

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.

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) 4/30/2007	Year of Report December 31, 2006
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LIST OF SCHEDULES (Electric Utility)

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

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

Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS		
General Information	101	
Control Over Respondent & Other Associated Companies	M 102	
Corporations Controlled by Respondent	103	
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	Page 116-None
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) 4/30/2007	Year of Report December 31, 2006
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	None	
Transmission of Electricity by Others	332		
Miscellaneous General Expenses - Electric	M 335		
Depreciation and Amortization of Electric Plant	M 336-337	Page 337-None	
Particulars Concerning Certain Income Deduction and Interest Charges Accounts	340		
COMMON SECTION			
Regulatory Commission Expenses	350-351		
Research, Development and Demonstration Activities	352-353	None	
Distribution of Salaries and Wages	354-355		
Common Utility Plant and Expenses	356	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		

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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	226A	
Receivables From Associated Companies	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	
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	234N	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	Pages 333 C & D-None
Expenditures for Certain Civic, Political and Related Activities	341	

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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	None
Changes Made or Scheduled to be Made in Generating Plant Capacities	412	
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	

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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.

Keith Moyle
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.

N/A

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

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

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

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

(2) No

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Upper Peninsula Power Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	4/30/2007	December 31, 2006

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 Integrys Energy Group Inc, ("Holding Company," formerly known as WPS Resources Corporation).

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) 4/30/2007	Year of Report December 31, 2006
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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	5.89%	
2		Respondent's investment in		
3		American Transmission Co.		
4				
5				
6	* Jointly owned by Respondent			
7	(approximately 6%); holding company,			
8	Integrus Energy Group, Inc.			
9	(approximately 73%); and another utility			
10	subsidiary, Wisconsin Public Service			
11	Corporation (approximately 21%).			
12	Respondent became a member on			
13	June 29, 2001.			
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OFFICERS AND EMPLOYEES

- Report below the name, title and salary for the five executive officers
- Report in column (b) salaries and wages accrued during the year including deferred compensation.
- 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).
- 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.
- 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 (until February 20, 2006); President and CEO (effective February 20, 2006)	None	None	None	None
3	Gary W. Erickson President (until February 20, 2006)	49,163	None	None	None
4	Barth J. Wolf Secretary	None	None	None	None
5	Bradley A. Johnson Treasurer (until February 20, 2006); Vice President and Treasurer (effective February 20, 2006)	None	None	None	None
6	Keith E. Moyle Vice President and General Manager (effective December 17, 2006)	None	None	None	None

Footnote Data

- Officer's salaries (except Gary W. Erickson's) are reported on the affiliated company's (Wisconsin Public Service Corporation) FERC Form 1.
- Keith E. Moyle did not have compensation to report for 2006 due to the timing of appointment as an officer. He did not receive any compensation in 2006 as an officer.
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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) 4/30/2007	Year of Report December 31, 2006
DIRECTORS				
<p>1. Report below any information called for concerning each director of the respondent who held office at any time during the year. Include in column (a), abbreviated titles of the directors who are officers of the respondent.</p> <p>2. Designate members of the Executive Committee by a triple asterisk and the Chairman of the Executive Committee by a double asterisk.</p>				
Line No.	Name and Title of Director (a)	Principal Business Address (b)	# of Directors Meetings During Yr (c)	Fees During Yr (d)
1	Lawrence T. Borgard President and CEO	Wisconsin Public Service Corporation 700 North Adams Street P. O. Box 19001 Green Bay, WI 54307-9001	8	
2	Gary W. Erickson President (until February 20, 2006); Removed as Director (effective February 20, 2006)	Upper Peninsula Power Company 500 North Washington Street P. O. Box 357 Ishpeming, MI 49849	8	
3	Bradley A. Johnson Treasurer (until February 20, 2006); Vice President and Treasurer (effective February 20, 2006); Appointed Director (effective February 20, 2006)	Wisconsin Public Service Corporation 700 North Adams Street P. O. Box 19001 Green Bay, WI 54307-9001	8	
4	Thomas P. Meinz Chairman	Wisconsin Public Service Corporation 700 North Adams Street P. O. Box 19001 Green Bay, WI 54307-9001	8	
5	Joseph P. O'Leary	Wisconsin Public Service Corporation 700 North Adams Street P. O. Box 19001 Green Bay, WI 54307-9001	8	
1	<u>Footnote Data</u> The Company does not have an executive committee.			
2				
3				
4				

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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

By Proxy: 0

3. Give the date and place of such meeting:

Directors were elected May 17, 2006 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			
		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	Integrys Energy Group, Inc.				
8	(formerly known as WPS Resources Corporation)				
9	700 North Adams Street				
10	Green Bay, WI 54301				
11					
12	Instruction 2: Not Applicable				
13	Instruction 3: Not Applicable				
14	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) 4/30/2007	Year of Report December 31, 2006
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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.

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) 4/30/2007	Year of Report December 31, 2006
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IMPORTANT CHANGES DURING THE YEAR (Continued)

1. None.
2. None.
3. None.
4. None.
5. None.
6. N/P Associated Co. - Integrys Energy Group, Inc. \$15,350,000 FERC \$20 Million authorization, Federal Power Act, Section 204, Docket No. ES05-15-000.
7. None.
8. 3% general wage increase.
9. None.
10. Gary W. Erickson was removed as Director, effective February 20, 2006.
Bradley A. Johnson was appointed Director, effective February 20, 2006.
Gary W. Erickson was removed as President, effective February 20, 2006.
Lawrence T. Borgard, former Chief Executive Office, was appointed President and Chief Executive Officer, effective February 20, 2006.
Bradley A. Johnson was appointed Vice President and Treasurer, effective February 20, 2006.
Keith E. Moyle was appointed Vice President - General Manager, effective December 17, 2006.
11. None.
12. None.

Name of Respondent		This Report Is:	Date of Report	Year of Report
Upper Peninsula Power Company		(1) [X] An Original (2) [] A Resubmission	(Mo, Da, Yr) 4/30/2007	December 31, 2006
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	193,231,645	198,652,898
3	Construction Work in Progress (107)	200-201	1,592,662	3,562,447
4	TOTAL Utility Plant (Enter total of lines 2 and 3)		194,824,307	202,215,345
5	(Less) Accum.Prov for Depr.Amort.Depl (108,111,115)	200-201	87,624,443	90,853,363
6	Net Utility Plant (Enter total of line 4 less 5)		107,199,864	111,361,982
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab (120.1)		0	0
8	Nuclear Fuel Materials & Assemblies - Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel under Capital Leases (120.6)		0	0
12	Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter total of line 7 less 8)		0	0
14	Net Utility Plant (Enter total of lines 6 and 13)		107,199,864	111,361,982
15	Utility Plant Adjustments (116)	122	0	0
16	Gas Stored Underground-Noncurrent (117)	--	0	0
17	OTHER PROPERTY AND INVESTMENTS			
18	Nonutility Property (121)	221	4,255,409	5,361,674
19	(Less) Accum.Prov. for Depr. and Amort. (122)	---	576,065	649,305
20	Investments in Associated Companies (123)	222-223	0	0
21	Investments in Subsidiary Companies (123.1)	224-225	14,199,199	13,169,251
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		0	0
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		0	0
29	Special Funds (Non-Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		0	0
31	Long-Term Portion of Derivative Assets - Hedges (176)		0	0
32	TOTAL Other Property and Investments (Total of lines 18 thru 21, 23 thru 31)		17,878,543	17,881,620
33	CURRENT AND ACCRUED ASSETS			
34	Cash and Working Funds (Non-Major Only) (130)		0	0
35	Cash (131)	---	3,496,157	826,703
36	Special Deposits (132-134)	---	13,500	4,500
37	Working Fund (135)	---	3,200	3,050
38	Temporary Cash Investments (136)	222-223	0	0
39	Notes Receivable (141)	226A	0	0
40	Customer Accounts Receivable (142)	226A	9,519,952	9,661,653
41	Other Accounts Receivable (143)	226A	14,717,493	7,144,374
42	(Less) Accum.Prov. for Uncoll. Acct.- Credit (144)	226A	375,000	400,000
43	Notes Receivable from Assoc. Companies (145)	226B	0	0
44	Accounts Receivable from Assoc. Companies (146)	226B	5,191,576	1,682,087
45	Fuel Stock (151)	227	358,139	345,614
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	1,162,891	1,296,010
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203, 207	0	0
52	Allowances (158.1 and 158.2)	228-229	0	0

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2007	Year of Report December 31, 2006
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COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)

Line	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
53	(Less) Noncurrent Portion of Allowances	---	0	0
54	Stores Expense Undistributed (163)	227	11,112	66,177
55	Gas Stored Underground-Current (164.1)	---	0	0
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)	---	0	0
57	Prepayments (165)	---	311,356	485,557
58	Advances for Gas (166-167)	---	0	0
59	Interest and Dividends Receivable (171)	---	0	0
60	Rents Receivable (172)	---	0	0
61	Accrued Utility Revenues (173)	---	3,253,215	3,365,176
62	Misc Current and Accrued Assets (174)		5,627,939	3,818,367
63	Derivative Instrument Assets - Hedges (176)		915,346	557,645
64	(Less) LT Portion of Derivative Inst. Assets - Hedges (176)		0	0
65	TOTAL Current and Accrued Assets (Enter total of lines 34 thru 66)		44,206,876	28,856,913
66	DEFERRED DEBITS			
67	Unamortized Debt Expenses (181)	---	94,769	83,235
68	Extraordinary Property Losses (182.1)	230	0	0
69	Unrecovered Plant & Regulatory Study Costs (182.2)	230	0	0
70	Other Regulatory Assets	232	5,623,968	53,470,217
71	Prelim. Survey & Invest. Charges (Elec) (183)	231	627,295	697,928
72	Prelim. Survey & Invest. Charges (Gas) (183.1)	---	0	0
73	Other Prelim. Survey & Investigation Charges (183.2)		0	0
74	Clearing Accounts (184)	---	0	0
75	Temporary Facilities (185)	---	0	0
76	Miscellaneous Deferred Debits (186)	233	504,297	1,182,592
77	Def. Losses from Disposition of Utility Plant (187)	235	0	0
78	Research, Devel. and Demonstration Expend (188)	352-353	0	0
79	Unamortized Loss on Reacquired Debt (189)	237	42,948	40,235
80	Accumulated Deferred Income Taxes (190)	234	3,592,258	3,510,470
81	Unrecovered Purchased Gas Costs (191)	---	0	0
82	TOTAL Deferred Debits (Enter total of lines 69 thru 83)		10,485,535	58,984,677
83	TOTAL Assets and Other Debits (Enter total of lines 14 thru 16, 32, 67, and 84)		179,770,818	217,085,192

Name of Respondent		This Report Is:	Date of Report	Year of Report
Upper Peninsula Power Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 4/30/2007	December 31, 2006
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)				
Line	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	13,263,624	13,263,624
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)	252	0	0
5	Stock Liability for Conversion (203, 206)	252	0	0
6	Premium on Capital Stock (207)	252	19,893,673	12,920,433
7	Other Paid-In Capital (208-211)	253	40,250	40,250
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	31,935,704	36,491,370
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	1,563,588	2,260,491
13	(Less) Reacquired Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	0	0
16	TOTAL Proprietary Capital (Enter total of lines 2 thru 15)		66,696,839	64,976,168
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	14,400,000	13,500,000
19	(Less) Reacquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	15,000,000	15,000,000
21	Other Long-Term Debt (224)	256-257	0	0
22	Unamortized Premium on Long-Term Debt (225)	---	0	0
23	(Less) Unamortized Discount on Long-Term Debt -Debit (226)	---	0	0
24	TOTAL Long-Term Debt (Enter total lines 18 thru 23)		29,400,000	28,500,000
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases-Noncurrent (227)		0	0
27	Accumulated Prov. for Property Insurance (228.1)		0	0
28	Accumulated Prov. for Injuries and Damage (228.2)		0	0
29	Accumulated Prov. for Pensions and Benefits (228.3)		0	0
30	Accumulated Misc. Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		0	0
33	LT Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		891,295	942,343
35	TOTAL Other Noncurrent Liabilities (Enter total of lines 26 thru 34)		891,295	942,343
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		21,344,089	7,736,701
39	Notes Payable to Associated Companies (233)		14,000,000	15,350,000
40	Accounts Payable to Associated Companies (234)		5,465,570	8,808,157
41	Customer Deposits (235)		19,579	16,885
42	Taxes Accrued (236)	262-263	3,609,016	3,957,996
43	Interest Accrued (237)		223,680	209,700
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2007	Year of Report December 31, 2006
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COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)

Line	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		82,812	75,059
48	Misc. Current and Accrued Liabilities (242)		1,174,577	3,426,255
49	Obligations Under Capital Leases -Current (243)		0	0
50	Derivative Instrument Liabilities (244)		46,068	12,051
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		0	0
52	Derivative Instrument Liabilities - Hedges (245)		0	0
53	(Less) Long-Term Portion of Derivative Instrument Liabilities- Hedges		0	0
54	37 thru 53)		45,965,391	39,592,804
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		5,124,373	4,785,107
57	Accumulated Deferred Investment Tax Credits (255)	266-267	876,723	752,255
58	Deferred Gains from Disposition of Utility Plt. (256)	270	0	0
59	Other Deferred Credits (253)	269	4,769,946	51,661,081
60	Other Regulatory Liabilities	278	5,624,823	5,124,154
61	Unamortized Gain on Reacquired Debt (257)	237	0	0
62	Accum. Deferred Income Taxes-Accel. Amort. (281)		0	0
63	Accum. Deferred Income Taxes-Other Property (282)		18,216,183	19,814,635
64	Accum. Deferred Income Taxes-Other (283)	272-277	2,205,245	936,645
65	TOTAL Deferred Credits (Enter total of lines 56 thru 64)		36,817,293	83,073,877
66	TOTAL Liabilities and Other Credits (Enter total of lines 16, 24, 35, 54 and 65)		179,770,818	217,085,192

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) 4/30/2007	Year of Report December 31, 2006
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STATEMENT OF INCOME FOR THE YEAR

- Report amounts for accounts 412 and 413, Revenue and Expenses for Utility Plant Leased to Others, in another utility column (l,k,m,o) in a similar manner to a utility department. Spread the amount(s) over lines 02 thru 24 as appropriate. Include these amounts in columns (c) and (d) totals.
- Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 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 amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to....

