	Account 282			
2	Electric	10,572,145	996,905	
3	Gas			
4	Other (Define) Non-Utility	5,449,795		
5	TOTAL (Enter total of lines 2 thru 4)	16,021,940	996,905	0
6	Other (Specify)			
7				
8				
9	TOTAL Account 282 (Enter total of lines 5 thru 8)	16,021,940	996,905	0
10	Classification of TOTAL			
11	Federal Income Tax	16,002,450	996,905	
12	State Income Tax	19,490		
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) April 28, 2006	Year of Report December 31, 2005
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**ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY
(Account 282) (Continued)**

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

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year	Line No.
Amounts Debited to Acct. 410.2 (e)	Amounts Credited to Acct. 411.2 (f)	DEBITS		CREDITS			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	(k)	
			(694,418)		(91,784)	12,171,684	1
							2
							3
308,027	37,742		(324,419)			6,044,499	4
308,027	37,742		(1,018,837)		(91,784)	18,216,183	5
							6
							7
							8
308,027	37,742		(1,018,837)		(91,784)	18,216,183	9
							10
291,050	20,237		(1,032,181)		(91,784)	18,210,565	11
16,977	17,505		13,344			5,618	12
							13

NOTES (Continued)

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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	Other Than Plant	2,962,466	446,650	1,168,152
3	Other Than Plant (FAS 109)	(5,788)		
4				
5				
6	Other			
7	TOTAL Electric (total of lines 2 thru 6)	2,956,678	446,650	1,168,152
8	Gas			
9				
10				
11				
12				
13	Other			
14	TOTAL Gas (Total of lines 9 thru 13)	0	0	0
15	Other (Specify)			
16	TOTAL (Account 283) (Enter total of lines 7, 14 and 15)	2,956,678	446,650	1,168,152
17	Classification of TOTAL			
18	Federal Income Tax	2,909,058	416,505	1,157,860
19	State Income Tax	47,620	30,145	10,292
20	Local Income Tax			

NOTES

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

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

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
		DEBITS		CREDITS			
Amounts Debited to Acct. 410.2 (e)	Amounts Credited to Acct. 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
							1
						2,240,964	2
				254/282	(2,931)	(35,719)	3
							4
							5
							6
0	0		0		(2,931)	2,205,245	7
							8
							9
							10
							11
							12
							13
0	0		0		0	0	14
							15
0	0		0		(2,931)	2,205,245	16
							17
						2,167,703	18
						67,473	19
							20

NOTES (Continued)

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OTHER REGULATORY LIABILITIES

- 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).
- For regulatory liabilities being amortized, show period of amortization in column (a).
- Minor items (amounts less than \$50,000) may be grouped by classes.
- Give the number and name of the account(s) where each amount is recorded.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	DEBITS		Credits (d)	Balance at End of Year (e)
		Account Credited (b)	Amount (c)		
1	Deferred Taxes			133,640	4,709,477
2	Regulatory Liabilities Derivatives			915,346	915,346
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
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25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40	TOTAL		0	1,048,986	5,624,823

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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	Sale of Non-Utility Lands	82,384		5,472,227	280
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17	Total	82,384		5,472,227	280

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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	<u>Revenues from Nonutility Operations</u>	
2	Operations of Escanaba River Hydro	
3	Revenue	665,715
4	Operations	(42,617)
5	Maintenance	(282,643)
6	Depreciation	(81,645)
7	Subtotal 417	258,810
8		
9	<u>Non Operating Rental Income</u>	
10	Land Lease Income	4,550
11	Subtotal 418	4,550
12		
13		
14	<u>Equity in Earnings American Transmission Company</u>	
15	Subtotal 418.1	1,692,237
16		1,692,237
17	<u>Interest and Dividend Income</u>	
18	Interest on Underrecovered PSC	116,569
19	Interest on Cash Investments	41,439
20	Interest - Misc.	22,319
21	Subtotal 419	180,327
22		
23		
24		
25		
26		
27		
28	Total	2,135,924

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ELECTRIC OPERATING REVENUES (Account 400)

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

Line No.	Title of Account (a)	OPERATING REVENUES	
		Amount for Year (b)	Amount for Previous Year (c)
1	Sales of Electricity		
2	(440) Residential Sales		
3	(442) Commercial and Industrial Sales		
4	Small (or Commercial)		
5	Large (or Industrial)	27,154,467	26,398,851
6	(444) Public Street and Highway Lighting	15,977,099	14,980,494
7	(445) Other Sales to Public Authorities	1,090,771	1,058,542
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	(449) Other Sales		
11			
12	TOTAL Sales to Ultimate Consumers	79,880,930	76,897,108
13			
14	(447) Sales for Resale	23,764,110	16,423,114
15	TOTAL Sales of Electricity	103,645,040	93,320,222
16			
17	(Less) (449.1) Provision for Rate Refunds	2,381,811	834,814
18	TOTAL Revenue Net of Provision for Refunds	101,263,229	92,485,408
19	Other Operating Revenues		
20	(450) Forfeited Discounts	85,743	59,110
21	(451) Miscellaneous Service Revenues	11,421	19,805
22	(453) Sales of Water and Water Power		
23	(454) Rent from Electric Property	353,424	363,934
24	(455) Interdepartmental Rents		
25	(456) Other Electric Revenues	2,480,457	2,499,472
26			
27			
28			
29			
30	TOTAL Other Operating Revenues	2,931,045	2,942,321
31			
32	TOTAL Electric Operating Revenues	104,194,274	95,427,729

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ELECTRIC OPERATING REVENUES (Account 400) (Continued)

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

MEGAWATT HOURS SOLD		AVERAGE NUMBER OF CUSTOMERS PER MONTH		Line No.
Amount for Year (d)	Amount for Previous Year (e)	Number for Year (f)	Number or Previous Year (g)	
277,183	273,812	46,219	45,697	1
				2
				3
250,114	250,344	5,636	5,632	4
207,593	231,224	15	13	5
5,927	5,838	241	288	6
				7
				8
				9
				10
				11
740,817	761,218	52,111	51,630	12
381,427	224,872	34	36	13
				14
1,122,244	986,090	52,145	51,666	15
				16
				17
1,122,244	986,090	52,145	51,666	18

Line 15, column (b), includes \$24,266 unbilled revenues.

Line 15, column (d), includes 1,518 MWH relating to unbilled revenues.

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SALES OF ELECTRICITY BY RATE SCHEDULES