Line	Title of Account (a)	Ref. Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301	115,269,057	104,194,274
3	Operating Expenses			
4	Operation Expenses (401)	320-323	89,597,904	81,701,910
5	Maintenance Expenses (402)	320-323	6,355,895	5,783,427
6	Depreciation Expenses (403)	336-337	5,080,122	4,783,750
7	Depreciation Expenses for Asset Retirement Costs (403.1)			
8	Amortization and Depl. of Utility Plant (404-405)	336-337	207,864	189,811
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		11,204	2,428
13	(Less) Regulatory Credits			
14	Taxes Other Than Income Taxes (408.1)	262-263	5,146,802	4,833,131
15	Income Taxes-Federal (409.1)	262-263	1,328,158	(540,263)
16	-Other (409.1)	262-263	(1,287)	(49,826)
17	Provision for Deferred Income Taxes (410.1)	234,272-276	5,305,471	5,443,209
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234,272-276	5,055,592	3,849,543
19	Investment Tax Credit Adj.- Net (411.4)	266-267	(124,468)	(126,169)
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)		107,995,096	98,314,888
26	Net Utility Operating Income (Enter Total of line 2 less 25) (Carry forward to page 117, line 27)		7,273,961	5,879,386

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) 39202	Year of Report December 31, 2006
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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
115,269,057	104,194,274					2
						3
89,597,904	81,701,910					4
6,355,895	5,783,427					5
5,080,122	4,783,750					6
						7
207,864	189,811					8
143,023	143,023					9
						10
						11
11,204	2,428					12
						13
5,146,802	4,833,131					14
1,328,158	(540,263)					15
(1,287)	(49,826)					16
5,305,471	5,443,209					17
5,055,592	3,849,543					18
(124,468)	(126,169)					19
						20
						21
						22
						23
						24
107,995,096	98,314,888	0	0	0	0	25
7,273,961	5,879,386	0	0	0	0	26

Name of Respondent		This Report Is:		Date of Report	Year of Report
Upper Peninsula Power Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr) 4/30/2007	December 31, 2006
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>		7,273,961	5,879,386	
28	OTHER INCOME AND DEDUCTIONS				
29	Other Income				
30	Nonutility Operating Income				
31	Revenues From Merchandising, Jobbing and Contract Work (415)	282	0	0	
32	(Less) Costs and Exp. Of Merchandising, Job. And Contract Work (416)	282	0	0	
33	Revenues From Nonutility Operations (417)	282	647,599	665,715	
34	(Less) Expenses of Nonutility Operations (417.1)	282	792,896	406,905	
35	Nonoperating Rental Income (418)	282	4,200	4,550	
36	Equity in Earnings of Subsidiary Companies (418.1)	119,282	2,072,107	1,692,237	
37	Interest and Dividend Income (419)	282	369,815	180,327	
38	Allowance for Other Funds Used During Construction (419.1)	282	0	0	
39	Miscellaneous Nonoperating Income (421)	282	0	0	
40	Gain on Disposition of Property (421.1)	280	(492,284)	5,472,277	
41	TOTAL Other Income <i>(enter Total of lines 31 thru 40)</i>		1,808,541	7,608,201	
42	Other Income Deductions				
43	Loss on Disposition of Property (421.2)	280	2,322	280	
44	Miscellaneous Amortization (425)	340			
45	Donations (426.1)		76,037	71,128	
46	Life Insurance (426.2)				
47	Penalties (426.3)				
48	Exp. For Certain Civic, Political & Related Activities (426.4)		9,141	34,628	
49	Other Deductions (426.5)				
50	TOTAL Other Income Deductions <i>(Total of lines 43 thru 49)</i>		87,500	106,036	
51	Taxes Applicable to Other Income and Deductions				
52	Taxes Other Than Income Taxes (408.2)	262-263	121,756	145,952	
53	Income Taxes - Federal (409.2)	262-263	533,105	2,231,825	
54	Income Taxes - Other (409.2)	262-263	5,203	35,924	
55	Provision for Deferred Income Taxes (410.2)	234,272-276	225,722	308,027	
56	(Less) Provision for Deferred Income Taxes - Cr. (411.2)	234,272-276	206,929	37,742	
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 <i>(total of 52 thru 58)</i>		678,857	2,683,986	
60	Net Other Income and Deductions <i>(total of lines 41,50 & 59)</i>		1,042,184	4,818,179	
61	INTEREST CHARGES				
62	Interest on Long-Term Debt (427)	257	1,328,100	1,411,980	
63	Amort. Of Debt Disc. And Expense (428)	256-257	11,535	12,283	
64	Amortizaiton 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	1,446,603	1,122,110	
68	Other Interest Expense (431)	340	274,626	35,949	
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)				
70	Net Interest Charges <i>(total of lines 62 thru 69)</i>		3,063,576	2,585,034	
71	Income Before Extraordinary Items <i>(total lines 27,60,70)</i>		5,252,569	8,112,531	
72	EXTRAORDINARY ITEMS				
73	Extraordinary Income (434)	342			
74	(Less) Extraordinary Deductions (435)	342			
75	Net Extraordinary Items <i>(total line 73 less line 74)</i>		0	0	
76	Income Taxes-Federal and Other (409.3)	262-263			
77	Extraordinary Items After Taxes <i>(Enter Total of lines 75 less line 76)</i>		0	0	
78	Net Income <i>(Enter Total of lines 71 and 77)</i>		5,252,569	8,112,531	

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) 04/30/07	Year of Report December 31, 2006
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FOOTNOTE DATA

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
115	2	(e)	Includes \$6,545,496 per FERC Order 668-A.
115	4	(e)	Includes \$6,545,496 per FERC Order 668-A.
117	67	(c)	Interest on Long Term Debt \$ 796,615 Interest on Short Term Debt <u>649,988</u> \$1,446,603
117	67	(d)	Interest on Long Term Debt \$ 787,500 Interest on Short Term Debt <u>334,610</u> \$1,122,110

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RECONCILIATION OF DEFERRED INCOME TAX EXPENSE

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

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

Line No.	Electric Utility	Gas Utility
1 Debits to Account 410 from:		
2 Account 190	4,083,831	
3 Account 281		
4 Account 282	916,440	
5 Account 283	305,200	
6 Account 284		
7 Reconciling Adjustments		
8 TOTAL Account 410.1 (on pages 114-115 line 17)	5,305,471	0
9 TOTAL Account 410.2 (on page 117 line 55)		
10 Credits to Account 411 from:		
11 Account 190	(3,557,603)	
12 Account 281		
13 Account 282		
14 Account 283	(1,497,989)	
15 Account 284		
16 Reconciling Adjustments		
17 TOTAL Account 411.1 (on page 114-115 line 18)	(5,055,592)	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	(124,468)	
22 ITC Adjustments:		
23 Adjust last year's estimate to actual per filed return		
24 Other (specify)		
25 Net Reconciling Adjustments Account 411.4*	(124,468)	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.
	4,083,831	0	4,083,831	1 2 3
	916,440	225,722	1,142,162	4
	305,200	0	305,200	5 6 7
0	5,305,471			8
		225,722		9
	(3,557,603)	0	(3,557,603)	10 11
	(1,497,989)	(206,929)	(206,929)	13
		0	(1,497,989)	14 15 16
0	(5,055,592)			17
		(206,929)		18
	(124,468)	0	(124,468)	19 20 21 22 23 24
0	(124,468)	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 theyear 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 reseeded 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		31,902,518
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)		5,252,569
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		(696,903)
37	Balance - End of the Year (Enter Total of lines 1 thru 36)		36,458,184

<p>APPROPRIATED RETAINED EARNINGS (Account 215)</p> <p>State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.</p>			
---	--	--	--

38			
39			
40			
41			
42			
43	TOTAL Appropriated Retained Earnings (Account 215)		0

<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>			
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44	TOTAL Appropriated Retained Earnings-Amortization Reserve, Federal (Account 215.1)		33,186
45	TOTAL Appropriated Retained Earnings (Account 215 & 215.1)		33,186
46	TOTAL Retained Earnings (Accounts 215, 215.1 & 216)		36,491,370

<p>UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)</p>			
47	Balance-Beginning of Year (Debit or Credit)		1,563,588
48	Equity in Earnings for Year (Credit) (Account 418.1)		2,072,107
49	(Less) Dividends Received (Debit)		(1,375,204)
50	Other Changes (Explain)		
51	Balance-End of Year (Enter Total of lines 47 thru 50)		2,260,491

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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)	5,252,569
3	Noncash Charges (Credits) to Income:	
4	Depreciation and Depletion	5,157,926
5	Amortization of (Specify)	
6	Utility Plant Acq. Adj	350,887
7	Regulatory Assets and Liabilities	44,125
8	Deferred Income Taxes (Net)	268,672
9	Investment Tax Credit Adjustment (Net)	(124,468)
10	Net (Increase) Decrease in Receivables	10,108,925
11	Net (Increase) Decrease in Inventory	(175,659)
12	Net (Increase) Decrease in Allowances Inventory	
13	Net (Increase) Decrease in Payables and Accrued Expenses	(8,156,191)
14	Net (Increase) Decrease in Other Regulatory Assets	(1,132,563)
15	Net (Increase) Decrease in Other Regulatory Liabilities	
16	(Less) Allowance for Other Funds Used During Construction	
17	(Less) Undistributed Earnings from Subsidiary Companies	735,232
18	Other:	
19	Pension Expense and Post Retirement Liability	(79,226)
20	Other changes in working capital besides cash	2,046,518
21	Other Items not affecting cash flow	1,183,498
22	Net Cash Provided by (Used in) Operating Activities (Total of lines 2 thru 21)	14,009,781
23		
24	Cash Flows from Investment Activities:	
25	Construction and Acquisition of Plant (including land):	
26	Gross Additions to Utility Plant (less nuclear fuel)	(11,877,277)
27	Gross Additions to Nuclear Fuel	
28	Gross Additions to Common Utility Plant	
29	Gross Additions to Nonutility Plant	(1,110,826)
30	(Less) Allowance to Other Funds Used During Construction	
31	Other: Increase (decrease) in accrued capital expenditure	682,080
32		
33		
34	Cash Outflows for Plant (Total of lines 26 thru 33)	(12,306,023)
35		
36	Acquisition of Other Noncurrent Assets (d)	
37	Proceeds from Disposal of Noncurrent Assets (d)	402,459
38		
39	Investments in and Advances to Assoc. and Subsidiary Companies	
40	Contributions and Advances from Assoc. and Subsidiary Companies	
41	Disposition of Investments in (and Advances to)	
42	Associated and Subsidiary Companies	
43		
44	Purchase of Investment Securities (a)	
45	Proceeds from Sales of Investment Securities (a)	

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STATEMENT OF CASH FLOWS (Continued)

<p>4. Investing Activities</p> <p>(a) Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of asset acquired with liabilities assumed on pages 122-123.</p> <p>(b) 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. 6.</p> <p>Enter on pages 122-123 clarifications and explanations.</p>
--	--

Line No.	Description (See instructions for Explanation of Codes) (a)	Amount (b)
46	Loans Made or Purchased	
47	Collections on Loans	
48		
49	Net (Increase) Decrease in Receivables	
50	Net (Increase) Decrease in Inventory	
51	Net (Increase) Decrease in Allowances Held for Speculation	
52	Net Increase (Decrease) in Payables and Accrued Expenses	
53	Other:	
54		
55	Return of Capital on Consol. Equity Investments	1,765,179
56	Net Cash Provided by (Used in) Investing Activities	
57	(Total of lines 34 thru 55)	(10,138,385)
58		
59	Cash Flows from Financing Activities:	
60	Proceeds from Issuance of:	
61	Long Term Debt (b)	
62	Preferred Stock	
63	Common Stock	
64	Other:	
65	Other: Return of capital paid to parent	(7,000,000)
66	Net Increase in Short-Term Debt (c)	1,350,000
67	Other:	
68		
69		
70	Cash Provided by Outside Sources (Total of lines 61 thru 69)	(5,650,000)
71		
72	Payments for Retirement of:	
73	Long Term Debt (b)	(900,000)
74	Preferred Stock	
75	Other: Increase (decrease) in accrued capital expenditure	
76	Other:	
77		
78	Net Decrease in Short-Term Debt (c)	
79		
80	Dividends on Preferred Stock	
81	Dividends on Common Stock	
82	Net Cash Provided by (Used in) Financing Activities	
83	(Total of lines 70 thru 81)	(6,550,000)
84		
85	Net Increase (Decrease) in Cash and Cash Equivalents	
86	(Total of lines 22, 57 and 83)	(2,678,604)
87		
88	Cash and Cash Equivalents at Beginning of Year	3,512,857
89		
90	Cash and Cash Equivalents at End of Year	834,253

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FOOTNOTE DATA

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
120	19	(b)	Pension Expense and Post-Retirement Liability: Pension Expense \$100,681 Post-Retirement Liability <u>(\$179,907)</u> (\$79,226)
120	20	(b)	Other Changes in Working Capital: Accrued Revenue (\$111,962) Prepayments & Other Current Assets \$1,635,373 Investments and Other Long Term Assets <u>\$523,107</u> \$2,046,518

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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 of the Michigan Public Service Commission ("MPSC"), which is a comprehensive basis of accounting that differs from the 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 requirement 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 Integrys Energy Group, Inc.

The term "utility" refers to the regulated activities of the Company, while the term "non-utility" refers to the activities of the Company that are not regulated.

Use of Estimates

The preparation of financial statements in conformity with the accounting requirements of FERC 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.

Property, Plant, and Equipment

Utility plant is stated at original cost. The cost of property additions, including replacement 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. The rate is specified in a formula in FERC's Uniform System of Accounts, but limited by the MPSC's allowed rate of return. The cost-of-borrowed-funds element of AFUDC is reported as a reduction of interest expense, and the 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 the Company's construction projects. There were no construction projects qualifying for AFUDC in 2006 and 2005.

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NOTES TO FINANCIAL STATEMENTS (Continued)

Depreciation

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, 2006 and 2005, are approved by the MPSC. The book depreciation calculated for those years was the equivalent of approximately 2.90% for 2006 and 2.85% for 2005 of depreciable plant.

Asset Retirement Obligations

In accordance with SFAS No. 143, *Accounting for Asset Retirement Obligations*, the Company recognizes, at fair value, legal obligations associated with the retirement of tangible long-lived assets that resulted from the acquisition, construction or development, and/or normal operation of the assets. The asset retirement obligations are accreted using a credit-adjusted risk-free interest rate commensurate with the expected settlement dates of the asset retirement obligations. The associated retirement costs are capitalized as part of the related long-lived assets and are depreciated over the useful lives of the assets.

The Company adopted Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations*, as of December 31, 2005. Interpretation No. 47 clarifies that conditional asset retirement obligations are within the scope of SFAS No. 143. Therefore, a liability must be recorded for these obligations as long as the fair value can be reasonably estimated, even if the timing or method of settling the obligation is unknown. Asset retirement obligations included within the scope of Interpretation No. 47 are calculated and recorded utilizing the methodology in SFAS No. 143. See Note 9, *Asset Retirement Obligations*, for additional information regarding SFAS No. 143 and Interpretation No. 47.

Non-Utility Property

Non-utility property mainly consists of 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.

Asset Impairment

We review the recoverability of long-lived tangible and intangible assets and other indefinite lived tangible assets, in accordance with SFAS No. 144, *Accounting for Impairment or Disposal of Long-Lived Assets*. This Statement requires review of assets when circumstances indicated 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 assets 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 costs 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 fair value of these investments to their carrying values. Impairment charges are recorded if the carrying value of such assets exceeds the investment's fair value unless the decline in fair value is temporary. There were no impairment charges for the years ended December 31, 2006 and 2005.

Taxes Other Than Income

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, jointly owned by the Company (6%), Wisconsin Public Service Corporation ("WPSC") (21%), and Integrys Energy Group (73%), holds the Company's entire investment in American Transmission Company LLC ("ATC"). The ownership interests have varied throughout 2006 and will continue to change as WPSC and the Company contribute additional assets to WPS Investments, or as cash is contributed by Integrys Energy Group. The Company's investment in WPS Investments LLC is accounted for under the equity method.

WPS Investments LLC, has a 30.65% ownership in ATC as of December 31, 2006. 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.

In April 2006, WPS Investments LLC completed the sale of its one-third interest in Guardian Pipeline, LLC ("Guardian") to Northern Border Partners, LP for \$38.5 million. The transaction resulted in recognition of a pre-tax gain of \$6.2 million in the second quarter of 2006. The Company's share of the gain was \$1,765,179 pre tax. Guardian owns a natural gas pipeline, which began operating in 2002, that stretches about 140 miles from near Joliet, Illinois, into southern Wisconsin. It can transport up to 750 million cubic feet of natural gas daily.