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

Line No.	Number and Title of Rate Schedule (a)	MWh Sold (b)	Revenue (c)	Avg. No. of Customers (d)	KWh of Sales per Customer (e)	Revenue per KWh Sold (f)
1	440 Residential Sales					
2	A-1 Residential	220,127	29,400,410	39,173	5,619	0.1336
3	A-2 Residential	18,782	1,764,911	3,321	5,656	0.0940
4	AH-1 Electric Heat	35,928	4,169,956	3,331	10,786	0.1161
5	AH-2 Electric Heat	2,116	171,739	199	10,633	0.0812
6	Z-1&3 Dusk To Dawn	913	161,708	Duplicate		0.1771
7	Z-2 & 4 Dusk To Dawn	99	12,618	Duplicate		0.1275
8	TOTAL	277,965	35,681,342	46,024		0.1284
9						
10	442 Commercial & Industrial					
11	C-1 General Commercial Service	68,902	9,871,483	4,521	15,240	0.1433
12	C-2 General Commercial Service	10,727	908,392	477	22,488	0.0847
13	H-1 Commercial Heating	12,585	1,367,524	226	55,686	0.1087
14	H-2 Commercial Heating	838	61,336	30	27,933	0.0732
15	P-1 Light & Power	75,045	7,897,783	309	242,864	0.1052
16	P-2 Light & Power	5,700	415,112	27	211,111	0.0728
17	WP-1 Large Light & Power	178,531	15,049,904	53	3,368,509	0.0843
18	WP-2 Large Light & Power	7,854	521,881	5	1,570,800	0.0664
19	Schedule A	61,740	4,219,026	1	61,740,000	0.0683
20	WP-3	35,643	2,680,061	1	35,643,000	0.0752
21	Z-1 & 3 Dusk To Dawn	778	127,454	Duplicate		0.1638
22	Z-2 & 4 Dusk To Dawn	100	13,127	Duplicate		0.1313
23	TOTAL	458,443	43,133,083	5,650		0.0941
24						
25	444 Public Street Hwy Lighting	5,927	1,090,771	294	20,160	0.1840
26	TOTAL	5,927	1,090,771	294		
27						
28						
29						
30						
31						
32						
33						
34	Total Billed	742,335	79,905,196	51,968	14,284	0.1076
35	Total Unbilled Rev. (See Instr. 6)	(1,518)	(24,266)			0.0160
36	TOTAL	740,817	79,880,930	51,968	14,284	0.1078

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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) April 28, 2006	Year of Report December 31, 2005
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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	Village of Baraga	RQ	35	3.203	3.203	N/A
2	City of Negaunee	RQ	37	3.948	3.948	N/A
3	Village of L'Anse	RQ	38	2.909	2.909	N/A
4	City of Gladstone	RQ	36	5.922	5.992	N/A
5	City of Escanaba	RQ	26	0.210	0.210	N/A
6	Ontonagon REA:					
7	Pelkie	RQ	33	0.329	0.329	N/A
8	Missery Bay	RQ	33	0.188	0.188	N/A
9	Chassell	RQ	33	0.481	0.481	N/A
10	Aura	RQ	33	0.995	0.995	N/A
11	Herman	RQ	33	0.175	0.175	N/A
12	Lake Linden	RQ	33	0.470	0.470	N/A
13	Lake Mine	RQ	33	0.169	0.169	N/A
14	Green	RQ	33	0.199	0.199	N/A

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 28, 2006	Year of Report December 31, 2005
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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.

Megawatthours Sold (g)	REVENUE				Line No.
	Demand Charges (\$) (h)	Energy Charges (\$) (i)	Other Charges (\$) (j)	Total (\$) (h + i + j) (f)	
16,091	144,113	569,528		713,641	1
24,992	128,507	866,708		995,215	2
16,005	125,723	547,566		673,289	3
35,822	255,262	1,139,989		1,395,251	4
	15,680			15,680	5
					6
1,384	11,038	72,931		83,969	7
926	6,308	49,036		55,344	8
2,584	16,167	136,100		152,267	9
5,608	33,443	295,400		328,843	10
1,129	5,869	59,486		65,355	11
2,675	15,803	141,931		157,734	12
861	5,676	45,347		51,023	13
992	6,697	52,214		58,911	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) April 28, 2006	Year of Report December 31, 2005
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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	Ontonagon REA (Cont.)					
2	Keweenaw Bay	RQ	33	0.258	0.258	N/A
3	Boston	RQ	33	1.612	1.612	N/A
4	Firesteel	RQ	33	0.266	0.266	N/A
5	Alger Delta Electric Coop:					
6	Seney	RQ	32	0.871	0.871	N/A
7	AuTrain	RQ	32	0.215	0.215	N/A
8	Stoneington	RQ	32	1.644	1.644	N/A
9	Nahma	RQ	32	0.240	0.240	N/A
10	8 Mile Corner	RQ	32	1.381	1.381	N/A
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) April 28, 2006	Year of Report December 31, 2005
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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.

Megawatthours Sold (g)	REVENUE				Line No.
	Demand Charges (\$) (h)	Energy Charges (\$) (i)	Other Charges (\$) (j)	Total (\$) (h + i + j) (f)	
					1
1,366	8,672	71,914		80,586	2
7,495	54,158	392,376		446,534	3
1,342	8,951	70,744		79,695	4
					5
4,717	29,280	248,725		278,005	6
1,115	7,233	58,869		66,102	7
9,570	55,228	504,711		559,939	8
1,193	8,077	64,476		72,553	9
7,350	46,402	387,660		434,062	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) April 28, 2006	Year of Report December 31, 2005
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SALES FOR RESALE (Account 447)

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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.

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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	Alliant	OS				
2	Ameren Energy	OS				
3	Midwest ISO	OS				
4	PJM	OS				
5	ATC LLC Redispatch of Purch	OS				
6	Midwest ISO Ancilliary Serv.	OS				
7						
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) April 28, 2006	Year of Report December 31, 2005
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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.

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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).

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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).

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

Megawatthours Sold (g)	REVENUE				Line No.
	Demand Charges (\$) (h)	Energy Charges (\$) (i)	Other Charges (\$) (j)	Total (\$) (h + i + j) (f)	
2		200		200	1
4		861		861	2
216,845		14,805,219		14,805,219	3
		(42,173)		(42,173)	4
		1,091,216		1,091,216	5
		26,451		26,451	6
					7
					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) 04/30/06	Year of Report December 31, 2005
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ELECTRIC OPERATION AND MAINTENANCE EXPENSES

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

Line No.	Account (a)	Amt. For Current Year (b)	Amt. For Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering	54,399	40,215
5	(501) Fuel	5,500	5,514
6	(502) Steam Expenses	5,300	5,562
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred - CR.		
9	(505) Electric Expenses		
10	(506) Miscellaneous Steam Power Expenses	5,412	5,559
11	(507) Rents	104,561	104,243
12	Allowances		
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	175,172	161,093
14	Maintenance		
15	(510) Maintenance Supervision and Engineering	31,922	32,613
16	(511) Maintenance of Structures	108,136	105,761
17	(512) Maintenance of Boiler Plant	12,873	28,397
18	(513) Maintenance of Electric Plant	32,061	25,096
19	(514) Maintenance of Miscellaneous Steam Plant	18,261	13,063
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	203,253	204,930
21	TOTAL Power Production Expenses-Steam Power (Total of lines 13 & 20)	378,425	366,023
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)	0	0
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	436,327	368,997
45	(536) Water for Power	33,322	
46	(537) Hydraulic Expenses	555,760	463,683
47	(538) Electric Expenses	235,639	227,523
48	(539) Miscellaneous Hydraulic Power Generation Expenses	405,425	380,265
49	(540) Rents	60,271	57,786
50	TOTAL Operation (Enter Total of Lines 44 thru 49)	1,726,744	1,498,254

Name of Respondent Upper Peninsula Power Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2006	Year of Report December 31, 2005
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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (cont'd)

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

Line No.	Account (a)	Amt. For Current Year (b)	Amt. For Previous Year (c)
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Maintenance Supervision and Engineering	101,749	224,141
54	(542) Maintenance of Structures	6,956	8,601
55	(543) Maintenance of Reservoirs, Dams, and Waterways	(512,449)	(16,647)
56	(544) Maintenance of Electric Plant	161,324	208,258
57	(545) Maintenance of Miscellaneous Hydraulic Plant	12,545	6,052
58	TOTAL Maintenance (Total of Lines 53 thru 57)	(229,875)	430,405
59	TOTAL Pwr. Production Expenses-Hydraulic Pwr. (Total of lines 50 & 58)	1,496,869	1,928,659
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering	127,202	102,441
63	(547) Fuel	4,948,398	3,583,894
64	(548) Generation Expenses	57,858	40,323
65	(549) Miscellaneous Other Power Generation Expenses	36,961	277,968
66	(550) Rents		
67	TOTAL Operation (Total of Lines 62 thru 66)	5,170,419	4,004,626
68	Maintenance		
69	(551) Maintenance Supervision and Engineering	176,528	87,930
70	(552) Maintenance of Structures	1,832	5,480
71	(553) Maintenance of Generating and Electric Plant	307,716	54,501
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	2,708	1,925
73	TOTAL Maintenance (Total of Lines 69 thru 72)	488,784	149,836
74	TOTAL Pwr. Production Expenses-Other Power (Total of Lines 67 & 73)	5,659,203	4,154,462
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	48,571,633	41,976,032
77	(556) System Control and Load Dispatching	693,993	777,154
78	(557) Other Expenses		
79	Total Other Power Supply Expenses (Total of Lines 76 thru 78)	49,265,626	42,753,186
80	Total Pwr. Production Expenses (Total of lines 21, 41, 59, 74 & 79)	56,800,123	49,202,330
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering		
84	(561) Load Dispatching	144,749	
85	(562) Station Expenses		
86	(563) Overhead Lines Expenses		
87	(564) Underground Lines Expenses		
88	(565) Transmission of Electricity by Others	3,680,085	5,440,519
89	(566) Miscellaneous Transmission Expenses		
90	(567) Rents		
91	TOTAL Operation (Total of Lines 83 thru 90)	3,824,834	5,440,519
92	Maintenance		
93	(568) Maintenance Supervision and Engineering		
94	(569) Maintenance of Structures		
95	(570) Maintenance of Station Equipment		
96	(571) Maintenance of Overhead Lines		
97	(572) Maintenance of Underground Lines		
98	(573) Maintenance of Miscellaneous Transmission Plant		
99	TOTAL Maintenance (Total of Lines 93 thru 98)	0	0
100	TOTAL Transmission Expenses (Total of Lines 91 & 99)	3,824,834	5,440,519
101	3. DISTRIBUTION EXPENSES		
102	Operation		
103	(580) Operation Supervision and Engineering	366,147	186,086

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input type="checkbox"/> Original (2) <input checked="" type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/06	Year of Report December 31, 2005
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FOOTNOTE DATE

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
321	561	(b)	<p>UPPCO accumulated expenses in the amount of \$144,748 related to Balancing Authority functions that it performed in connection with membership in the Midwest ISO (MISO), as defined in the Midwest ISO FERC Electric Tariff, Rate Schedule No. 3, issued March 21, 2005 (Agreement Between Midwest ISO and Midwest ISO Balancing Authorities Relating to Implementation of Transmission and Energy Market Tariffs). This amount is eligible for recovery through MISO via Schedule 24-A for the period April 1 to December 31, 2005, as provided in MISO's filing ER06-27-000 dated October 4, 2005. In 2005, these amounts were accumulated in Account 556. In 2006, these Balancing Authority expenses will be accumulated in Account 561.BA.</p>

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 28, 2006	Year of Report December 31, 2005
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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (cont'd)

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

Line No.	Account (a)	Amt. For Current Year (b)	Amt. For Previous Year (c)
104	3. DISTRIBUTION EXPENSES (Continued)		
105	(581) Load Dispatching	227,509	210,178
106	(582) Station Expenses	272,685	306,294
107	(583) Overhead Line Expenses	309,092	181,029
108	(584) Underground Line Expenses	191,679	258,250
109	(585) Street Lighting and Signal System Expenses	6,512	11,345
110	(586) Meter Expenses	369,279	430,608
111	(587) Customer Installations Expenses	16,663	27,570
112	(588) Miscellaneous Expenses	2,862,473	3,774,937
113	(589) Rents	50,993	81,657
114	TOTAL Operation (Total of Lines 103 thru 113)	4,673,032	5,467,954
115	Maintenance		
116	(590) Maintenance Supervision and Engineering	153,349	147,065
117	(591) Maintenance of Structures	38,743	46,175
118	(592) Maintenance of Station Equipment	510,744	406,194
119	(593) Maintenance of Overhead Lines	4,106,248	3,403,701
120	(594) Maintenance of Underground Lines	257,047	301,860
121	(595) Maintenance of Line Transformers	53,609	43,684
122	(596) Maintenance of Street Lighting and Signal Systems	168,732	151,876
123	(597) Maintenance of Meters	7,246	7,658
124	(598) Maintenance of Miscellaneous Distribution Plant	22,351	19,281
125	TOTAL Maintenance (Total of Lines 116 thru 124)	5,318,069	4,527,491
126	TOTAL Distribution Expenses (Total of Lines 114 & 125)	9,991,101	9,995,445
127	4. CUSTOMER ACCOUNTS EXPENSES		
128	Operation		
129	(901) Supervision	14,369	
130	(902) Meter Reading Expenses	699,052	574,911
131	(903) Customer Records and Collection Expenses	1,588,279	1,378,119
132	(904) Uncollectible Accounts	321,126	260,511
133	(905) Miscellaneous Customer Accounts Expenses	145,249	170,411
134	TOTAL Customer Accounts Expenses (Total of Lines 129 thru 133)	2,768,075	2,384,111
135	5. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
136	Operation		
137	(907) Supervision	452,835	433,511
138	(908) Customer Assistance Expenses	141,927	140,511
139	(909) Informational and Instructional Expenses	42,423	35,511
140	(910) Miscellaneous Customer Service and Informational Expenses	637,185	610,511
141	TOTAL Cust. Service and Informational Exp. (Total of Lines 137 thru 140)		
142	6. SALES EXPENSE		
143	Operation		
144	(911) Supervision		
145	(912) Demonstrating and Selling Expenses		
146	(913) Advertising Expenses		
147	(916) Miscellaneous Sales Expenses		0
148	Total Sales Expenses (Total of Lines 144 thru 147)		
149	7. ADMINISTRATIVE AND GENERAL EXPENSES		
150	Operation	799,634	56,511
151	(920) Administrative and General Salaries	1,127,336	1,181,511
152	(921) Office Supplies and Expenses		
153	(Less) (922) Administrative Expenses Transferred - CR		

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 28, 2006	Year of Report December 31, 2005
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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (cont'd)

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

Line No.	Account (a)	Amt. For Current Year (b)	Amt. For Previous Year (c)
154	7. ADMINISTRATIVE AND GENERAL EXPENSES (Continued)		
155	(923) Outside Services Employed	223,643	320,556
156	(924) Property Insurance	282,455	406,665
157	(925) Injuries and Damages	1,380,520	742,958
158	(926) Employee Pensions and Benefits	8,299,853	7,642,390
159	(927) Franchise Requirements		
160	(928) Regulatory Commission Expenses	218,870	256,676
161	(929) Duplicate Charges - CR.	(187,126)	(184,220)
162	(930.1) General Advertising Expenses		
163	(930.2) Miscellaneous General Expenses	213,212	93,252
164	(931) Rents	1,102,426	1,126,999
165	TOTAL Operation (Total of Lines 151 thru 164)	13,460,823	12,149,639
166	Maintenance		
167	(935) Maintenance of General Plant	3,196	6,590
168	TOTAL Administrative and General Expenses (Total of Lines 165 & 167)	13,464,019	12,156,229
169	TOTAL Electric Operation and Maintenance Expenses (Enter total of lines 80, 100, 126, 134, 141, 148, and 168)	87,485,337	79,789,496

NUMBER OF ELECTRIC DEPARTMENT EMPLOYEES

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

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

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

1. Payroll Period Ended (Date)	12/21/2005
2. Total Regular Full-Time Employees	164
3. Total Part-Time and Temporary Employees	4
4. Total Employees	168