<u>(Thousands)</u>	<u>2006</u>	<u>2005</u>
WPS Investments LLC	\$13,166.0	\$14,195.9
ATC Management Inc.	3.2	3.2
Investments In Affiliates, At Equity Method	\$13,169.2	\$14,199.1

The Company recorded equity in earnings of WPS Investments LLC of \$2,033,778 and \$1,653,897 in 2006 and 2005, respectively.

The Company recorded dividends of \$1,336,875 and \$1,164,925 from WPS Investments LLC in 2006 and 2005, respectively.

The Company has not recorded any related-party transactions with Guardian.

Cash and Cash Equivalents

We consider short-term investments with an original maturity of three months or less to be cash equivalents.

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

	<u>2006</u>	<u>2005</u>
Cash	\$826.7	\$3,496.2
Working Funds	\$3.0	\$3.2
Special Deposits	\$4.5	\$13.5
	<u>\$834.2</u>	<u>\$3,512.9</u>

Inventories

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

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NOTES TO FINANCIAL STATEMENTS (Continued)

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. The Company accounts for 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. 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 SFAS No. 71, *Accounting for the Effects of Certain Types of Regulation*. Regulatory assets represent incurred costs that are probable of recovery from customers through the ratemaking process. Based on current evaluation of the various factors and conditions that are expected to impact future cost recover, we believe the recovery of the regulatory asset is probable. If, at any reporting date, a previously recorded regulatory asset is no longer probable of recovery, the regulatory asset is reduced to the amount considered probable of recovery with reduction charged to current expense. 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 on the Balance Sheet as of December 31:

<i>(Thousands of Dollars)</i>	<u>2006</u>	<u>2005</u>
Regulatory Assets:		
Retiree Health Care	\$181	\$211
Warden Ash Site Groundwater Monitoring	\$1,265	\$1,320
2003 PSCR Dead River	\$3,562	\$2,459
Silver Lake Costs	\$845	\$827
Pension Related	\$47,091	\$329
Asset Retirement Obligation	\$514	\$432
Risk Management Activities	\$12	\$46
TOTAL	<u>\$53,470</u>	<u>\$5,624</u>
Regulatory Liabilities:		
Income Tax Related	\$410	\$472
Income Tax Rate Changes - Plant	\$3,941	\$4,132
Income Tax Rate Changes - Non-Plant	\$215	\$105
Risk Management Activities	\$558	\$915
TOTAL	<u>\$5,124</u>	<u>\$5,624</u>

Revenues 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.

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The Company uses automatic fuel and purchased power adjustment clauses for the MPSC retail electric portions of the business. Most wholesale electric contracts have no automatic fuel and purchase power adjustment clauses.

Billings to 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, 2006, the Company has also recorded regulatory assets related to costs associated with the flooding of 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 obtains or refunds deposits accordingly. The Company is precluded from discontinuing service to residential customers during winter moratorium months. The Company calculates 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.

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 Integrys Energy Group, Inc. Integrys Energy Group files a consolidated United States income tax return that includes domestic subsidiaries in which its ownership is 80 percent or more. Integrys Energy Group and its 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.

Integrys Energy Group and its subsidiaries have routinely been subject to examination by various taxing jurisdictions, including the Internal Revenue Service (IRS), and 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.

The Company accounts for the Michigan Single Business tax as a tax other than income taxes.

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NOTES TO FINANCIAL STATEMENTS (Continued)

New Accounting Pronouncements

In June 2006, the FASB ratified the consensus reached by the EITF on Issue No. 06-3, *How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented on the Income Statement (That Is, Gross versus Net Presentation)*. The Issue applies to taxes directly imposed on revenue-producing transactions and excludes from its scope taxes assessed on an entity's activities over time, such as gross receipts taxes. Issue No. 06-3 concludes that the presentation of taxes on either a gross (i.e., included in revenues and costs) or net (i.e., excluded from revenues) basis is an accounting policy decision. It does not require an entity to reevaluate its existing classification policies related to these taxes, but it does require additional disclosures regarding which presentation is selected. In addition, for any such taxes that are reported on a gross basis, the guidance requires an entity to disclose the amounts for those taxes in interim and annual financial statements for each period for which an income statement is presented. Issue No. 06-3 is effective January 1, 2007, for the Company. We do not expect this guidance to have a significant impact on our financial statements.

In July 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, to provide guidance on how to reflect uncertain tax positions in and enterprise's financial statements. The Interpretation applies to all tax positions and will affect all circumstances in which an entity is uncertain as to whether a tax position will ultimately be sustained as filed in its tax return. In order to recognize a tax benefit in the financial statements, an entity must determine that it is "more likely than not" that the tax benefit will be realized. The amount of the tax benefit to be recognized is the largest amount that is greater than 50% likely to be realized upon ultimate settlement with the taxing authority. The Interpretation is effective for the Company on January 1, 2007. We do not expect the implementation of Interpretation No. 48 to have a significant impact on our financial statements.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. SFAS No. 157 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and states that a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. The Standard eliminates the current requirement for deferring "day one" gains on energy contracts that are not evidenced by quoted market prices or other current market transactions. The Standard will be effective for the Company beginning January 1, 2008. We are currently evaluating the impact that SFAS No. 157 will have on our financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. This Standard permits entities to choose to measure many financial instruments and certain other items at fair value, following the provisions of SFAS No. 157. Included within the scope of the Standard are all recognized financial assets and financial liabilities, except consolidated investments, consolidated interests in a variable interest entity, obligations for pension and certain other benefits, leases, and financial instruments that are classified as a component of shareholder's equity. Also included in the scope of the Standard are firm commitments that would otherwise not be recognized at inception and involve only financial instruments, non-financial insurance contracts and warranties that the insurer can settle by paying a third party to provide those goods or services, and host financial instruments resulting from separation of an embedded non-financial derivative instrument from a non-financial hybrid instrument. SFAS No. 159 is effective for the Company beginning January 1, 2008. We are currently evaluating the impact that SFAS No. 159 will have on our financial statements.

2. FAIR VALUE OF FINANCIAL INSTRUMENTS

Cash, and Cash Equivalents, Notes Payable, Accounts Payable, Accounts Receivable, and Outstanding Short-Term Debts: The carrying amount approximates fair value due to short maturity of these investments and obligations.

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NOTES TO FINANCIAL STATEMENTS (Continued)

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.

Risk Management Activities: Assets and liabilities from risk management are recorded at fair value in accordance with SFAS No. 133.

The estimated fair values of the Company's financial instruments were:

<i>(Thousands)</i>	December 31, 2006		December 31, 2005	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and Cash Equivalents	\$834.3	\$834.3	\$3,512.9	\$3,512.9
Accounts Receivable	\$16,406.4	\$16,406.4	\$23,862.4	\$23,862.4
Accounts Payable	\$7,736.7	\$7,736.7	\$21,344.1	\$21,344.1
Notes Payable	\$15,350.0	\$15,350.0	\$14,000.0	\$14,000.0
Long-Term Debt	\$28,500.0	\$32,891.8	\$29,400.0	\$34,731.0
Risk Management Activities - Net	(\$546.0)	(\$546.0)	(\$869.0)	(\$869.0)

3. SHORT-TERM DEBT AND LINES OF CREDIT

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

	<u>2006</u>	<u>2005</u>
Maximum amount of short-term borrowings outstanding during the year	\$15,350.0	\$14,000.0
Average amount of short-term borrowings outstanding during the year	\$12,620.0	\$9,859.7
Weighted average interest rate on short-term borrowings	5.15%	3.39%
Short-term borrowings from WPSR at December 31	\$15,350.0	\$14,000.0
Weighted average interest rate on short-term borrowing outstanding at year end	5.41%	4.33%

4. LONG-TERM DEBT

As of December 31, 2006 and 2005, the market value of the Company's long-term debt with external creditors was \$17.9 million and \$19.7 million, respectively.

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

	<i>(Thousands of Dollars)</i>	
	<u>2006</u>	<u>2005</u>
First Mortgage Bonds:		
9.32% Series Due 2021	\$13,500.0	\$14,400.0
Long-Term Notes for Assoc. Co	\$15,000.0	\$15,000.0
Less Current Portion	\$900.0	\$900.0
Total Long-Term Debt	\$29,400.0	\$30,300.0

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NOTES TO FINANCIAL STATEMENTS (Continued)

Amounts of long-term debt due in each year subsequent to December 31, 2006 are \$900,000 annually until maturity in 2021.

The Company's long-term first mortgage bonds are subject to the terms and conditions of the Company's First Mortgage Indenture. Under the terms of the indenture, substantially all property owned by the Company is pledged as collateral for these outstanding debt securities. All of these debt securities require semi-annual payments of interest. Principal payments are due on the maturity date of the series.

5. EMPLOYEE BENEFIT PLANS

Plan Information

In September 2006, the FASB issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106, and 132(R)*. SFAS No. 158 requires employers to recognize a defined benefit postretirement plan's funded status in the statement of financial position and recognizes changes in the plan's funded status in comprehensive income in the year in which the changes occur. The Company records changes in the funded status to regulatory asset or liability accounts, pursuant to SFAS No. 71. Changes in funded status that are allocated by WPSC to the Company are recorded on the Balance Sheet as receivables from or payables to related parties. The following table shows the incremental effects of applying SFAS No. 158 on individual line items on the Company's Balance Sheet at December 31, 2006.

<i>(Millions)</i>	Before Application of Statement 158	Adjustments	After Application of Statement 158
Regulatory Assets	\$6.7	\$46.8	\$53.5
Total Assets	\$168.7	\$46.8	\$215.5
Payable to Related Parties (Other Deferred Credits)	\$4.9	\$46.8	\$51.7
Total Liabilities and Shareholders Equity	\$168.7	\$46.8	\$215.5

The Company also maintains a legacy 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.

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NOTES TO FINANCIAL STATEMENTS (Continued)

The following tables provide a reconciliation of the changes in the plan's benefit obligation during 2006 and 2005, as well as a statement of the funded status as of December 31 for each year.

<i>(Millions)</i>	2006	2005
Reconciliation of Benefit Obligation (Qualified and Non-Qualified Plans)		
Obligation at January 1	\$1.6	\$1.7
Interest Cost	\$0.1	\$0.1
Actuarial Loss - Net	\$0.0	\$0.1
Benefit Payments	(\$0.3)	(\$0.3)
Obligation at December 31	\$1.4	\$1.6

Reconciliation of Fair Value of Plan Assets

Fair Value of pplan Assets at January 1	\$0.0	\$0.0
Actual Return on Plan Assets	\$0.0	\$0.0
Employer Contributions	\$0.3	\$0.3
Benefit Payments	(\$0.3)	(\$0.3)
Fair Value of Plan Assets at December 31	\$0.0	\$0.0

Funded Status of Plans

Funded Status at December 31	(\$1.4)	(\$1.6)
Unrecognized Loss	\$0.0	\$0.3
Net Liability Recognized	(\$1.4)	(\$1.3)

Amounts recognized in the Balance Sheet at December 31, 2005 related to the SERP consist of:

<i>(Millions)</i>	SERP 2005
Accrued Benefit Cost	\$1.6
Regulatory Asset	\$0.3
Net Liability Recognized	\$1.3

Amounts recognized in the Balance Sheet at December 31, 2006 related to the SERP consist of:

<i>(Millions)</i>	SERP 2006
Current Liabilities	\$0.3
Noncurrent Liabilities	\$1.1
	\$1.4

The following table shows the amounts that have not yet been recognized in the Company's net periodic benefit cost as of December 31, 2006:

<i>(Millions)</i>	SERP 2006
Regulatory Asset	
Net Actuarial Loss	\$0.3

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NOTES TO FINANCIAL STATEMENTS (Continued)

The following table presents the components of the net periodic benefit cost for the SERP for 2006 and 2005:

<i>(Millions)</i>	SERP	
	2006	2005
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 Integrys Energy Group benefit plans are as follows:

	SERP	
	2006	2005
Discount Rate for Benefit Obligations	5.87%	5.65%
Discount Rate for Net Periodic Benefit Cost	5.65%	5.75%
Expected Rate on Assets	N/A	N/A
Rate of Compensation Increase	5.50%	5.50%

Defined Contribution Benefit Plans

Integrys Energy Group maintains a 401(k) Savings Plan for substantially all full-time 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 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 ESOP. The Company match, in the form of Integrys Energy Group 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. Union employees of the Company do not participate in the ESOP. The ESOP held 2.3 million shares of Integrys Energy Group common stock (market value of approximately \$122.9 million) at December 31, 2006. The Company's share of the total costs was \$0.4 million and \$0.3 million in 2006 and 2005, respectively.

6. INCOME TAXES

The principal components of the Company's deferred tax assets and liabilities recognized in the balance sheet as of December 31 are as follows:

<i>(Thousands)</i>	2006	2005
Deferred Tax Assets		
Plant & Investment Related	1,370	719
Employee Benefits	1,768	1,028
Deferred Income and Deductions	130	1,642
Other	243	203
Total	3,510	3,592
Deferred Tax Liabilities		
Plant & Investment Related	(19,879)	(18,436)
Employee Benefits	-	-
Regulatory Deferrals	(479)	(1,660)
Deferred Income and Deductions	(70)	(1)
Other	(323)	(323)
Total	(20,751)	(20,421)

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NOTES TO FINANCIAL STATEMENTS (Continued)

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 statements for the year ended December 31:

Thousands, except for percentages

Effective Income Tax	2006		2005	
	Rate	Amount	Rate	Amount
Statutory Federal Income Tax	35.0%	\$2,542	35.0%	\$4,035
State Income Taxes, Net	1.3	96	0.1	7
Investment Credit Restored	(1.7)	(124)	(1.1)	(126)
Plant-Related Differences	(1.5)	(106)	(4.5)	(524)
Benefits and Compensation	(5.4)	(393)	(3.5)	(406)
Other Differences, Net	0.0	(5)	3.6	428
Effective Income Tax	27.7%	\$2,009	29.6%	\$3,414
Current Provision				
Federal		\$1,861		\$1,692
State		4		(14)
Total Current Provision		1,865		1,678
Deferred (Benefit) Provision		269		1,869
Deferred Provision-NOL		0		(5)
Investment Tax Credit Restored, Net		(124)		(126)
Total Deferred Provision		144		1,738
Total Income Tax Expense		\$2,009		\$3,415

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 \$4.6 million as of December 31, 2006 and \$4.7 million as of December 31, 2005.

7. RISK MANAGEMENT ACTIVITIES

The following table shows the Company's assets and liabilities from risk management activities as of December 31, 2006 and 2005.

Risk Management Activities (Thousands)	Assets		Liabilities	
	2006	2005	2006	2005
Financial Transmission Rights	\$558	\$915	\$12	\$46
Balance Sheet Presentation				
Current	\$558	\$915	\$12	\$46

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

Financial transmission rights are financial instruments used to manage the transmission congestion costs of the Company. Under the Michigan Power Supply Cost Mechanism any gains or losses resulting from the eventual settlement of these derivative instruments will be collected from or refunded to customers.

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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, in 2006 and 2005, respectively. Future minimum rental obligations under non-cancelable operating leases are payable as follows:

Year Ended December 31		
<i>(Thousands)</i>		
	2007	\$999.6
	2008	999.6
	2009	999.6
	2010	999.6
	2011	999.6
	Later Years	5,997.6
Total Payments		\$10,995.6

9. ASSET RETIREMENT OBLIGATIONS

The Company adopted the provisions of Interpretation No. 47 as of December 31, 2005. Upon adoption of this Interpretation, 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. A \$0.6 million pre-tax cumulative effect of a change in accounting principle was deferred as a regulatory asset pursuant to SFAS No. 71 in connection with the implementation of the Interpretation, as we believe it is probable that the actual cost to dispose of the asset will be recoverable in future rates. Accretion expense for the year ended December 31, 2006 was \$51,048 and deferred as a regulatory asset pursuant to SFAS No. 71.