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) 4/30/2006	Year of Report December 31, 2005
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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	Alliant Utilities Iron River	RQ		NA	NA	NA
2	Alliant Utilities Iron River MISO Cr,			NA	NA	NA
3	WE Energy GP	OS	19	NA	NA	NA
4	WE Energy Negotiated Capacity	IF		NA	NA	NA
5	Mead Excess Energy	OS		NA	NA	NA
6	Cargil GP	OS		NA	NA	NA
7						
8	City of Escanaba	EX	29	NA	NA	NA
9	Wisconsin Public Service Emergency	OS		NA	NA	NA
10	Wisconsin Public Service GP.	OS		NA	NA	NA
11	Wisconsin Public Service PPA2	RQ		NA	NA	NA
12	Wisconsin Public Service W2 Int.	RQ		NA	NA	NA
13	White Pine GP	OS		NA	NA	NA
14	White Pine Negotiated Capacity	RQ		NA	NA	NA

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) 4/30/2006	Year of Report December 31, 2005
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PURCHASED POWER (Account 555) (Continued)

(Including power exchanges)

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

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

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

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

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

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

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

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

Megawatthours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	Megawatthours Received	Megawatthours Delivered	Demand Charges (\$) (j)	Energy Charges (\$) (k)	Other Charges (\$) (l)	Total (j + k + l) or Settlement (\$) (m)	
	(h)	(i)					
49,882			341,475	1,045,727		1,387,202	1
					(2,324,680)	(2,324,680)	2
					96,720	96,720	3
			294,240			294,240	4
653				32,900		32,900	5
48,360				1,968,252		1,968,252	6
						0	7
10,020			494,382	1,927,437		2,421,819	8
332				65,339		65,339	9
65				4,625		4,625	10
517,920			11,574,523	11,010,646	(351,455)	22,233,714	11
321,069			2,035,360	7,997,360	(68,150)	9,964,570	12
14,516				811,793		811,793	13
77,880			1,897,500	4,270,281		6,167,781	14

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2006	Year of Report December 31, 2005
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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	PJM	OS		NA	NA	NA
2						
3	ATC/MISO	EX		NA	NA	NA
4	Wisconsin Public Service Miso Cr.			NA	NA	NA
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2006	Year of Report December 31, 2005
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PURCHASED POWER (Account 555) (Continued)
(Including power exchanges)

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

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

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

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

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

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

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

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

Megawatthours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	Megawatthours Received (h)	Megawatthours Delivered (i)	Demand Charges (\$) (j)	Energy Charges (\$) (k)	Other Charges (\$) (l)	Total (j + k + l) or Settlement (\$) (m)	
						(13)	
						0	2
2,456				32,220,193		32,220,193	3
					(26,772,882)	(26,772,882)	4
						0	5
						0	6
						0	7
						0	8
						0	9
						0	10
						0	11
						0	12
						0	13
1,043,153			16,637,480	61,354,553	(29,420,400)	48,571,633	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) April 28, 2006	Year of Report December 31, 2005
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SALES TO RAILROADS AND RAILWAYS AND INTERDEPARTMENTAL SALES (Accounts 446, 448) None

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

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

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

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

Line No.	Name of Lessee or Department (a)	Description of Property (b)	Amount of Revenue for Year (c)
16	<u>Account 454 - Rent from Electric Property</u>		
17			
18	Pole Contact Rent	Distribution System	166,858
19	Building Rent	Office Building	180,118
20	Land Rent	Hydro Lands	6,448
21			
22			
23			
24			
25			
26			
27			
28			
29			
			353,424

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SALES OF WATER AND WATER POWER (Account 453) None

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 (e)
1				
2				
3				
4				
5				
6				
7				
8				
9				
10	TOTAL			0

MISCELLANEOUS SERVICE REVENUES AND OTHER ELECTRIC REVENUES (Accounts 451, 456)

1. Report particulars concerning miscellaneous service revenues and other electric revenues derived from electric utility operations during year. Report separately in this schedule the total revenues from operation of fish and wildlife and recreation facilities, regardless of whether such facilities are operated by company or by contract concessionaires. Provide a subheading and total for each account. For Account 456, list first revenues realized through Research and Development ventures, see Account 456.
2. Designate associated companies.
3. Minor items may be grouped by classes.

Line No.	Name of Company and Description of Service (a)	Amount of Revenue for Year (b)
11	<u>Miscellaneous Service Revenues (451)</u>	
12	Service Charges	12,233
13	Temporary Electric Services	(812)
14		11,421
15		
16	<u>Other Electric Revenues (456)</u>	
17	Wholesale Distribution Service	490,263
18	Maintenance on Customers Facilities	212,368
19	Non-Service Revenue	1,644,518
20	Redispatch	133,308
21		2,480,457
22		
23		
24		
25		
26		
27		
28		
29		
30	TOTAL	2,491,878

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) April 28, 2006	Year of Report December 31, 2005
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TRANSMISSION OF ELECTRICITY BY OTHERS (Account 565)

(Including transactions referred to as "wheeling")

- Report all transmission, i.e., wheeling, of electricity provided to respondent by other electric utilities, cooperatives, municipalities, or other public authorities during the year.
- In column (a) report each company or public authority that provided transmission service. Provide the full name of the company; abbreviated if necessary, but do not truncate name or use acronyms. Explain in a footnote any ownership interest in our affiliation with the transmission service provider.
- Provide in column (a) subheadings and classify transmission service purchased from other utilities as: "Delivered Power to Wheeler" or "Received Power from Wheeler."
- Report in columns (b) and (c) the total megawatt hours received and delivered by the provider of the transmission service.
- In columns (d) through (g), report expenses as shown on bills or vouchers rendered to the respondent. In column (d), provide demand charges. In column (e), provide energy charges related to the amount of energy transferred. In column (f), provide the total of all other charges on bills or vouchers rendered to respondent, including any out or period adjustments. Explain in a footnote all components of the amount shown in column (f). Report in column (g) the total charge shown on bills rendered to the respondent. If no monetary settlement was made, enter zero ("0") in column (g). Provide a footnote explaining the nature of the nonmonetary settlement, including the amount and type of energy or service rendered.
- 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.
- Footnote entries and provide explanations following all required data.

Line No.	Name of Company or Public Authority [Footnote Affiliations] (a)	TRANSFER OF ENERGY		EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS			
		Megawatt hours Received (b)	Megawatt hours Delivered (c)	Demand Charges (\$) (c)	Energy Charges (\$) (d)	Other Charges (\$) (e)	Total Cost of Transmission (\$) (f)
1	Received Power From						
2	Wheeler						
3							
4	Midwest ISO Network *	613,348	613,348	3,452,373		306,015	3,758,388
5	Prior Period Adj.					-32,528	-32,528
6	PJM				(19)	(10,051)	-10,070
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							

* Includes \$35,705 charged to Account 456.

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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) April 28, 2006	Year of Report December 31, 2005
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LEASE RENTALS CHARGED

1. For purposes of this schedule a "lease" is defined as a contract or other agreement by which one party (lessor) conveys an intangible right or land or other tangible property and equipment to another (lessee) for a specified period of one year or more for rent.
2. Report below, for leases with annual charges of \$25,000 or more, but less than \$250,000 the data called for in columns a, b (description only), f, g and j.
3. For leases having annual charges of \$250,000 or more, report the data called for in all the columns below.
4. The annual charges referred to in Instruction 2 and 3 include the basic lease payment and other payments to or on behalf of the lessor such as taxes, depreciation, assumed interest or dividends on the lessor's securities, cost of replacements** and other expenditures with respect to leased property. The expenses paid by lessee are to be itemized in column (e) below.
5. Leases of construction equipment in connection with construction work in progress are not required to be reported herein. Continuous, master or open-end leases for EDP or office equipment, automobile fleets and other equipment that is short-lived and replace under terms of the lease or for the pole rentals shall report only the data called for in columns a, b (description only), f, g and j, unless the lessee has the option to purchase the property.
6. In column (a) report the name of the lessor. List lessors which are associated companies* (describing association) first, followed by non-associated lessors.
7. In column (b) for each leasing arrangement, report in order, classified by generating station, transmission line, distribution system, large substation, or other operating unit or system, followed by any other leasing arrangements not covered under the preceding classifications:

Name of Lessor (a)	Basic Details of Lease (b)	Terminal Dates of Lease, Primary (P) or Renewal (R) (c)
Upper Peninsula Building Development Company	Rental of Corporate Office Building Located in Houghton, MI Components of Lease: Base Rent Variable Rent Property Taxes	Effective 11/31/91 Lease Continues for 240 Consecutive Calendar Months

** See Electric Plant Instruction 6 & Operating Expense Instruction 3 of the Uniform System of Accounts.

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LEASE RENTALS CHARGED (Continued)

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

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

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

* See definition on page 226 (B)

A. LEASE RENTALS CHARGED TO ELECTRIC OPERATING EXPENSES

Original Cost (O) or Fair Market Value (F) of Property (d)	Expenses to be Paid by Lessee Itemize (e)	AMOUNT OF RENT - CURRENT TERM				Account Charged (j)	Remaining Annual Charges Under Lease Est. if Not Known (k)
		Current Year		Accumulated to Date			
		Lessor	Other	Lessor	Other		
		(f)	(g)	(h)	(i)	(j)	(k)
6,067,639							
	Base Rent	591,600		8,588,670		931	3,549,600
	Variable Rent	408,000		5,533,104		931	2,448,000
	Property Taxes	100,512		1,438,710		931	729,912

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MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (ELECTRIC)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	
2	Nuclear Power Research Expenses	48,650
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	147,785
5	Other Expenses (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)	
6		
7	Chamber of Commerce - 8 Various	3,605
8	Michigan Chamber of Commerce	7,638
9	Miscellaneous Under \$5,000 - 9 Items	5,534
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45		
46	TOTAL	213,212

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) April 28, 2006	Year of Report December 31, 2005
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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			189,811	189,811
2	Steam Production Plant	84,899			84,899
3	Nuclear Production Plant-Depreciation				0
4	Nuclear Production Plant-Decommissioning				0
5	Hydraulic Production Plant-Conventional	833,354			833,354
6	Hydraulic Production Plant-Pumped Storage				0
7	Other Production Plant	81,103			81,103
8	Transmission Plant				0
9	Distribution Plant	3,287,324			3,287,324
10	General Plant	497,070			497,070
11	Common Plant-Electric				0
12	TOTAL	4,783,750	0	189,811	4,973,561

B. BASIS FOR AMORTIZATION CHARGES

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 28, 2006	Year of Report December 31, 2005
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**PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS
AND INTEREST CHARGES ACCOUNTS**

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

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

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

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

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

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

Line No.	Item (a)	Amount (b)
1	Miscellaneous Amortization (425)	0
2		
3	Donations (426.1)	
4	American Red Cross	1,000
5	Copper Country United Way	5,774
6	Great Lakes Center for Youth	2,500
7	Great Lakes Radio	2,000
8	Main Street Calumet	1,000
9	Michigan Tech Fund	2,450
10	Minnesota Public Radio	1,230
11	Northwood Humane Society	3,260
12	Ontonagon County Cancer	1,300
13	Republic Community Services	1,170
14	St. Vincent DePaul Society	2,414
15	United Way of Delta County	3,915
16	United Way of Marquette County	4,628
17	UP Rodeo, Inc.	2,000
18	Upper Peninsula Education	1,000
19	Upper Peninsula State Fair	1,000
20	Items Under \$1,000	34,487
21	Total - 426.1	71,128
22		
23	Life Insurance (426.2)	0
24		
25	Penalties (426.3)	0
26		
27	Expenses for Certain Civil, Political, and Related Activities (426.4)	
28	Memberships	11,275
29	Labor Expenses	23,353
30	Total - 426.4	34,628
31		
32	Other Deductions (426.5)	0
33		
34	Interest on Debt to Associated Companies (430)	1,122,110
35		
36	Other Interest Expense (431)	
37	Interest on Electric Refunds	29,391
38	Budget Balance Interest	6,287
39	Customer Deposits	271
40	Total - 431	35,949

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) April 28, 2006	Year of Report December 31, 2005
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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	State Lobbying Activities	
2	Labor Costs	23,353
3		
4	Federal Lobbying Activities	
5	Memberships	11,275
6		
7		
8		
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32		34,628

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REGULATORY COMMISSION EXPENSES

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

Line No.	Description (Furnish name of regulatory commission or body, the docket or case number, and a description of the case.) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expenses for current year (b) + (c) (d)	Deferred at Beginning of Year (e)
1	Federal Energy Regulatory Commission	28,877	7,298	36,175	
2	Michigan Public Service Commission	134,334	48,351	182,685	
3	Public Service Commission of Wisconsin	10		10	
4					
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44	TOTAL	163,221	55,649	218,870	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) April 28, 2006	Year of Report December 31, 2005
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REGULATORY COMMISSION EXPENSES (Continued)

years

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	7,298					1
	928	48,350					2
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		55,648	0		0	0	43
							44

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 38837	Year of Report 12/31/05
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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	708,612		
4	Transmission	144,748		
5	Distribution	2,445,081		
6	Customer Accounts	630,642		
7	Customer Service and Informational	194,604		
8	Sales			
9	Administrative and General	526,653		
10	TOTAL Operation (Enter Total of lines 3 thru 9)	4,650,340		
11	Maintenance			
12	Production	432,817		
13	Transmission			
14	Distribution	2,173,736		
15	Administrative and General			
16	TOTAL Maint. (Total of lines 12 thru 15)	2,606,553		
17	Total Operation and Maintenance			
18	Production (Enter Total of lines 3 and 12)	1,141,429		
19	Transmission (Enter Total of lines 4 and 13)	144,748		
20	Distribution (Enter Total of lines 5 and 14)	4,618,817		
21	Customer Accounts (Transcribe from line 6)	630,642		
22	Customer Svc. And Informational (Transcribe from line 7)	194,604		
23	Sales (Transcribe from line 8)	0		
24	Administrative and General (Enter Total of lines 9 & 15)	526,653		
25	TOTAL Oper. And Maint. (Total of lines 18 thru 24)	7,256,893	201,279	
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 Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 04/30/06	Year of Report 12/31/05
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DISTRIBUTION OF SALARIES AND WAGES (Continued)