10. REGULATORY ENVIRONMENT

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 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.

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On June 27, 2006, the MPSC issued a final order authorizing the Company to increase its retail electric rates by \$3.8 million (4.8%) with a 10.75% return on equity, and a 54.93% common equity ratio. The new rates were effective June 28, 2006. The retail electric rate increase was required in order to improve service quality and reliability, upgrade technology, and manage rising employee and retiree benefit costs. The Company's previous retail electric rate increase was in December 2002.

The Company and Wisconsin Public Service Corporation ("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, Docket ER05-164. 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.

WPSC and the Company reached settlement with wholesale customers of WPSC that were protesting this Docket as well as Docket ER05-1089. The Company was also a party to Docket ER05-1089 as it dealt with the collection of replacement power costs of the Kewaunee Nuclear Plant as well as refund of a decommissioning fund as a result of the sale of the plant by WPSC. The settlements for these two dockets, which are contingent upon each other, were filed with FERC on November 9, 2006. FERC certified Docket ER05-164 on November 9, 2006 and Docket ER05-1089 on December 15, 2006. FERC's order is expected in the first quarter 2007. As a part of settlement, the Company agreed to a one time payment of \$(1,095,439) reflecting the net of the Company's obligations of WPSC deferred purchase power and O&M costs and refund of the decommissioning fund, which was recorded as Accounts Payable to Associated Companies on the Balance Sheet.

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 \$31.5 million and extend through 2010.

For 2006, the Company has a Capacity Purchase Agreement with WPSC that entitles the Company to purchase 65 MW of capacity. The Company also has a purchase power agreement for interruptible partial requirements service for 45 to 52 MW's that varies by month. The rate is determined by a rate formula.

The Company has a capacity and energy purchase agreement with White Pine Electric Power for 17-35 MW of capacity through December 2014. The associated energy is dispatchable between 0-35 MW. 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 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. This contract expires in November 2007. If terminated, the contract has a rolling nine-month calculation based on the contract provision 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.

Flood Damage

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

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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.

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. This 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 federal and state agencies in their investigations. The Company is still in the process of investigating the incident. Integrys Energy Group maintains a comprehensive insurance program that includes the Company which provides both property insurance for its facilities and liability insurance for liability to third parties. Integrys Energy Group 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 Integrys Energy Group.

As of May 13, 2005, several lawsuits were filed by the claimants and putative defendants relating to this incident. The suits that have been filed against the Company, Integrys Energy Group, and WPSC include the following claimants: Wisconsin Electric Power Company; 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 the contractor who built it (Moyle Construction, Inc.). The Company has reached a confidential settlement with Wisconsin Electric Power Company resolving Wisconsin Electric Power Company's claims. The settlement payment has been reimbursed by Integrys Energy Group's insurer and, therefore, did not have a material impact on the Condensed Consolidated Financial Statements. Integrys Energy Group has also settled several small claims with various landowners that are also covered by insurance. Integrys Energy Group is defending the remaining lawsuits filed against it and is seeking resolution of all claims and litigations where possible. A trial date in September 2007 has been set for the remaining cases.

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 costs deferred will be addressed in future rate proceedings.

The Company has announced its decision to restore Silver Lake as a reservoir for power generation pending approval of a license amendment and an economically feasible design by the FERC. FERC has required that a board of consultants evaluate and oversee the design approval process. The Company is developing a timeline for the project, provided FERC approves an economically feasible design. Once work is done, Silver Lake is expected to take approximately two years to refill, based upon natural precipitation.

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. See Note 10, "Regulatory Environment," for details on how the MPSC has agreed to handle the land sales for rate purposes.

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NOTES TO FINANCIAL STATEMENTS (Continued)

13. COMMON STOCK

<i>(Thousands)</i>	December 31	
	2006	2005
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 2006 and 2005	\$13,263.6	\$13,263.6

All shares of the Company's common stock are owned by Integrys Energy Group, Inc. In 2006, the Company made a \$7.0 million return of capital payment to Integrys Energy Group, Inc.

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 \$26.0 million of retained earnings was available at December 31, 2006, for the payment of common stock cash dividends by the Company.

15. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of the following utility and non-utility assets:

<i>(Millions)</i>	2006	2005
Electric Utility	\$198.6	\$193.2
Less: Accumulated Depreciation	\$90.8	\$87.6
Net	\$107.8	\$105.6
Construction In Progress	\$3.6	\$1.6
Net Utility Plant	\$111.4	\$107.2
Non-Utility Plant	\$5.3	\$4.3
Less: Accumulated Depreciation	\$0.6	\$0.6
Net Non-Utility Plant	\$4.7	\$3.7
Total Property, Plant, and Equipment	\$116.1	\$110.9

16. RELATED PARTY TRANSACTIONS

The Company enters into transactions with related parties, including Integrys Energy Group, its subsidiaries, and other related parties.

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

<i>(Millions)</i>	2006	2005
Electric Purchases from WPSC	\$40.7	\$33.5
Electric Sales to WPSC	0	28.0

Name of Respondent	This Report Is:	Date of Report	Year of Report
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NOTES TO FINANCIAL STATEMENTS (Continued)

Integrus Energy Group 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 it would have paid had it filed a separate return of 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, 2006, the Company's Balance Sheet included intercompany taxes receivable of \$1.6 million. At December 31, 2005, the intercompany taxes payable totaled \$0.8 million.

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

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 \$2.4 million, and \$2.6 million in 2006 and 2005, respectively. Network transmission service costs paid to ATC by the Company were \$3.9 million and \$3.4 million in 2006 and 2005, respectively.

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

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. Integrus Energy Group uses a December 31 measurement date for all of its plans. The Company's share of pension costs was \$4.3 million in 2006, \$4.4 million in 2005, and \$3.8 million in 2004. The Company's share of postretirement health care costs was \$3.8 million in 2006, \$2.4 million in 2005, and \$2.5 million in 2004.

The Company recorded \$10.2 million and \$2.7 million of related-party administrative costs allocated in 2006 and 2005, respectively.

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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 Account 219 at Beginning of Preceding Year		(183,200)		
2	Reclassifications from Acct 219 to Net Income				
3	Preceding Qtr/Yr to Date Changes in Fair Value		183,200		
4	Total (lines 2 and 3)		183,200		
5	Balance of Acct 219 at End of Preceding Year				
6	Balance of acct 219 at Beginning of Current Year				
7					
8	Current Year Change in Fair Value				
9	Total (lines 7 and 8)				
10	Balance of Acct 219 at end of Current year				

Name of Respondent Upper Peninsula Power Company	This report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Year) 4/30/2007	Year of Report December 31, 2006
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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			(183,200)		
2					
3			183,200		
4			183,200		183,200
5					
6					
7					
8					
9					
10					

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Name of Respondent		This Report Is:	Date of Report	Year of Report
Upper Peninsula Power Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/07	December 31, 2006
SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISION FOR DEPRECIATION, AMORTIZATION AND DEPLETION				
Line No.	Item	Total	Electric	
	(a)	(b)	(c)	
1	UTILITY PLANT			
2	In Service			
3	Plant in Service (Classified)	189,609,914	189,609,933	
4	Property Under Capital Leases			
5	Plant Purchased or Sold			
6	Completed Construction not Classified	9,042,984	9,042,965	
7	Experimental Plant Unclassified			
8	TOTAL (Enter Total of lines 3 thru 7)	198,652,898	198,652,898	
9	Leased to Others			
10	Held for Future Use			
11	Construction Work in Progress	3,562,447	3,562,447	
12	Acquisition Adjustments			
13	TOTAL Utility Plant (Enter Total of lines 8 thru 12)	202,215,345	202,215,345	
14	Accum. Prov. For Depr., Amort., & Depl.	90,853,363	90,853,363	
15	Net Utility Plant (Enter Total of line 13 less 14)	111,361,982	111,361,982	
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION			
17	In Service:			
18	Depreciation	87,001,375	87,001,375	
19	Amort. & Depl. Of Producing Natural Gas Land & Land Rights			
20	Amort. Of Underground Storage Land & Land Rights			
21	Amort. Of Other Utility Plant	1,158,396	1,158,396	
22	TOTAL In Service (Enter Total of lines 18 thru 21)	88,159,771	88,159,771	
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	2,693,592	2,693,592	
33	TOTAL Accumulated Provisions (Should agree with line 14 above) (Enter Total of lines 22, 26, 30, 31 & 32)	90,853,363	90,853,363	

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) 04/30/07	Year of Report December 31, 2006
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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	10,005	71,866
5	TOTAL Intangible Plant	7,563,285	71,866
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	562,364	
15	316 Miscellaneous Power Plant Equipment	207,328	
16	TOTAL Steam Production Plant	8,237,608	0
17	Nuclear Production Plant		
18	320.1 Land		
19	320.2 Land Rights		
20	321 Structures and Improvements		
21	322 Reactor Plant Equipment		
22	323 Turbogenerator Units		
23	324 Accessory Electric Equipment		

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

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

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

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

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

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					1
				301	2
				302	3
				303	4
0	0	0	7,635,151		5
					6
					7
				310.1	8
				310.2	9
				311	10
				312	11
				313	12
				314	13
				315	14
				316	15
0	0	0	8,237,608		16
					17
				320.1	18
				320.2	19
				321	20
				322	21
				323	22
				324	23

Name of Respondent		This Report Is:	Date of Report	Year of Report
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ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)				
Line No.	Account (a)	Balance at Beginning of Year (b)	Addition (c)	
24	325 Miscellaneous Power Plant Equipment			
25	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	902,532	58,507	
30	332 Reservoirs, Dams and Waterways	29,218,633	639,148	
31	333 Water Wheels, Turbines and Generators	698,005		
32	334 Accessory Electric Equipment	1,350,398		
33	335 Miscellaneous Power Plant Equipment	616,439	25,201	
34	336 Roads, Railroads and Bridges	518,278		
35	TOTAL Hydraulic Production Plant	33,956,999	722,856	
36	Other Production Plant			
37	340.1 Land	63,016		
38	340.2 Land Rights			
39	341 Structures and Improvements	187,608	63	
40	342 Fuel Holders, Products and Accessories	421,399	797	
41	343 Prime Movers	2,411,356		
42	344 Generators	1,134,838		
43	345 Accessory Electric Equipment	701,981		
44	346 Miscellaneous Power Plant Equipment	31,904		
45	TOTAL Other Production Plant	4,952,102	860	
46	TOTAL Production Plant	47,146,709	723,716	
47	3. TRANSMISSION PLANT			
48	350.1 Land			
49	350.2 Land Rights			
50	352 Structures and Improvements			
51	353 Station Equipment			
52	354 Towers and Fixtures			
53	355 Poles and Fixtures			
54	356 Overhead Conductors and Devices			
55	357 Underground Conduit			
56	358 Underground Conductors and Devices			

Name of Respondent		This Report Is:		Date of Report	Year of Report
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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
		75,136		331	29
		(75,136)		332	30
12,000				333	31
				334	32
5,879				335	33
8,230				336	34
26,109	0	0	34,653,746		35
					36
				340.1	37
				340.2	38
				341	39
2,730				342	40
		78,500		343	41
		(78,500)		344	42
				345	43
357				346	44
3,087	0	0	4,949,875		45
29,196	0	0	47,841,229		46
					47
				350.1	48
				350.2	49
				352	50
				353	51
				354	52
				355	53
				356	54
				357	55
				358	56

Name of Respondent		This Report Is:	Date of Report	Year of Report
Upper Peninsula Power Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/07	December 31, 2006
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	1,106,014		
63	362 Station Equipment	20,483,685	1,197,182	
64	363 Storage Battery Equipment			
65	364 Poles, Towers and Fixtures	25,560,598	1,020,379	
66	365 Overhead Conductors and Devices	14,884,965	249,626	
67	366 Underground Conduit			
68	367 Underground Conductors and Devices	15,159,665	375,452	
69	368 Line Transformers	17,737,452	1,188,403	
70	368.1 Capacitors			
71	369 Services	11,125,550	893,424	
72	370 Meters	5,495,089	254,267	
73	371 Installations on Customers' Premises	567,180	27,085	
74	372 Leased Property on Customers' Premises			
75	373 Street Lighting and Signal Systems	1,749,764	33,518	
76	TOTAL Distribution Plant	114,608,436	5,239,336	
77	5. GENERAL PLANT			
78	389.1 Land	125,811		
79	389.2 Lands Rights			
80	390 Structures and Improvements	4,346,842	241,115	
81	391 Office Furniture and Equipment	2,856,138	351,411	
82	391.1 Computers / Computer Related Equipment			
83	392 Transportation Equipment	7,076,674	1,343,248	
84	393 Stores Equipment	100,995		
85	394 Tools, Shop and Garage Equipment	1,330,846	140,253	
86	395 Laboratory Equipment	1,223,958	6,952	
87	396 Power Operated Equipment	487,535	13,037	
88	397 Communication Equipment	2,153,070	181,573	
89	398 Miscellaneous Equipment	32,173	211	
90	SUBTOTAL	19,734,042	2,277,800	

Name of Respondent		This Report Is:	Date of Report	Year of Report	
Upper Peninsula Power Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/07	December 31, 2006	
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
14,747				360.1	60
				360.2	61
12,280		82,166		361	62
558,727		(79,444)		362	63
				363	64
161,004		(2,500)		364	65
52,878				365	66
				366	67
129,358		(5,212)		367	68
394,566				368	69
0				368.1	70
47,466		5,212		369	71
190,645				370	72
14,248				371	73
				372	74
22,337		2,500		373	75
1,598,256	0	2,722	118,252,238		76
					77
				389.1	78
				389.2	79
40,805		(1,772)		390	80
260,903				391	81
				391.1	82
906,082				392	83
				393	84
				394	85
				395	86
7,717				396	87
48,507		(950)		397	88
				398	89
1,264,014	0	(2,722)	20,745,106		90

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/07	Year of Report December 31, 2006
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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	19,734,042	2,277,800
93	TOTAL (Accounts 101 and 106)	189,052,472	8,312,718
94			
95	102 Electric Plant Purchased		
96	(Less) 102 Electric Plant Sold		
97	103 Experimental Plant Unclassified		
98	TOTAL Electric Plant in Service <i>(Total of lines 93 thru 97)</i>	189,052,472	8,312,718

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) 04/30/07	Year of Report December 31, 2006
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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
1,264,014	0	(2,722)	20,745,106		92
2,891,466	0	0	194,473,724		93
					94
				102	95
					96
				103	97
2,891,466	0	0	194,473,724		98

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/07	Year of Report December 31, 2006
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**PLANT ACQUISITION ADJUSTMENTS AND ACCUMULATED PROVISION FOR AMORTIZATION
OF PLANT ACQUISITION ADJUSTMENTS (Accounts 114 & 115)**

- | | |
|--|---|
| <p>1. Report the particulars called for concerning acquisition adjustments.</p> <p>2. Provide a subheading for each account and list thereunder the information called for, observing the instructions below.</p> <p>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.</p> <p>4. For acquisition adjustments arising during the year</p> | <p>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.</p> <p>5. In the blank space at the bottom of the schedule, explain the plan of disposition of any acquisition adjustments not currently being amortized.</p> <p>6. Give date Commission authorized use of Account 115.</p> |
|--|---|

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	Purchased (4) Hydro-Electric	3,575,565				3,575,565
3	Generating Stations from					
4	Cliffs Electric Service on					
5	February 17, 1998					
6						
7	Account 115:					
8	Four (4) Hydro-Electric Generating	2,550,570		406	(143,022)	2,693,592
9	Stations					
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/07	Year of Report December 31, 2006
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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 Plant in Service, pages 204-211, according to a tentative classification by primary accounts.