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of 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 Terminating and Processing			
44	Transmission			
45	Distribution			
46	Administrative and General			
47	TOTAL Maint. (Enter Total of lines 40 thru 46)	0		
48	Total Operation and Maintenance			
49	Production-Manufactured Gas (Total of lines 28 and 40)	0		
50	Production-Nat. Gas (Including Expl. & Dev.) (Total of lines 29 and 41)	0		
51	Other Gas Supply (Enter Total of lines 30 and 42)	0		
52	Storage, LNG Terminating and Processing (Total of lines 31 and 43)	0		
53	Transmission (Lines 32 and 44)	0		
54	Distribution (Lines 33 and 45)	0		
55	Customer Accounts (Line 34)	0		
56	Customer Service and Informational (Line 35)	0		
57	Sales (Line 36)	0		
58	Administrative and General (Lines 37 and 46)	0		
59	TOTAL Operation & Maint. (total of lines 49 thru 58)	0		
60	OTHER UTILITY DEPARTMENTS			
61	Operation and Maintenance			
62	TOTAL All Utility Dept. (Total of lines 25, 59 & 61)	7,256,893	201,279	7,458,172
63	UTILITY PLANT			
64	Construction (By Utility Departments)			
65	Electric Plant	1,228,283	73,953	1,302,236
66	Gas Plant			
67	Other			
68	TOTAL Construction (Total of lines 65 thru 67)	1,228,283	73,953	1,302,236
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)	2,893,463	68,626	2,962,089
75	Clearing Accounts	343,858	(343,858)	0
76				
77	TOTAL Other Accounts	3,237,321	(275,232)	2,962,089
78	TOTAL SALARIES AND WAGES	11,722,497	0	11,722,497

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FOOTNOTE DATE

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
354	4	(b)	<p>UPPCO accumulated expenses in the amount of \$144,748 related to Balancing Authority functions that it performed in connection with membership in the Midwest ISO (MISO), as defined in the Midwest ISO FERC Electric Tariff, Rate Schedule No. 3, issued March 21, 2005 (Agreement Between Midwest ISO and Midwest ISO Balancing Authorities Relating to Implementation of Transmission and Energy Market Tariffs). This amount is eligible for recovery through MISO via Schedule 24-A for the period April 1 to December 31, 2005, as provided in MISO's filing ER06-27-000 dated October 4, 2005. In 2005, these amounts were accumulated in Account 556. In 2006, these Balancing Authority expenses will be accumulated in Account 561.BA.</p>

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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 \$25,000, including payments for legislative services, except those which should be reported

in Account 426.4, Expenditures for Certain Civic, Political and Related Activities.)
 (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	Description	Account(s)	Amount
1	Asphundt Tree Expert Co.	Line Clearance	143, 593	1,302,440
2	5907 Municipal Street			
3	Schofield, WI			
4				
5	Associated Constructors	Hydro Construction	107, 232, 542, 543	105,943
6	Midway Industrial Park			
7	P. O. Box 970			
8	Marquette, MI			
9				
10	AVD Archaeological	Consulting	107, 543, 956	65,766
11	305 South Britton Road			
12	Union Grove, WI			
13				
14	Avineon, Inc.	Consulting	588	120,021
15	1550 Lightwave Drive, Suite 200			
16	Clearwater, FL			
17				
18	Bruder Gentile & Marcoux LLP	Legal Services	588, 921, 923	202,180
19	1701 Pennsylvania Avenue, NW, Suite 900			
20	Washington, DC			
21				
22	Buck Engineering	Consulting	543	33,000
23	1347 Harding Place, Suite 100			
24	Charlotte, NC			
25				
26	Coleman Engineering Co.	Lab Analysis	107	104,193
27	635 Circle Drive			
28	Iron Mountain, MI			
29				
30	Collins & Baker Engineering	Consulting	543	458,687
31	1409 East Boulevard, Suite 101A			
32	Charlotte, NC			
33				
34				
35				

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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 \$25,000, including payments for legislative services, except those which should be reported

in Account 426.4, Expenditures for Certain Civic, Political and Related Activities.)

(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	Description	Account(s)	Amount
1	CR Myers & Son Co.	Construction	107, 143, 417,	157,340
2	895 West 20th Avenue		549	
3	Oshkosh, WI			
4				
5	Deloitte & Touche	Audit, Consulting, and	923	52,700
6	4205 Collection Center Drive	Accounting Services		
7	Chicago, IL			
8				
9	Electric Consultants, Inc.	Construction Consulting	107	45,639
10	3521 Gabel Road			
11	Billings, MT			
12				
13	Foley & Lardner	Legal Services	121, 537, 543,	1,282,982
14	777 East Wisconsin Avenue		556, 588, 921,	
15	Milwaukee, WI		923	
16				
17	Garan Lucow Miller	Legal Services	121, 589, 923,	53,022
18	1000 Woodbridge Street		925	
19	Detroit, MI			
20				
21	King & MacGregor Environmental, Inc.	Consulting	543	104,480
22	106 West Upton Avenue			
23	Reed City, MI			
24				
25	Loomis Ewert Parsley Davis & Gotting PC	Legal Services	923, 928	108,177
26	232 South Capitol Avenue, Suite 1000			
27	Lansing, MI			
28				
29	MJ Electric, Inc.	Construction	107, 143	183,457
30	P. O. Box 686			
31	Iron Mountain, MI			
32				
33	Nixon Peabody LLP	Legal Services	588, 923, 928	40,525
34	401 - 9th Street, NW, Suite 900			
35	Washington, DC			

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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 \$25,000, including payments for legislative services, except those which should be reported

in Account 426.4, Expenditures for Certain Civic, Political and Related Activities.)
 (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	Description	Account(s)	Amount
1	Novaspect, Inc.	Consulting	143	29,446
2	1776 Commerce Drive			
3	Elk Grove Village, IL			
4				
5	Normandeau Assoc., Inc.	Consulting	543	49,453
6	25 Nashua Road			
7	Belford, NH			
8				
9	Paul C. Rizzo	Consulting	107	206,014
10	EXPO Mart, Suite 270-E			
11	Pittsburgh, PA			
12				
13	Steigerwaldt Land Services, Inc.	Foresters	121, 456, 537, 539, 588	122,355
14	856 North 4th Street			
15	Tomahawk, WI			
16				
17	STS Consultants	Engineering Services	107, 183, 539, 543, 925	677,416
18	1035 Kepler Drive			
19	Green Bay, WI			
20				
21	Washington Group International, Inc.	Consulting	107, 183, 543	223,596
22	510 Carnegie Center			
23	Princeton, NJ			
24				
25	Wausau Insurance Company	Administration Services for Employee/Retiree Health and Employee Retirement Plans	146, 925	56,880
26	P. O. Box 99164			
27	Chicago, IL			
28				
29				
30				
31				
32				
33				
34				
35				

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SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES

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

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	Wisconsin Public Service Corporation	Under Common Control	Labor & Overheads		
2			Invoices & Expenses		
3			Usage Based Costs		
4			Materials & Supplies		
5					
6					
7	Penvest, Inc.	Under Common Control	Invoices & Expenses		
8					
9					
10	WPS Power Development, Inc.	Under Common Control	Invoices & Expenses		
11					
12					
13	WPS Resources Corporation	Under Common Control	Labor & Overheads		
14			Invoices & Expenses		
15					
16					
17	Wisconsin River Power Company	Under Common Control	Invoices & Expenses		
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
TOTAL					0

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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.
		146	63,126	63,126	(1)	1
			76,625	76,625	(2)	2
			30,181	30,181	(1)	3
			97,771	97,771	(3)	4
			Total	267,703		5
						6
		146	112,501	112,501	(1)	7
			Total	112,501		8
						9
		146	112	112	(1)	10
			Total	112		11
						12
		146	36,226	36,226	(1)	13
			2,814	2,814	(1)	14
			Total	39,040		15
						16
		146	970	970	(1)	17
				970		18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
	0		420,326	420,326		

- (1) Fully Loaded Cost
- (2) Market
- (3) Contract

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SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES