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

4. Minor projects may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress-Electric (Account 107) (b)	Completed Construction Not Classified-Electric (Account 106) (c)	Estimated Additional Cost of Project (d)
1	Silver Lake Dam Replacement	752,213		4,597,787
2	AuTrain Dam PMF Discharge Study	686,171		1,413,829
3	Portage CT Above Ground Oil Tank	629,189		423,411
4	MTU Sub Add Transformer & Feeder	625,578		
5	Eng. For Bond Falls - FERC	254,126		
6	Elevation Sub Exits		105,121	
7	Atlantic Sub Feeders		310,753	
8	Star to Pines URD		116,166	
9	Hoist Dam Stability & Anchor Eng		244,148	
10	McClure Dam Stability & Anchor Eng		189,902	
11	Hoist Dam Stability & Post Tens Anchoring		1,494,956	
12	McClure Dam Safety Mod, Anchoring		1,672,325	
13	Hoist Embankment Toe Drain System		223,120	
14	Atlantic Sub Add'l Tfmr - 4 Feeders		630,605	
15	Ontonagon Yard Expansion Cap Banks		220,120	
16	Projects With Balances Less Than \$100,000	615,170	3,835,749	
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35	TOTAL	3,562,447	9,042,965	6,435,027

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) 04/30/07	Year of Report December 31, 2006
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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. 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.
3. A respondent should not report "none" to this page if no overhead apportionments are made, but rather

Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)
1	Local Engineering	305,167
2		
3		
4		
5		
6		
7		
8		
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15		
16		
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36		
37		
38		
39	TOTAL	305,167

Name of Respondent Upper Peninsula Power Company Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 4/30/07	Year of Report
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GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE

- 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.
- Show below the computation of allowance for funds used during construction rates, in accordance with the provisions of Electric Plant instructions 3(17) of the U.S. of A.
- Where a net-of-tax rate for borrowed funds is used, show the appropriate tax effect adjustment to the computations below in a manner that clearly indicates the amount of reduction in the gross rate for tax effects.

- 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 \$ 12,620,411		
2	Short-Term Interest			s 5.15%
3	Long-Term Debt	D 29,400,000	30.60%	d 7.34%
4	Preferred Stock	P		p
5	Common Equity	C 66,663,653	69.40%	c 10.75%
6	Total Capitalization	\$ 108,684,064	100.00%	
7	Average Construction Work In Progress Balance	W \$ 2,576,377		

2. Gross Rate for Borrowed Funds

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

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 - 7.75
- Rate for Other Funds - 0.00

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

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

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	84,123,341	84,123,341		
2	Depreciation Prov. for Year, Charged to	0			
3	(403) Depreciation Expense	0			
4	(403.1) Decommissioning Expense	5,080,122	5,080,122		
5	(413) Exp. Of Elec. Plt. Leas. to Others	0			
6	Transportation Expenses-Clearing	598,622	598,622		
7	Other Clearing Accounts	0			
8	Other Accounts (Specify): ARO Dep Exp	44,442	44,442		
9		0			
	TOTAL Deprec. Prov. For Year (Enter Total of Lines 3 thru 9)	5,723,186	5,723,186	0	0
11	Net Charges for Plant Retired:	0			
12	Book Cost of Plant Retired	2,891,466	2,891,466		
13	Cost of Removal	474,559	474,559		
14	Salvage (Credit)	130,720	130,720		
	TOTAL Net Chrgs. For Plant Ret. (Enter Total of lines 12 thru 14)	3,235,305	3,235,305	0	0
16	Net Earnings of Decommissioning Funds	0			
17	Atlantic Sub Sale and ARO Reclass	390,153	390,153		
18	Retirement WIP	0			
19	Balance End of Year (Enter total of lines 1, 10, 15, 16 & 17)	87,001,375	87,001,375	0	0

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

20	Steam Production	8,679,869	8,679,869		
21	Nuclear Production	0			
22	Hydraulic Production - Conventional	10,362,157	10,362,157		
23	Hydraulic Production - Pumped Storage	0			
24	Other Production	4,365,715	4,365,715		
25	Transmission	0			
26	Distribution	52,275,886	52,275,886		
27	Regional Transmission and Market Oper.	0			
28	General	11,317,748	11,317,748		
29	TOTAL (Enter total of lines 20 thru 28)	87,001,375	87,001,375	0	0

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) [] An Original (2) [X] A Resubmission	Date of Report (Mo, Da, Yr) 05/24/07	Year of Report December 31, 2006
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FOOTNOTE DATA

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
219	8	(c)	Account 182375, ARO Depreciation Expense - \$44,442, see Line 17
219	17	(c)	Sale of Atlantic Sub to ATC Net Book Value December 2006 \$404,097 Reclass of Cost of Removal Collected Through Rates for Legal ARO's (13,944)
219	19	(c)	<p>Steam Production:</p> <p>End Balance (page 219) \$8,679,869</p> <p>Less: 108200 ARO Dep (Non Rate Base) 178,142</p> <p>Add: 182376 ARO COR Dep (Rate Base) 58,856</p> <p>Ending Rate Base Reserve \$8,560,583</p> <p>Hydraulic Production - Conventional</p> <p>End Balance (page 219) \$10,362,158</p> <p>Less: 108200 ARO Dep (Non Rate Base) 0</p> <p>Add: 182376 ARO COR Dep (Rate Base) 0</p> <p>Ending Rate Base Reserve \$10,362,158</p> <p>Other Production</p> <p>End Balance (page 219) \$4,365,715</p> <p>Less: 108200 ARO Dep (Non Rate Base) 0</p> <p>Add: 182376 ARO COR Dep (Rate Base) 0</p> <p>Ending Rate Base Reserve \$4,365,715</p> <p>Distribution</p> <p>End Balance (page 219) \$52,275,887</p> <p>Less: 108200 ARO Dep (Non Rate Base) 95,287</p> <p>Add: 182376 ARO COR Dep (Rate Base) 125,776</p> <p>Ending Rate Base Reserve \$52,306,375</p> <p>General</p> <p>End Balance (page 219) \$11,317,747</p> <p>Less: 108200 ARO Dep (Non Rate Base) 85,811</p> <p>Add: 182376 ARO COR Dep (Rate Base) 0</p> <p>Ending Rate Base Reserve \$11,231,936</p> <p>Total</p> <p>End Balance (page 219) \$87,001,375</p> <p>Less: 108200 ARO Dep (Non Rate Base) 359,240</p> <p>Add: 182376 ARO COR Dep (Rate Base) 184,632</p> <p>Ending Rate Base Reserve \$86,826,767</p>

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NONUTILITY PROPERTY (Account 121)

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

Line No.	Description and Location (a)	Balance at Beginning of Year (b)	Purchases, Sales Transfers, etc. (c)	Balance at End of Year (d)
1	Two (2) Dam Sites in Baraga County & Houghton County	48,341	0	48,341
2				
3				
4	Land in the Ontonagon River Area	108,774	0	108,774
5				
6	Land in the City of Gladstone	205,031	0	205,031
7				
8	Land in Houghton County, Franklin Township	70	(70)	0
9				
10				
11	Escanaba River Hydros Delta County	3,423,449	44,872	3,468,321
12				
13	CWIP	404,139	1,061,463	1,465,602
14				
15	Eastern Hydro Dams	65,605	0	65,605
16				
17				
18	TOTAL	4,255,409	1,106,265	5,361,674

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	576,065
2	Accruals for Year, Charged to	
3	(417) Income from Nonutility Operations	77,804
4	(418) Nonoperating Rental Income	
5	Other Accounts (Specify):	
6		
7	TOTAL Accruals for Year (Enter Total of lines 3 thru 6)	77,804
8	Net Charges for Plant Retired:	
9	Book Cost of Plant Retired	(4,564)
10	Cost of Removal	
11	Salvage (Credit)	
12	TOTAL Net Charges (Enter Total of lines 9 thru 11)	(4,564)
13	Other Debit or Credit Items (Describe):	
14		
15	Balance, End of Year (Enter Total of lines 1, 7, 12, and 14)	649,305

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Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/07	Year of Report December 31, 2006
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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 (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (b)		Purchases or Additions During Year (c)
		Original Cost	Book Value	
1	WPS Investments LLC	14,195,979		
2	Date Acquired 6/29/01			
3	5.89% Interest (Paid in Capital)			
4				
5	ATC Management, Inc.	3,220		
6	Date Acquired 6/29/01			
7	2.15% Non-voting Interest, 0% voting Interest			
8	(Common Equity)			
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
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27				
28				
29				
30		14,199,199	0	0

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/07	Year of Report December 31, 2006
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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 pledgee 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			
1,029,948		13,166,031				1
						2
						3
		3,220				4
						5
						6
						7
						8
						9
						10
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						18
						19
						20
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						23
						24
						25
						26
						27
						28
1,029,948	0	13,169,251	0	0	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	06/29/01		14,195,979
2	5.89% Interest			
3	Paid in Capital			
4				
5	ATC Management, Inc.	06/29/01		3,220
6	2.15% Non-voting Interest, 0% Voting Interest			
7	Common Equity			
8				
9				
10				
11				
12				
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33				
34				
35				
36	TOTAL Cost of Account 123.1 \$		TOTAL	14,199,199

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) 04/30/07	Year of Report December 31, 2006
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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.
2,072,107	3,102,055	13,166,031		1
				2
				3
				4
		3,220		5
				6
				7
				8
				9
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				27
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				29
				30
				31
				32
				33
				34
				35
2,072,107	3,102,055	13,169,251	0	36

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FOOTNOTE DATA

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
224	5	(b)	ATC Management, Inc. is the corporate manager of the American Transmission Company, LLC
225	1	(e)	Dividends from American Transmission Company, LLC (\$1,336,875) Return of Capital from Sale of Investment in Guardian Pipeline LLC (\$1,765,180) (\$3,102,055)

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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)	0	0
2	Customer Accounts Receivable (Account 142)	9,519,952	9,661,653
3	Other Accounts Receivable (Account 143) (Disclose any capital stock subscriptions received)	14,717,493	7,144,374
4	TOTAL	24,237,445	16,806,027
5	Less: Accumulated Provision for Uncollectible Accounts-Cr. (Account 144)	375,000	400,000
6	TOTAL, Less Accumulated Provision for Uncollectible Accounts	23,862,445	16,406,027
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	375,000				375,000
2	Prov. For uncollectibles for current year	471,643				471,643
3	Account written off (less)	525,272				525,272
4	Coll. Of accounts written off	78,629				78,629
5	Adjustments (explain):					0 0
6	Balance end of year	400,000	0	0	0	400,000
7						
8						
9						
10						
11						

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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	Upper Peninsula Building					
3	Development Company	23,088	2,632	25,720	0	
4	Penvest	0	8,864	3,081	5,783	
5	WPS Power Development	111	0	111	0	
6	Wisconsin Public Service	5,162,444	9,980,559	13,542,332	1,600,671	
7	Wisconsin River Power	51	10,355	7,345	3,061	
8	Michigan Gas Utilities	0	204,886	152,775	52,111	
8	Integrus Energy Group, Inc.	5,882	109,560	94,981	20,461	
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25	TOTAL	5,191,576	10,316,856	13,826,345	1,682,087	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) 04/30/07	Year of Report December 31, 2006
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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)	358,139	345,614	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)	384,091	488,019	Electric
6	Assigned to - Operations & Maintenance			
7	Production Plant (Estimated)	297,910	283,306	Electric
8	Transmission Plant (Estimated)			
9	Distribution Plant (Estimated)	468,411	512,470	Electric
10	Assigned to - Other	12,479	12,215	Electric
11	TOTAL Account 154 (Enter total of line 5 thru 10)	1,162,891	1,296,010	
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)	11,112	66,177	
16				
17				
18				
19				
20	TOTAL Materials & Supplies (Per Balance Sheet)	1,532,142	1,707,801	

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) 04/30/07	Year of Report December 31, 2006
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PRODUCTION FUEL AND OIL STOCKS (Included in Account 151)

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

Line No.	Item (a)	Total Cost (b)	KINDS OF FUEL AND OIL	
			Quantity (c)	Cost (d)
1	On hand beginning of year	358,139	3,975	358,139
2	Received during year	2,391,982	26,979	2,363,982
3	TOTAL	2,750,121	30,954	2,722,121
4	Used during year (specify department)	2,404,507	26,872	2,404,507
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15	Sold or transferred			
16	TOTAL DISPOSED OF	2,404,507	26,872	2,404,507
17	BALANCE END OF YEAR	345,614	4,082	317,614

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PRODUCTION FUEL AND OIL STOCKS (Included in Account 151 (Continued))

KINDS OF FUEL AND OIL (Continued)

Quantity (e)	Cost (f)	Quantity (g)	Cost (h)	Quantity (i)	Cost (j)	Line No.
						1
		5,500				2
0	0	5,500	0	0	0	3
		5,500				4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
0	0	5,500	0	0	0	16
0	0	0	0	0	0	17

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/07	Year of Report December 31, 2006
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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	3,809,800
2	Deferred Power Supply Cost Revenue	8,567
3		
4		
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25	TOTAL	3,818,367

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Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 04/30/07	Year of Report December 31, 2006
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	Bond Falls - Eng. for New License Requirements	62,058	
2	Victoria Investigation, Drilling, and Piezometers	131,927	
3	Silver Lake Dike Evaluation & Eng.	376,073	
4	Snow Feils Substation - Eng. & Design	911	
5	Victoria Dam Re-Evaluation Hydrology	24,776	
6	Prickett IDF Assessment/Evaluation/Eng.	31,550	
7	McClure Boat Landing Investigation	0	
8			
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TOTAL		627,295	

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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)		
			62,058	1
27,998			159,925	2
0			376,073	3
			911	4
367			25,143	5
41,836			73,386	6
432			432	7
				8
				9
				10
				11
				12
				13
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70,633		0	697,928	TOTAL

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OTHER REGULATORY ASSETS

1. Report below the particulars (details) called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts.)
2. For regulatory assets being amortized, show period of amortization in column (a).
3. Minor items (amounts less than \$50,000) may be grouped by classes.
4. Give the number and name of the account(s) where each amount 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		926.00	30,210	181,254
2					
3	Warden Ash Site Monitoring		253.00	55,000	1,265,000
4					
5	Minimun Pension Liability Adj	47,091,230	253.00	329,235	47,091,230
6					
7	ARO	81,546			513,343
8					
9	Silver Lake	37,972	407.00	19,601	845,012
10					
11	PI Plant Outage PSCR Integrated	1,103,563			3,562,326
12					
13	Derivatives	82,799	244.00	116,815	12,052
14					
15					
16					
17					
18					
19					
20					
21					
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24					
25					
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27					
28					
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38					
39	TOTAL	48,397,110		550,861	53,470,217

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) 04/30/07	Year of Report December 31, 2006
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MISCELLANEOUS DEFERRED DEBITS (Account 186)

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

Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	Warden Ash Site Cost	222,525	19,301	511	33,113	208,713
2						
3	Long Term Receivable	0	662,500			662,500
4						
5	Work Orders	254,818	123,835	Various	94,122	284,531
6						
7	Minor Items	26,954	68	Various	174	26,848
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38	Misc. Work in Progress					
39	TOTAL	504,297	805,704		127,409	1,182,592

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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				
3	Plant	694,418	(25,797)	266,073
4	Other Than Plant	2,827,932	(4,058,034)	3,291,530
5	Plant (FAS 109)	0		
6	Other Than Plant (FAS 109)	69,908		
7	Other			
8	TOTAL (Account 190) (Enter total of lines 2 thru 7)	3,592,258	(4,083,831)	3,557,603
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)	3,592,258	(4,083,831)	3,557,603
19	Classification of Total:			
20	Federal Income Tax	3,613,040	(4,035,389)	3,504,356
21	State Income Tax	(20,782)	(48,442)	53,247
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)		
							1
							2
						934,694	3
					491	2,061,919	4
					410,312	410,312	5
					33,637	103,545	6
							7
0	0		0		444,440	3,510,470	8
							9
							10
							11
							12
							13
							14
							15
0	0		0		0	0	16
							17
0	0		0		444,440	3,510,470	18
							19
					435,508	3,517,515	20
					8,932	(7,045)	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)	8/1/1991	3,150,000	(81,375)
3				
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Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/07	Year of Report December 31, 2006
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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
42,948		2,713	40,235	2
				3
				4
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Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/07	Year of Report December 31, 2006
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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			
2	Value	3,000,000	9	
3				
4	Cumulative Preferred Stock	300,000		
5				
6	Cumulative Preference Stock	1,000,000	1	
7				
8	NOTE: Respondent's common stock is			
9	entirely held by its parent holding company,			
10	Integrys Energy Group, Inc.			
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Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/07	Year of Report December 31, 2006
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CAPITAL STOCK (Accounts 201 and 204) (Continued)

3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.
4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.
5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.
6. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purposes of pledge.

OUTSTANDING PER BALANCE SHEET <i>(Total amount outstanding without reduction for amounts held by respondents.)</i>		HELD BY RESPONDENT				
		AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	Line No.
1,473,736	13,263,624					1
						2
						3
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Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/07	Year of Report December 31, 2006
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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	Return of Capital		(4,091,556)
5			
6	* In 1982, the Company amended its Articles of Incorporation to		
7	change its Common Stock \$9 par value, to Common Stock		
8	without par value.		
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40	TOTAL	1,090,736	12,920,433

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OTHER PAID - IN CAPITAL (Accounts 208-211, inc.)

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

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

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

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

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

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

Line No.	Item (a)	Amount (b)
1	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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35	TOTAL	40,250

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

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

Security Financing:

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

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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> (a)	Principal Amount of Debt Issued (b)	Total Expense, Premium or Discount (c)
1	Bonds (Account 221)		
2	9.32% Series	18,000,000	224,361
3			
4	Advances from Affiliates (Account 223)		
5	5.25% Note	15,000,000	
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25	TOTAL	33,000,000	224,361

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

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

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD		Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
11/01/1991	11/01/2021	11/01/1991	11/01/2021	13,500,000	1,328,100	1 2 3
08/29/2003	07/29/2013			15,000,000	796,615	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24
				28,500,000	2,124,715	25

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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	Notes Pay Assoc Co Integrys Energy Group	14,000,000	10,400,000	11,750,000	15,350,000	649,888
3						
4	Account 234:					
5	Upper Peninsula Bldg Development Co.	206,899	1,164,645	1,141,560	183,815	
6	Integrys Energy Group, Inc.	376,857	2,515,794	2,571,998	433,061	
7	Wisconsin Public Service Corporation	4,878,972	83,283,725	86,594,580	8,189,827	
8	WPS Westwood Generation	1,392	1,887	495	0	
9	Penvest	1,450	17,400	17,400	1,450	
10	Michigan Gas Utilities	0	28,912	28,916	4	
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
	TOTAL	19,465,570	97,412,363	102,104,949	24,158,157	649,888

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RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES				
<p>1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.</p> <p>2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.</p>				
Line No.			TOTAL AMOUNT	
1	Utility net operating income (page 114 line 20)			
2	Allocations: Allowance for funds used during construction			
3	Interest expense			
4	Other (specify)			
5	Net income for the year (page 117 line 68)		5,252,569	
6	Allocation of Net income for the year			
7	Add: Federal income tax expenses		1,900,974	
8				
9	Total pre-tax income		7,153,543	
10				
11	Add: Taxable income not reported on books:		191,071	
12				
13				
14				
15	Add: Deductions recorded on books not deducted from return		6,290,820	
16				
17				
18				
19	Subtract: Income recorded on books not included in return:		(536,095)	
20				
21				
22				
23	Subtract: Deductions on return not charged against book income:		(2,841,142)	
24				
25				
26	Federal taxable income for the year		10,258,197	

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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
1,351,649	549,325	7
		8
		9
		10
16,656	174,415	11
		12
		13
		14
6,277,811	13,010	15
		16
		17
		18
(536,095)	0	19
		20
		21
		22
(2,734,331)	(106,811)	23
		24
		25
		26

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) [] An Original (2) [x] A Resubmission	Date of Report (Mo, Da, Yr) 05/24/07	Year of Report December 31, 2006
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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	Social Security	18,811	
3	Unemployment		
4	State - Income Durrent Year		(35,597)
5	Income Prior Year		47,218
6	Single Business	148,553	
7	Use Tax		
8	Other Taxes		
9	Local - 1999/2000 Property	(308,048)	
10	2006 Property	3,749,700	
11	2007 Property		
12			
13			
14		3,609,016	11,621

DISTRIBUTION OF TAXES CHARGED (omit cents)

Line No.	Electric a/c 408.1, 409.1 (i)	Gas a/c 408.1, 409.1 (j)	Other Utility Departments a/c 408.1, 409.1 (k)	Other Income & Deductions a/c 408.2, 409.2 (l)
1	1,328,158			(533,105)
2	720,500			
3	27,327			
4	29,662			5,161
5	(30,949)			42
6	938,864			
7	6,513			
8	12,262			
9	0			
10	(246,708)			
11	3,688,044			121,756
12	6,473,673	0	0	(406,146)

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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)	
1,861,263	1,861,263				1
720,500	716,609		22,702		2
27,327	27,327				3
34,823	45,976			(24,444)	4
(30,907)	411			78,536	5
938,864	850,000		237,417		6
6,513	6,513				7
12,262	12,262				8
	(221,669)	(25,544)	(111,923)		9
(246,708)	3,625,848	122,856			10
3,809,800			3,809,800		11
					12
					13
7,133,737	6,924,540	97,312	3,957,996	54,092	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

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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 (b)	Deferred for Year		Allocation to Current Year's Income		Adjustments (g)
	(a)		Account No. (c)	Amount (d)	Account No. (e)	Amount (f)	
1	Electric Utility						
2	3%						
3	4%	65,582			411.4	14,065	
4	7%						
5	10%	811,141			411.4	110,403	
6							
7							
8	TOTAL	876,723		0		124,468	0
9	Other (List separately and show 3%, 4%, 7%, 10% and TOTAL)						
10							
11							
12							
13							
14							
15							
16							
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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
51,517			2
700,738			3
			4
			5
			6
			7
752,255			8
			9
			10
			11
			12
			13
			14
			15
			16
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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	PSC Revenue	1,953,106
2	Vacation Accrual	997,819
3	Miscellaneous Payroll Deduction	3,552
4	401 K Deduction	347,358
5	Short Term Variable Pay Plan	12,320
6	Goal Sharing	112,100
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20	TOTAL	3,426,255

CUSTOMER ADVANCES FOR CONSTRUCTION (Account 252)

Line No.	List Advances by department (a)	Balance End of Year (b)
21		
22	Electric	4,785,107
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39	TOTAL	4,785,107

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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	12,171,684	916,440	
3	Gas			
4	Other (Define)			
5	TOTAL (Enter total of lines 2 thru 4)	12,171,684	916,440	0
6	Other (Specify)			
7	Non Utility	6,044,499		
8				
9	TOTAL Account 282 (Enter total of lines 5 thru 8)	18,216,183	916,440	0
10	Classification of TOTAL			
11	Federal Income Tax	18,210,565	779,208	
12	State Income Tax	5,618	137,232	
13	Local Income Tax			

NOTES

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

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

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year	Line No.
Amounts Debited to Acct. 410.2 (e)	Amounts Credited to Acct. 411.2 (f)	DEBITS		CREDITS			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	(k)	
							1
				254.00	662,728	13,750,852	2
							3
							4
0	0		0		662,728	13,750,852	5
							6
225,722	(206,929)			254.00	491	6,063,783	7
							8
225,722	(206,929)		0		663,219	19,814,635	9
							10
200,148	(183,928)				714,878	19,720,871	11
25,574	(23,001)				(51,659)	93,764	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				
3	Other than Plant	2,240,964	305,200	(1,497,989)
4				
5	Other than Plant (FAS 109)	(35,719)		
6	Other			
7	TOTAL Electric (total of lines 2 thru 6)	2,205,245	305,200	(1,497,989)
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)	2,205,245	305,200	(1,497,989)
17	Classification of TOTAL			
18	Federal Income Tax	2,172,178	303,916	(1,466,198)
19	State Income Tax	33,067	1,284	(31,791)
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	Line No.
Amounts Debited to Acct. 410.2 (e)	Amounts Credited to Acct. 411.2 (f)	DEBITS		CREDITS			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	(k)	
							1
							2
						1,048,175	3
							4
					75,811	(111,530)	5
							6
0	0		0		75,811	936,645	7
							8
							9
							10
							11
							12
							13
0	0		0		0	0	14
							15
0	0		0		75,811	936,645	16
							17
					75,099	934,797	18
					712	1,848	19
							20

NOTES (Continued)

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OTHER REGULATORY LIABILITIES

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

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	DEBITS		Credits (d)	Balance at End of Year (e)
		Account Credited (b)	Amount (c)		
1	Plant Deferred Taxes	254	252,416		4,351,434
2	Non-Plant Deferred Taxes			109,448	215,075
3	Derivatives	254	1,664,678	1,306,977	557,645
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
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36					
37					
38					
39					
40	TOTAL		1,917,094	1,416,425	5,124,154

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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	82,454		(492,284.00)	
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17	Total Gain	82,454		(492,284.00)	

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/07	Year of Report December 31, 2006
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GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2) (Continued)

Line No.	Description of Property (a)	Original Cost of Related Property (b)	Date Journal Entry Approved (When Required) (c)	Account 421.1 (d)	Account 421.2 (e)
18	Loss on disposition of property:				
19	Atlantic Substation	14,747			2,322.00
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34	Total Loss	14,747			2,322.00

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/07	Year of Report December 31, 2006
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PARTICULARS CONCERNING CERTAIN OTHER INCOME ACCOUNTS

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

Line No.	Item (a)	Amount (b)
1	Revenues from Nonutility Operations	
2	Operations of Escanaba River Hydros	
3	Revenue	647,599
4	Operations	(41,469)
5	Maintenance	(673,622)
6	Depreciation	(77,805)
7	Subtotal 417	(145,297)
8		
9		
10	Non Operating Rental Income	
11	Land Lease Income	4,200
12	Subtotal 418	4,200
13		
14		
15	Equity in Earnings American Transmission Company	2,072,107
16	Subtotal 418.1	2,072,107
17		
18	Interest and Dividend Income	
19	Interest on Underrecovered PSC	185,312
20	Interest on Cash Investment	95,847
21	Interest - Misc.	66,409
22	Interest on Tax Refunds	22,246
23	Subtotal 419	369,814
24		
25		
26		
27		
28	Total	2,300,824

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) 04/30/07	Year of Report 12/31/06
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ELECTRIC OPERATING REVENUES (Account 400)

- Report below operating revenues for each prescribed account.
- 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.
- 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	37,739,411	35,658,593
3	(442) Commercial and Industrial Sales		
4	Small (or Commercial)	28,348,401	27,154,467
5	Large (or Industrial)	19,766,905	15,977,099
6	(444) Public Street and Highway Lighting	1,131,800	1,090,771
7	(445) Other Sales to Public Authorities		
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	(449) Other Sales		
11			
12	TOTAL Sales to Ultimate Consumers	86,986,517	79,880,930
13			
14	(447) Sales for Resale	27,194,668	23,764,110
15	TOTAL Sales of Electricity	114,181,185 *	103,645,040
16			
17	(Less) (449.1) Provision for Rate Refunds	2,544,660	2,381,811
18	TOTAL Revenue Net of Provision for Refunds	111,636,525	101,263,229
19	Other Operating Revenues		
20	(450) Forfeited Discounts	112,377	85,743
21	(451) Miscellaneous Service Revenues	9,655	11,421
22	(453) Sales of Water and Water Power		
23	(454) Rent from Electric Property	369,367	353,424
24	(455) Interdepartmental Rents		
25	(456) Other Electric Revenues	3,141,133	2,480,457
26			
27			
28			
29			
30	TOTAL Other Operating Revenues	3,632,532	2,931,045
31			
32	TOTAL Electric Operating Revenues	115,269,057	104,194,274

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) 04/30/07	Year of Report 12/31/06
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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)	
273,729	277,183	46,074	46,219	1
				2
				3
249,561	250,114	5,559	5,636	4
270,536	207,593	14	15	5
5,824	5,927	214	241	6
				7
				8
				9
				10
				11
799,650	740,817	51,861	52,111	12
674,878	381,427	55	34	13
				14
1,474,528 **	1,122,244	51,916	52,145	15
				16
				17
1,474,528	1,122,244	51,916	52,145	18

* Include \$ _____ unbilled revenues.

** Includes _____ MWH relating to unbilled revenues.

Name of Respondent	This Report Is: (1) [] An Original (2) [] A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
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CUSTOMER CHOICE ELECTRIC OPERATING REVENUES NONE

- Report below operating revenues for each prescribed account.
- 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.
- 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	Customer Choice Sales of Electricity		
2	Residential Sales		
3	Commercial and Industrial Sales		
4	Small (or Commercial)		
5	Large (or Industrial)		
6			
7			
8			
9			
10			
11			
12	TOTAL Customer Choice Sales		
13			
14			
15	TOTAL Sales of Electricity		
16			
17			
18	TOTAL Revenue Net of Provision for Refunds		
19	Other Operating Revenues		
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30	TOTAL Other Operating Revenues		
31			
32	TOTAL Electric Operating Revenues		

Name of Respondent	This Report Is: (1) [] An Original (2) [] A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
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CUSTOMER CHOICE ELECTRIC OPERATING REVENUES (Continued) NONE

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)	
				1
				2
				3
				4
				5
				6
				7
				8
				9
				10
				11
				12
				13
				14
				15
				16
				17
				18

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) 04/30/07	Year of Report 12/31/06
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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	<u>440 Residential Sales</u>					
2	A-1 Residential	217,645	31,073,377	39,311	5,536	0.1428
3	A-2 Residential	18,554	1,898,843	3,277	5,662	0.1023
4	AH-1 Electric Heat	34,121	4,244,045	3,340	10,216	0.1244
5	AH-2 Electric Heat	2,023	180,468	198	10,217	0.0892
6	Z-1 & 3 Dusk to Dawn	902	170,811			0.1894
7	A-2 & 4 Dusk to Dawn	101	13,344			0.1321
8	TOTAL	273,346	37,580,888	46,126	5,926	0.1375
9						
10	<u>442 Commercial & Industrial</u>					
11	CP-1 Commercial	10	1,326	1	10,000	0.1326
12	C-1 General Commercial Service	66,635	9,965,484	4,453	14,964	0.1496
13	C-2 General Commercial Service	10,737	993,185	464	23,140	0.0925
14	H-1 Commercial Heating	10,821	1,289,977	215	50,330	0.1192
15	H-2 Commercial Heating	770	65,089	28	27,500	0.0845
16	P-1 Light & Power	77,171	8,560,717	323	238,920	0.1109
17	P-2 Light & Power	5,823	466,828	28	207,964	0.0802
18	WP-1 Large Light & Power	229,798	18,240,558	57	4,031,544	0.0794
19	WP-2 Large Light & Power	8,249	590,156	5	1,649,800	0.0715
20	Schedule A	74,025	5,066,896	1	74,025,000	0.0684
21	WP-3	35,578	2,796,710	1	35,578,000	0.0786
22	Z-1 & 3 Dusk to Dawn	745	133,286			0.1789
23	Z-2 & 4 Dusk to Dawn	98	13,601			0.1388
24	Total	520,460	48,183,813	5,576	93,339	0.0926
25						
26	<u>444 Public Street HWY lighting</u>					
27	Total	5,824	1,131,800	214	27,215	0.1943
28						
29						
30						
31						
32						
33						
34	Total Billed	799,630	86,896,501	51,916	15,402	0.1087
35	Total Unbilled Rev. (See Instr. 6)	21	90,016	0	0	4.2865
36	TOTAL	799,651	86,986,517	51,916	15,402	0.1088

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) 04/30/07	Year of Report December 31, 2006
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FOOTNOTE DATA

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
304	6	(d)	No count customer.
304	7	(d)	No count customer.
304	18	(c)	Interruptible demand revenue - \$160,328.
304	22	(d)	No count customer.
304	23	(d)	No count customer.