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

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	Upper Peninsula Building	Under Common Control	Rental of Building	931	1,100,112
2	Development Company				
3					
4	Wisconsin Public Service	Under Common Control	Labor & Overheads	Various	3,632,574
5	Corporation		Benefits	Various	8,996,936
6			Materials & Supplies	Various	1,221,036
7			Other Direct Costs	Various	8,218,911
8			Power Purchases	555	33,508,412
9			Payroll Services	Various	14,107,538
10			Transf Def/Current Taxes	Various	342,329
11			Annual Incentive	Various	202
12			MISO	Various	30,753
13			Annual Incentive Plan	Various	21,499
14					
15					
16	Penvest, Inc.	Under Common Control	Communication Cable Use	454	17,400
17					
18					
19	WPS Resources Corporation	Parent	Interest	403	1,122,110
20			Invoices & Expenses	Various	683,351
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
TOTAL					73,003,163

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

Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
				1,100,112	(1)	1
			Total	1,100,112		2
						3
				3,632,574	(1)	4
				8,996,936	(1)	5
				1,221,036	(1)	6
				8,218,911	(1)	7
				33,508,412	(3)	8
				14,107,538	(1)	9
				342,329	(4)	10
				202	(1)	11
				30,753	(2)	12
				21,499	(1)	13
			Total	70,080,190		14
						15
				17,400	(1)	16
			Total	17,400		17
						18
				1,122,110	(4)	19
				683,351	(2), (3)	20
			Total	1,805,461		21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
	0		0	73,003,163		

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

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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 minus line 17)	0
2	Generation (Excluding Station Use):		19	Transmission by others losses	0
3	Steam	(405)	20	TOTAL (Total of lines 9, 10, 14, 18 & 19)	1,179,630
4	Nuclear		21	DISPOSITION OF ENERGY	
5	Hydro-Conventional	114,590	22	Sales to Ultimate Consumers (Including Interdepartmental Sales)	740,817
6	Hydro-Pumped Storage		23	Requirements Sales for Resale (See instruction 4, page 311.)	143,218
7	Other	22,292	24	Non-Requirements Sales For Resale (See instruction 4, page 311.)	243,645
8	LESS Energy for Pumping		25	Energy furnished without charge	
9	Net Generation (Total of lines 3 thru 8)	136,477	26	Energy used by the company (Electric Dept. only, excluding station use)	4,111
10	Purchases	1,043,153	27	Total Energy Losses	47,839
11	Power Exchanges:		28	TOTAL (Enter total of lines 22 thru 27) (MUST equal line 20)	1,179,630
12	Received	5,018			
13	Delivered	5,018			
14	NET Exchanges (line 12 minus 13)	0			
15	Transmission for other (Wheeling)				
16	Received	0			
17	Delivered	0			

MONTHLY PEAKS AND OUTPUT

- If the respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system
- 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.
- Report in column (c) a monthly breakdown on the Non-Requirements Sales for Resale reported on line 24. Include in the monthly amounts any energy losses associated with the sales so that the total on line 41 exceeds the amount on line 24 by the amount of losses incurred (or estimated) in making the non-requirements Sales for Resale.
- 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).
- Report in columns (e) and (f) the specified information for each monthly peak load reported in column (d).

Integrated 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	88,843	6,913	134	13	19
30	February	76,090	3,043	128	17	20
31	March	83,323	4,842	125	1	12
32	April	74,546	714	112	4	11
33	May	113,996	46,409	110	2	11
34	June	98,163	35,951	131	27	0:00
35	July	93,121	20,930	138	11	14
36	August	93,515	21,039	133	8	16
37	September	100,641	29,044	120	12	14
38	October	104,346	31,313	127	21	10
39	November	96,171	22,182	129	30	19
40	December	106,993	26,162	136	19	19
41	TOTAL	1,129,748	248,542			

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ELECTRIC ENERGY ACCOUNT

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> |
|---|---|

Iron River 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	4,774		9	17	19
30	February	4,009		8	17	20
31	March	4,321		8	7	20
32	April	3,683		7	6	12
33	May	3,769		7	2	12
34	June	4,013		8	27	12
35	July	4,385		9	11	13
36	August	4,236		9	3	14
37	September	3,830		8	12	16
38	October	3,997		7	5	18
39	November	4,151		8	30	19
40	December	4,714		9	19	19
41	TOTAL	49,882	0			

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STEAM-ELECTRIC GENERATION PLANT STATISTICS (Large Plants)

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

Line No.	Item (a)	Plant Name	
		Portage (b)	Gladstone (c)
1	Kind of plant (steam, int. combustion, Gas turbine or nuclear)	Gas Turbine	Gas Turbine
2	Plant Constrcn. 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 cpcy. (max. generator name plate ratings in MW)	22.6	22.6
6	Net Peak Demand on Plant-MW (60 minutes)	25	25
7	Plant hours connected to load	1214	337
8	Net continuous plant capability (megawatts)	0	
9	When not limited by condenser water	0	
10	When limited by condenser water	0	
11	Average number of employees	3	1
12	Net generation, exclusive of plant use-KWh	16,585,560	5,706,416
13	Cost of plant: Land and Land Rights	7,353	55,663
14	Structures and Improvements	42,811	110,212
15	Equipments costs	2,508,875	2,227,188
16	Asset Retirement Costs	-	-
17	Total cost	2,559,039	2,393,063
18	Cost per KW of Installed capacity (line 5)	113.23	105.89
19	Production Expenses: Oper., Supv., & Engr.	99,041	28,160
20	Fuel	3,848,127	1,100,270
21	Coolants and Water (Nuclear Plants only)		
22	Steam expenses		
23	Steam from other sources		
24	Steam transferred (credit)		
25	Electric expenses	47,712	10,147
26	Misc. steam (or nuclear) power expenses	25,691	11,262
27	Rents		
28	Allowances		
29	Maintenance Supervision and Engineering	155,814	20,715
30	Maintenance of structures	1,832	
31	Maintenance of boiler (or reactor) plant		
32	Maintenance of electric plant	296,838	10,878
33	Maintenance of Misc. steam (or nuclear) plant	2,652	56
34	Total Production Expenses	4,477,707	1,181,488
35	Expenses per net KWh	0.289976232	0.207045543
36	Fuel: Kind (coal, gas, oil, or nuclear)	Oil	
37	Unit: (coal-tons of 2,000 lb) (oil-barrels of 42 gals.) (Gas-Mcf) (Nuclear-indicate)	Oil Barrels	Oil Barrels
38	Quantity (units) of fuel burned	46198	153327
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)	138200	138200
40	Avg. cost of fuel per unit, as delvrd. F.o.b. plant during year	84.445	76.839
41	Avg. cost of fuel per unit burned	83.296	72.21
42	Avg. cost of fuel burned per million Btu		
43	Avg. cost of fuel burned per KWh net gen.	1.435	1.237
44	Avg. Btu per KWh net generation	16167.779	15590.178

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HYDROELECTRIC GENERATING PLANT STATISTICS (Large Plants)

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

Line No.	ITEM (a)	FERC Licensed Project No. <u>1864</u> Plant name: _____	FERC Licensed Project No. _____ Plant name: _____
		(b)	(c)
1	Kind of Plant (Run-of-River or Storage)	Storage	
2	Type of Plant Construction (Conventional or Outdoor)	Conventional	
3	Year originally constructed	1,930	
4	Year last unit was installed	1,930	
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	8	
12	Net generation, exclusive of plant use-KWh	51,174,800	
13	Cost of plant:		
14	Land and Land Rights	464,646	
15	Structures and Improvements	339,363	
16	Reservoirs, Dams, and Waterways	17,325,746	
17	Equipment costs	1,507,688	
18	Roads, railroads, and bridges	307,025	
19	Asset Retirement Costs		
20	TOTAL Cost (Enter total of lines 14 thru 19)	19,944,468	
21	Cost per KW of installed capacity (Line 20/5)	1,662,039	
22	Production Expenses:		
23	Operation Supervision and Engineering	144,954	
24	Water for power		
25	Hydraulic Expenses	252,860	
26	Electric Expenses	42,670	
27	Misc. Hydraulic Power Generation Expenses	203,170	
28	Rents		
29	Maintenance Supervision and Engineering	71,576	
30	Maintenance of Structures		
31	Maintenance of Reservoirs, Dams and Waterways	59,377	
32	Maintenance of Electric Plant	34,975	
33	Maintenance of Misc. Hydraulic Plant	(15,366)	
34	Total Production Expenses (Total lines 23 thru 33)	794,216	
35	Expenses per net KWh	0.0155	

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GENERATING PLANT STATISTICS (Small Plants)

1. Small generating plants are steam plants of less than 25,000 Kw; internal combustion and gas turbine-plants, conventional hydro plants and pumped storage plants of less than 10,000 Kw installed capacity (name plate rating).