Name of Respondent	This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
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CUSTOMER CHOICE SALES OF ELECTRICITY BY RATE SCHEDULES **NONE**

1. 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.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," page 301. If the sales under any rate schedule are classified in more than one revenue account, list the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate Schedule (a)	MWh Sold (b)	Revenue (c)	Avg. No. of Customers (d)	KWh of Sales per Customer (e)	Revenue per KWh Sold (f)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
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27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44	Total Billed					
45	Total Unbilled Rev. (See Instr. 6)					
46	TOTAL					

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Name of Respondent Upper Peninsula Power Company	This Report Is: (1) [] An Original (2) [X] A Resubmission	Date of Report (Mo, Da, Yr) 05/24/07	Year of Report December 31, 2006
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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	3.9630	3.8509	3.1419
2						
3	Village of L'Anse	RQ	38	2.8455	2.7785	2.4395
4						
5	City of Gladstone	RQ	36	5.6713	5.6641	5.2569
6						
7	City of Negaunee	RQ	37	3.8170	3.7497	3.5658
8						
9	Ontonagon REA	RQ	33	3.9280	4.8398	3.9285
10						
11	Alger Delta Electric Coop	RQ	32	3.5200	4.3076	3.5197
12						
13	2006 Est True Up Phase II	RQ				
14	2006 Est True Up Phase III	RQ				

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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)	
26,368	202,609	1,574,864		1,777,473	1
					2
16,189	128,807	692,828	(4,276)	817,359	3
					4
34,782	247,040	2,245,157		2,492,197	5
					6
24,694	428,447	791,360	44,852	1,264,659	7
					8
26,767	998,716	789,089	136,571	1,924,376	9
					10
25,889	871,132	777,468	116,911	1,765,511	11
					12
			(508,632)	(508,632)	13
			(73,482)	(73,482)	14

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/24/07	Year of Report December 31, 2006
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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	Non Requirement Customers					
2	Ameren Energy Emer. Reserves	OS				
3						
4	City of Escanaba Gen. Purpose	OS				
5	City of Escanaba Maint.	OS				
6						
7	Illinois Power Co. Emer. Res.	OS				
8						
9	Midwest ISO	OS				
10						
11	WEPCo General Purp.	OS				
12						
13						
14						

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) [] An Original (2) [X] A Resubmission	Date of Report (Mo, Da, Yr) 05/24/07	Year of Report 12/31/06
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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
3		300		300	2
					3
12,153		434,610	13,651	448,261	4
4,813		298,980	4,610	303,590	5
					6
4		1,976		1,976	7
					8
330,714		16,821,458	102,832	16,924,290	9
					10
		56,790		56,790	11
					12
					13
					14

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) [] An Original (2) [X] A Resubmission	Date of Report (Mo, Da, Yr) 05/24/07	Year of Report December 31, 2006
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FOOTNOTE DATA

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
310	13	(a)	Customers: Baraga, Gladstone, and L'Anse.
310	14	(a)	Customers: Alger Delta, Ontonagon, and Negaunee.
311	1	(g)	Includes 4,262 MWH adjustment for 2005.
311	12	(g)	Includes 637 MWH adjustment for 2005.

Name of Respondent Upper Peninsula Power Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/07	Year of Report December 31, 2006
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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	55,889	54,399
5	(501) Fuel	5,500	5,500
6	(502) Steam Expenses	4,230	5,300
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred - CR.		
9	(505) Electric Expenses	4,353	5,412
10	(506) Miscellaneous Steam Power Expenses	80,563	104,561
11	(507) Rents		
12	Allowances		
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	150,535	175,172
14	Maintenance		
15	(510) Maintenance Supervision and Engineering	20,549	31,922
16	(511) Maintenance of Structures	175,646	108,136
17	(512) Maintenance of Boiler Plant	7,185	12,873
18	(513) Maintenance of Electric Plant	19,441	32,061
19	(514) Maintenance of Miscellaneous Steam Plant	21,463	18,261
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	244,284	203,253
21	TOTAL Power Production Expenses-Steam Power (Total of lines 13 & 20)	394,819	378,425
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	466,672	436,327
45	(536) Water for Power	25,865	33,322
46	(537) Hydraulic Expenses	412,724	555,760
47	(538) Electric Expenses	249,801	235,639
48	(539) Miscellaneous Hydraulic Power Generation Expenses	454,940	405,425
49	(540) Rents	61,054	60,271
50	TOTAL Operation (Enter Total of Lines 44 thru 49)	1,671,056	1,726,744

Name of Respondent		This Report Is:	Date of Report	Year of Report
Upper Peninsula Power Company		(1) [X] An Original (2) [] A Resubmission	(Mo, Da, Yr) 4/30/2007	December 31, 2006
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	107,196	101,749	
54	(542) Maintenance of Structures	2,998	6,956	
55	(543) Maintenance of Reservoirs, Dams, and Waterways	535,597	(512,449)	
56	(544) Maintenance of Electric Plant	200,319	161,324	
57	(545) Maintenance of Miscellaneous Hydraulic Plant	6,501	12,545	
58	TOTAL Maintenance (Total of Lines 53 thru 57)	852,611	(229,875)	
59	TOTAL Pwr. Production Expenses-Hydraulic Pwr. (Total of lines 50 & 58)	2,523,667	1,496,869	
60	D. Other Power Generation			
61	Operation			
62	(546) Operation Supervision and Engineering	73,047	127,202	
63	(547) Fuel	2,402,733	4,948,398	
64	(548) Generation Expenses	80,213	57,858	
65	(549) Miscellaneous Other Power Generation Expenses	26,696	36,961	
66	(550) Rents			
67	TOTAL Operation (Total of Lines 62 thru 66)	2,582,689	5,170,419	
68	Maintenance			
69	(551) Maintenance Supervision and Engineering	46,679	176,528	
70	(552) Maintenance of Structures	1,729	1,832	
71	(553) Maintenance of Generating and Electric Plant	15,151	307,716	
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	2,798	2,708	
73	TOTAL Maintenance (Total of Lines 69 thru 72)	66,357	488,784	
74	TOTAL Pwr. Production Expenses-Other Power (Total of Lines 67 & 73)	2,649,046	5,659,203	
75	E. Other Power Supply Expenses			
76	(555) Purchased Power	58,156,424	48,571,633	
77	(556) System Control and Load Dispatching	554,072	693,993	
78	(557) Other Expenses			
79	Total Other Power Supply Expenses (Total of Lines 76 thru 78)	58,710,496	49,265,626	
80	Total Pwr. Production Expenses (Total of lines 21, 41, 59, 74 & 79)	64,278,028	56,800,123	
81	2. TRANSMISSION EXPENSES			
82	Operation			
83	(560) Operation Supervision and Engineering			
84	(561) Load Dispatching	426,147	144,749	
85	(562) Station Expenses			
86	(563) Overhead Lines Expenses			
87	(564) Underground Lines Expenses			
88	(565) Transmission of Electricity by Others	4,126,137	3,680,085	
89	(566) Miscellaneous Transmission Expenses			
90	(567) Rents			
91	TOTAL Operation (Total of Lines 83 thru 90)	4,552,284	3,824,834	
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)	4,552,284	3,824,834	
101	3. DISTRIBUTION EXPENSES			
102	Operation			
103	(580) Operation Supervision and Engineering	373,412	366,147	

Name of Respondent		This Report Is:	Date of Report	Year of Report
Upper Peninsula Power Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 4/30/2007	December 31, 2006
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	254,967	227,509	
106	(582) Station Expenses	360,289	272,685	
107	(583) Overhead Line Expenses	203,082	309,092	
108	(584) Underground Line Expenses	49,366	191,679	
109	(585) Street Lighting and Signal System Expenses	7,901	6,512	
110	(586) Meter Expenses	389,260	369,279	
111	(587) Customer Installations Expenses	11,851	16,663	
112	(588) Miscellaneous Expenses	2,442,211	2,862,473	
113	(589) Rents	46,415	50,993	
114	TOTAL Operation (Total of Lines 103 thru 113)	4,138,754	4,673,032	
115	Maintenance			
116	(590) Maintenance Supervision and Engineering	155,883	153,349	
117	(591) Maintenance of Structures	40,360	38,743	
118	(592) Maintenance of Station Equipment	375,190	510,744	
119	(593) Maintenance of Overhead Lines	4,061,819	4,106,248	
120	(594) Maintenance of Underground Lines	322,420	257,047	
121	(595) Maintenance of Line Transformers	42,844	53,609	
122	(596) Maintenance of Street Lighting and Signal Systems	157,835	168,732	
123	(597) Maintenance of Meters	18,583	7,246	
124	(598) Maintenance of Miscellaneous Distribution Plant	17,343	22,351	
125	TOTAL Maintenance (Total of Lines 116 thru 124)	5,192,277	5,318,069	
126	TOTAL Distribution Expenses (Total of Lines 114 & 125)	9,331,031	9,991,101	
127	4. CUSTOMER ACCOUNTS EXPENSES			
128	Operation			
129	(901) Supervision	220	14,369	
130	(902) Meter Reading Expenses	887,350	699,052	
131	(903) Customer Records and Collection Expenses	2,705,101	1,588,279	
132	(904) Uncollectible Accounts	475,890	321,126	
133	(905) Miscellaneous Customer Accounts Expenses	125,592	145,249	
134	TOTAL Customer Accounts Expenses (Total of Lines 129 thru 133)	4,194,153	2,768,075	
135	5. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES			
136	Operation			
137	(907) Supervision			
138	(908) Customer Assistance Expenses	398,414	452,835	
139	(909) Informational and Instructional Expenses	162,346	141,927	
140	(910) Miscellaneous Customer Service and Informational Expenses	57,028	42,423	
141	TOTAL Cust. Service and Informational Exp. (Total of Lines 137 thru 140)	617,788	637,185	
142	6. SALES EXPENSE			
143	Operation			
144	(911) Supervision			
145	(912) Demonstrating and Selling Expenses			
146	(913) Advertising Expenses			
147	(916) Miscellaneous Sales Expenses			
148	Total Sales Expenses (Total of Lines 144 thru 147)	0	0	
149	7. ADMINISTRATIVE AND GENERAL EXPENSES			
150	Operation			
151	(920) Administrative and General Salaries	749,383	799,634	
152	(921) Office Supplies and Expenses	1,106,908	1,127,336	
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) 4/30/2007	Year of Report December 31, 2006
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	257,159	223,643	
156	(924) Property Insurance	467,519	282,455	
157	(925) Injuries and Damages	192,875	1,380,520	
158	(926) Employee Pensions and Benefits	8,748,842	8,299,853	
159	(927) Franchise Requirements			
160	(928) Regulatory Commission Expenses	311,540	218,870	
161	(929) Duplicate Charges - CR.	(203,992)	(187,126)	
162	(930.1) General Advertising Expenses			
163	(930.2) Miscellaneous General Expenses	204,821	213,212	
164	(931) Rents	1,145,095	1,102,426	
165	TOTAL Operation (Total of Lines 151 thru 164)	12,980,150	13,460,823	
166	Maintenance			
167	(935) Maintenance of General Plant	365	3,196	
168	TOTAL Administrative and General Expenses (Total of Lines 165 & 167)	12,980,515	13,464,019	
169	TOTAL Electric Operation and Maintenance Expenses (Enter total of lines 80, 100, 126, 134, 141, 148, and 168)	95,953,799	87,485,337	

NUMBER OF ELECTRIC DEPARTMENT EMPLOYEES		
<p>1. The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.</p> <p>2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.</p>		<p>3. The number of employees assignable to the electric department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the electric department from joint functions.</p>
1. Payroll Period Ended (Date)		12/21/2006
2. Total Regular Full-Time Employees		168
3. Total Part-Time and Temporary Employees		0
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) 04/30/07	Year of Report December 31, 2006
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FOOTNOTE DATA

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
321	76	(b)	Includes \$6,545,496 for FERC 668A adjustment.
321	76	(c)	Includes \$1,392,882 charged to Iron River.
321	84	(b)	Includes \$146,202 charged to FERC account 575.7.
321	84	(c)	Upper Peninsula Power Company 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 MISO FERC Electric Tariff, Rate Schedule No. 3, issued March 21, 2005 (Agreement Between Midwest ISO and Miswest 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 Balance Authority expenses will be accumulated in Account 561.BA.

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) 4/30/2007	Year of Report December 31, 2006
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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				
2	Alliant Utilities Iron River MISO CR					
3	New Page	OS				
4	City of Escanaba	EX	29			
5	Wisconsin Public Service Emerg.	OS				
6	Wisconsin Public Service PPA2	RQ				
7	Wisconsin Public Service W2 Int.	Rq				
8	White Pine GP	OS				
9	White Pine Negotiated Capacity	RQ				
10	PJM	OS				
11	ATC/MISO	EX				
12	Wisconsin Public Service MISO CR					
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) 4/30/2007	Year of Report December 31, 2006
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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)					
50004			350205	1078278		1,428,483	1
					-2450426	(2,450,426)	2
583				6741		6,741	3
5053				1248360		1,248,360	4
386				60767		60,767	5
569400			14644371	12554164	9600	27,208,135	6
379847			6054943	8535581	-324531	14,265,993	7
5335				368115		368,115	8
88452			2405160	4668507		7,073,667	9
				-40		(40)	10
113428				9775487		9,775,487	11
					-828858	(828,858)	12
						0	13
						0	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) 04/30/07	Year of Report 12/31/06
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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	Account 454 - Rent from Electric Property		
17			
18	Pole Contract Rent	Distribution System	167,859
19	Building Rent	Office Building	199,226
20	Land Rent	Hydro Lands	2,282
21			369,367
22			
23			
24			
25			
26			
27			
28			
29			

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) 04/30/07	Year of Report 12/31/06
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 Revenue (451)</u>	
12	Service Charges	8,203
13	Temporary Electric Service	1,270
14	Connection/Disconnection Service	183
15		9,656
16	<u>Other Electric Revenue (456)</u>	
17	Wholesale Distribution Service	1,300,672
18	Maintenance on Customer Facilities	180,754
19	Non-Service Revenue	1,659,707
20		3,141,133
21		
22		
23		
24		
25		
26		
27		
28		
29		
30	TOTAL	3,150,789

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) 4/30/2007	Year of Report December 31, 2006
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TRANSMISSION OF ELECTRICITY BY OTHERS (Account 565)
(Including transactions referred to as "wheeling")

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

Line No.	Name of Company or Public Authority [Footnote Affiliations] (a)	TRANSFER OF ENERGY		EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS			
		Megawatthours Received (b)	Megawatthours Delivered (c)	Demand Charges (\$) (c)	Energy Charges (\$) (d)	Other Charges (\$) (e)	Total Cost of Transmission (\$) (f)
1	Received Power From:						
2	Wheeler:						
3							
4	Midwest ISO Network	759,596	759,596	4,242,512			4,242,512
5							
6	Prior Period Adjustment					(19)	(19)
7	* MISO RTOR Adj Sch 14					171	171
8							
9							
10							
11							
12							
13							
14							
15							
16		759,596	759,596	4,242,512	0	152	4,242,664

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) 04/30/07	Year of Report December 31, 2006
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FOOTNOTE DATA

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
332	4	(h)	Includes \$23,546 charged to Account 456, \$89,952 charged to Account 561, and \$2,877 charged to Account 575.
332	7	a	Resettlement per FERC Order EL05-63.