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

Line No.	Name of Plant (a)	Year Orig. Const. (b)	Installed Capacity-Name Plate Rating (in MW) (c)	Net Peak Demand MW (60 min.) (d)	Net Generation Excluding Plant Use (e)	Cost of Plant (f)
1	STEAM:					
2	John H. Warden	1959	18.75		(405)	8,237,608
3						
4	HYDRO:					
5	Prickett	1931	2.20	1.7	8,739	2,196,050
6	Hoist*	1925	4.40	3.0	12,251	6,710,212
7	McClure	1919	8.00	8.0	33,967	3,153,248
8	Autrain	1910	0.90	1.0	5,234	1,612,955
9	Cataract	1929	2.00	1.0	3,254	340,067
10						
11						
12						
13						
14						
15	* Includes Silver Lake					
16						
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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)			
439,339	169,672	5,500	203,253	Gas		1
						2
						3
						4
998,205	145,045		42,105			5
1,525,048	489,322		(813177)			6
394,156	235,498		361,601			7
1,792,172	119,446		18,058			8
170,033	93,779		10,976			9
						10
						11
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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) April 28, 2006	Year of Report December 31, 2005
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HYDROELECTRIC GENERATING PLANTS

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

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	Vertical	1930	215 FT
2							
3							
4							
5							
6							
7							
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HYDROELECTRIC GENERATING PLANTS (Continued)

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

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

Water Wheels (Continued)			Generators						Total Installed Generating Capacity	Line No.
Design Head	RPM	Maximum Hp. Capacity of Unit at Design Head	Year Installed	Voltage	Phase	Frequency or d.c.	Name Plate Rating of Unit (in MW)	No. of Units in Plant	(Name Plate Ratings in megawatts)	
(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	
210 FT	300	9000	1930	11500	3	60	6	2	12	1
										2
										3
										4
										5
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INTERNAL-COMBUSTION ENGINE AND GAS-TURBINE GENERATING PLANTS

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

Line No.	Name of Plant (a)	Location of Plant (b)	Prime Movers			
			<i>In Column (e), indicate basic cycle for gas-turbine as open or closed; indicate basic cycle for internal-combustion as 2 or 4.</i>			
			Internal-Combustion or Gas-Turbine (c)	Year Installed (d)	Cycle (e)	Belted or Direct Connected (f)
1	Portage Generating	South Range, MI	Gas Turbine	1973	Open	Direct Connected
2						
3	Gladstone Generating	Gladstone, MI	Gas Turbine	1987	Open	Direct Connected
4						
5						
6						
7						
8						
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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)		
31900	1973	12500	3	60	22.6	1	22.6	1
31900	1987	12500	3	60	22.6	1	22.6	2
								3
								4
								5
								6
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SUBSTATIONS

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

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In Mva)		
			Primary (c)	Secondary (d)	Tertiary (e)
1	Escanaba Sub, ESC*	Distribution	69.00	12.50	
2	Freeman's Sub, Neg Twsp	Distribution	138.00	34.00	
3	Gladstone Sub, Gladstone	Distribution	12.50	69.00	
4	Warden Station, L'Anse	Distribution	13.80	69.00	
5	Masonville, Mason Twsp*	Distribution	69.00	34.00	
6	McClure Plt, Ishp	Distribution	2.40	34.00	
7	Mobile Sub, Ishp	Distribution	138.00	69.00	
8	Portage Generating, Adams Twsp	Distribution	69.00	12.50	
9	Barnum Sub, Ishp	Distribution	34.00	12.50	
10	Barnum Sub, Ishp	Distribution	69.00	12.50	
11	Delta Sub, Wells Twsp	Distribution	69.00	12.50	
12	Elevation St, Hancock*	Distribution	69.00	12.50	
13	Gladstone Sub, Gladstone*	Distribution	69.00	2.40	
14	Henry Street Sub, Hurontown*	Distribution	69.00	12.50	
15	Lake Mine, Greenland Twsp	Distribution	69.00	7.20	
16	L'Anse Dist, L'Anse	Distribution	69.00	12.50	
17	Lincoln Ave Sub, Iron River	Distribution	69.00	12.50	
18	M-38 Sub, Baraga Twsp*	Distribution	69.00	12.50	
19	Negaunee City, Neg*	Distribution	34.00	4.16	
20	Ontonagon Sub, Ont*	Distribution	69.00	12.50	
21	Toiv Sub, Elm River Twsp*	Distribution	69.00	12.50	
22	Victoria, Rockland Twsp	Distribution	69.00	12.50	
23	Osceola Sub, Laurium	Distribution	69.00	12.50	
24	Elevation St, Hancock*	Distribution	69.00	12.50	
25	Masonville Sub	Distribution	34.00	12.50	
26	33 Subs Under 10,000 KVA	Distribution			
27	Total		1,579.70	522.76	
28					
29					
30	*Substations serving customers with energy for resale.				
31					
32					
33					
34					
35					
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37					
38					
39					

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) April 28, 2006	Year of Report December 31, 2005
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SUBSTATIONS (Continued)

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

Capacity of Substation (In Service) (In Mva) (f)	Number of Transformers in Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In Mva) (k)	
16	1					1
25	1					2
37	1					3
20	1					4
15	1					5
10	2					6
		1				7
37	1					8
12	2					9
22	1	1				10
14	1					11
14	1					12
8	1					13
12	1					14
	1					15
28	2					16
14	1					17
6	1					18
6	3	1				19
6	1					20
	1					21
15	6	1				22
45	2	1				23
10	1					24
5	1					25
66	33	16				26
443	68	21				27
						28
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ELECTRIC DISTRIBUTION METERS AND LINE TRANSFORMERS

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

Line No.	Item (a)	Number of Watt-Hours Meters (b)	LINE TRANSFORMERS	
			Number (c)	Total Capacity (In Mva) (d)
1	Number at Beginning of Year	66,303	22,814	615
2	Additions During Year			
3	Purchases	2,491	596	22
4	Associated with Utility Plant Acquired			
5	TOTAL Additions (Enter Total of lines 3 and 4)	2,491	596	22
6	Reduction During Year			
7	Retirements	1,566	441	9
8	Associated with Utility Plant Sold			
9	TOTAL Additions (Enter Total of lines 7 and 8)	1,566	441	9
10	Number at End of Year (Lines 1+ 5 - 9)	67,228	22,969	628
11	In Stock	4,780	1,063	62
12	Locked Meters on Customers' Premises			
13	Inactive Transformers on System			
14	In Customers' Use	62,448	21,806	556
15	In Companys' Use		100	10
16	Total End of Year (Enter Total of lines 11 to 15. This line should equal line 10)	67,228	22,969	628

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