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) 4/30/2007	Year of Report December 31, 2006
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LEASE RENTALS CHARGED

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

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 11/31/1991 Lease continues for 240 consecutive calendar months

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

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) 4/30/2007	Year of Report December 31, 2006
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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 the accounting treatment of the lease payments (levelized charges to expense or other treatment), the basis of any charges apportioned between the lessor and lessee, and the responsibility of the respondent for operation and maintenance expenses and replacement of property. The above information is to be reported with initiation of the lease and thereafter when changed or every five years, which ever occurs first.

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

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

* See definition on page 226 (B)

A. LEASE RENTALS CHARGED TO ELECTRIC OPERATING EXPENSES

Original Cost (O) or Fair Market Value (F) of Property (d)	Expenses to be Paid by Lessee Itemize (e)	AMOUNT OF RENT - CURRENT TERM				Account Charged (j)	Remaining Annual Charges Under Lease Est. if Not Known (k)
		Current Year		Accumulated to Date			
		Lessor (f)	Other (g)	Lessor (h)	Other (i)		
6,067,639							
	Base Rent	591,600		9,180,270		931	2,958,000
	Variable Rent	408,000		5,941,104		931	2,040,000
	Property Taxes	141,960		1,580,670		931	587,952

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) 4/30/2007	Year of Report December 31, 2006
MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (ELECTRIC)				
Line No.	Description (a)	Amount (b)		
1	Industry Association Dues	53,875		
2	Nuclear Power Research Expenses			
3	Other Experimental and General Research Expenses			
4	Publishing and Distributing Information and Reports to Stockholders; Trustee, Registrar, and Transfer Agent Fees and Expenses, and Other Expenses of Servicing Outstanding Securities of the Respondent	133,634		
5	Other Expenses <i>(List items of \$5,000 or more in this column showing the (1) purpose, (2) recipient and (3) amount of such items. Group amounts of less than \$5,00 by classes if the number of items so grouped is shown)</i>			
6				
7	Chamber of Commerce - 7 Various	2,565		
8	Michigan Chamber of Commerce	8,125		
9	Miscellaneous Items Under \$5,000 - 7 Items	6,622		
10				
11				
12				
13				
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45				
46	TOTAL	204,821		

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) 4/30/2007	Year of Report December 31, 2006
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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			207,864	207,864
2	Steam Production Plant	69,265			69,265
3	Nuclear Prod Plant-Depreciation Nuclear Prod Plant- Decommissioning				
4	Hydraulic Prod Plant-Conventional	955,426			955,426
5	Hydraulic Prod Plant-Pumped Storage				
6	Other Production Plant	84,399			84,399
7	Transmission Plant				
8	Distribution Plant	3,384,151			3,384,151
9	General Plant	586,881			586,881
10	Common Plant-Electric				
11	TOTAL	5,080,122	0	207,864	5,287,986

B. BASIS FOR AMORTIZATION CHARGES

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2007	Year of Report December 31, 2006
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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 Cancer Society Inc.	1,100
5	Copper Country United Way	4,831
6	Delta County Chamber of Commerce	1,094
7	Delta County Sheriff's Dept.	1,500
8	Great Lakes Center for Youth	1,500
9	Lake Superior Tree Farms Inc	1,256
10	Minnesota Public Radio	1,401
11	Ontonagon County Cancer Assoc.	1,300
12	Republic Community Services	1,170
13	Salvation Army	3,920
14	St. Vincent De Paul Society	5,080
15	The Marrow Foundation	1,000
16	UP Rodeo Inc.	2,000
17	Upper Peninsula Education	1,000
18	Upper Peninsula State Fair	1,000
19	West Branch Sportsmans Club	2,000
20	WMNU Public TV	1,638
21	WMNU-FM Public Radio 90	1,480
22	YMCA of Delta County	1,110
23	Items Under \$1,000	40,657
24	Total 426.1	76,037
25		
26	Life Insurance (426.2)	0
27		
28	Penalties (426.3)	0
29		
30	Expenses for Certain Civil, Political and Related Activities (426.4)	
31	Memberships	3,455
32	Labor Expenses	5,686
33	Total 426.4	9,141
34		
35	Other Deductions (426.5)	0
36		
37	Interest on Debt to Associated Companies (430)	1,446,603
38		
39	Other Interest Expense (431)	
40	Other Interest Expense	1,055
41	Interest on Electric Refunds	263,850
42	Budget Balance Interest	7,977
43	Customer Deposits	287
44	Tax Adjustments	1,457
45	Total 431	274,626

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) 4/30/2007	Year of Report December 31, 2006
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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	5,686
3		
4		
5	Federal Lobbying Activities	
6	Memberships	3,455
7		
8		
9		
10		
11		
12		
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21		
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28		
29		
30		
31		
32		9,141

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) 4/30/2007	Year of Report December 31, 2006
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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 <i>(Furnish name of regulatory commission or body, the docket or case number, and a description of the case.)</i> (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expenses for current year (b) + (c) (d)	Deferred at Beginning of Year (e)
1	Federal Energy Regulatory Commission	130,844	149,249	280,093	
2	Michigan Public Service Commission	27,012	4,435	31,447	
3					
4					
5					
6					
7					
8					
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42					
43					
44	TOTAL	157,856	153,684	311,540	0

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2007	Year of Report December 31, 2006
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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	4,435					1
	928	149,248					2
							3
							4
							5
							6
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		153,683	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) 39202	Year of Report 12/31/06
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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	892,672		
4	Transmission			
5	Distribution	2,614,387		
6	Customer Accounts	741,609		
7	Customer Service and Informational	168,907		
8	Sales			
9	Administrative and General	472,969		
10	TOTAL Operation (Enter Total of lines 3 thru 9)	4,890,544		
11	Maintenance			
12	Production	293,783		
13	Transmission			
14	Distribution	2,058,171		
15	Administrative and General			
16	TOTAL Maint. (Total of lines 12 thru 15)	2,351,954		
17	Total Operation and Maintenance			
18	Production (Enter Total of lines 3 and 12)	1,186,455		
19	Transmission (Enter Total of lines 4 and 13)	0		
20	Distribution (Enter Total of lines 5 and 14)	4,672,558		
21	Customer Accounts (Transcribe from line 6)	741,609		
22	Customer Svc. And Informational (Transcribe from line 7)	168,907		
23	Sales (Transcribe from line 8)	0		
24	Administrative and General (Enter Total of lines 9 & 15)	472,969		
25	TOTAL Oper. And Maint. (Total of lines 18 thru 24)	7,242,498	37,567	7,280,065
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) 04/30/07	Year of Report 12/31/06
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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 Terminaling 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 Terminaling and Processing (Total of lines 31 and 43)	0		
53	Transmission (Lines 32 and 44)	0		
54	Distribution (Lines 33 and 45)	0		
55	Customer Accounts (Line 34)	0		
56	Customer Service and Informational (Line 35)	0		
57	Sales (Line 36)	0		
58	Administrative and General (Lines 37 and 46)	0		
59	TOTAL Operation & Maint. (total of lines 49 thru 58)	0		
60	OTHER UTILITY DEPARTMENTS			
61	Operation and Maintenance			
62	TOTAL All Utility Dept. (Total of lines 25, 59 & 61)	7,242,498	37,567	7,280,065
63	UTILITY PLANT			
64	Construction (By Utility Departments)			
65	Electric Plant	1,298,575	29,740	1,328,315
66	Gas Plant			
67	Other			
68	TOTAL Construction (Total of lines 65 thru 67)	1,298,575	29,740	1,328,315
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)	2,351,610	515,840	2,867,450
75		583,147	(583,147)	
76				
77	TOTAL Other Accounts	2,934,757	(67,307)	2,867,450
78	TOTAL SALARIES AND WAGES	11,475,830	0	11,475,830

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) 04/30/07	Year of Report December 31, 2006
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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	Service	Account(s)	Amount
1	Accurate Underground Locating, Inc.	Cable Locating	143, 232, 584	\$35,377
2	6163 G.5 Road			
3	Escanaba, MI			
4				
5	Asplundh Tree Expert Co.	Line Clearing	107, 143, 399, 543, 593	\$1,411,972
6	5907 Municipal Street			
7	Schofield, WI			
8				
9	AVD Archaeological	Consulting	121, 539, 543, 956	\$42,787
10	305 South Britton Road			
11	Union Grove, WI			
12				
13	Ayres Associates, Inc.	Consulting	107, 332, 417, 539, 543	\$118,172
14	P. O. Box 1590			
15	Eau Claire, WI			
16				
17	Baird Construction Co. LLC	Construction	107, 184, 232, 390, 588, 591	\$39,113
18	100 Prospect Street			
19	Ishpeming, MI			
20				
21	Barr Engineering	Consulting	107, 332, 539	\$67,505
22	4700 West 77th Street			
23	Minneapolis, MN			
24				
25	Bergstrom Electric	Consulting	143, 593, 588, 232, 365, 367, 369,364	\$91,777
26	2000 17th Avenue			
27	Menominee, MI			
28				
29	Black & Veatch Corp.	Consulting	107, 362	\$27,930
30	1500 Meadow Lake Parkway			
31	Kansas City, MO			
32				
33	Bruder Gentile Marcoux LLP	Legal	923	\$218,781
34	1701 Pennsylvania Ave., NW Ste. 900			
35	Washington, DC			

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CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

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3. Designate with an asterisk associated companies.

Line No.	Name / Address	Service	Account(s)	Amount
1	Christensen & Wisnet	construction	107, 232, 342	\$255,464
2	P. O. Box 372			
3	Appleton, WI			
4				
5	Coleman Engineering	Consulting	121, 417, 543, 956	\$42,123
6	635 Circle Drive			
7	Iron Mountain, MI			
8				
9	Collins & Baker Engineering	Consulting	107, 332, 543, 908	\$255,000
10	1409 East Boulevard Suite 101A			
11	Charlotte, NC			
12				
13	CR Meyer & Sons Inc	Construction	121, 143, 232, 417	\$323,427
14	895 West 20th Avenue			
15	Oshkosh, WI			
16				
17	Deloitte & Touche	Audit, Consulting,	923	\$62,775
18	4205 Collection Center Drive	Accounting		
19	Chicago, IL			
20				
21	E Pro Engineering & Evironmental LLC	Consulting	107, 121, 332, 956	\$537,526
22	249 Western Avenue			
23	Augusta, ME			
24				
25	Foley & Lardner	Legal	121, 500, 539, 543, 556, 588, 921,	\$2,327,267
26	777 East Wisconsin Avenue		956	
27	Milwaukee, WI			
28				
29	Garan Lucow Miller	Legal	121, 107, 921, 923, 925	\$37,534
30	1000 Woodbridge Street			
31	Detroit, MI			
32				
33	Hitch LLC	Consulting/Surveying	107, 121, 342, 956	\$73,661
34	46479 Highway US 41			
35	Houghton, MI			

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) 04/30/07	Year of Report December 31, 2006
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CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

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426.4, Expenditures for Certain civic, Political and Related Activities.)
(a) Name and address of person or organization rendering services,
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2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.

3. Designate with an asterisk associated companies.

Line No.	Name / Address	Service	Account(s)	Amount
1	John D Construction	Construction	107, 184, 232, 364, 390, 582, 588, 591, 593, 594	\$44,065
2	22209 State Highway M64 W			
3	Ontonagon, MI			
4				
5	Julio Contracting, Inc.	Construction	143, 184, 552, 584	\$44,624
6	21021 Royce Road			
7	Ripley, MI			
8				
9	Karcz Pole Inspections LLC	Pole Inspection	232, 593	\$61,231
10	N1655 Laney Road			
11	Seymour, WI			
12				
13	King & MacGregor Environmental, Inc.	Consulting	543	\$89,093
14	106 West Upton Avenue			
15	Reed City, MI			
16				
17	Leonard & Finco Public Relations, Inc.	Consulting	121, 956	\$26,569
18	1039 West Mason Street			
19	Green Bay, WI			
20				
21	Lunda Construction	Hydro Construction	107, 232, 332, 543	\$407,766
22	2000 Taylor Street			
23	Little Chute, WI			
24				
25	Miller Canfield Paddock Stone PLC	Legal	921, 923, 928	\$173,359
26	P. O. Drawer 640348			
27	Detroit, MI			
28				
29	MJ Electric	Construction	107, 143, 362, 592	\$99,901
30	P. O. Box 686			
31	Iron Mountain, MI			
32				
33	MJO Contracting, Inc.	Construction	107, 362, 342	267,504
34	54560 Highway M203			
35	Hancock, MI			

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CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

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(a) Name and address of person or organization rendering services,

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

3. Designate with an asterisk associated companies.

Line No.	Name / Address	Service	Account(s)	Amount
1	North States Locating	Construction	584	\$116,054
2	P. O. Box 1507			
3	Eagle River, WI			
4				
5	Oberstar, Inc.	Construction	232, 543	\$2,515,078
6	1900 Industrial Parkway			
7	Marquette, MI			
8				
9	Paul C. Rizzo Associates, Inc.	Consulting	107, 332	\$192,323
10	EXPO Mart, Suite 270-E			
11	Pittsburg, PA			
12				
13	STS Consultants	Consulting	107, 183, 121, 332, 417, 362, 539,	\$356,613
14	1035 Kepler Drive		541, 543, 956, 980	
15	Green Bay, WI			
16				
17	Washington Group International	Consulting	107, 332, 980	\$105,481
18	520 Carnegie Center			
19	Princeton, NJ			
20				
21	Wausau Insurance	Consulting	925	\$76,094
22	P. O. Box 99164			
23	Chicago, IL			
24				
25	Yalmer Mattila Contracting	Construction	232, 543, 551	\$184,280
26	P. O. Box 456			
27	Houghton, MI			
28				
29				
30				
31				
32				
33				
34				
35				

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) 04/30/07	Year of Report December 31, 2006
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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 Cost		
4			Materials & Supplies		
5					
6					
7	Integrus Energy Group, Inc.	Under Common Control	Labor & Overheads		
8			Invoices & Expenses		
9					
10					
11	Penvest, Inc.	Under Common Control	Invoices & Expenses		
12					
13					
14	Wisconsin River Power Company	Under Common Control	Labor & Overheads		
15			Invoices & Expenses		
16			Usage Based Cost		
17					
18					
19	Michigan Gas Utilities	Under Common Control	Labor & Overheads		
20			Invoices & Expenses		
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
TOTAL					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) 04/30/07	Year of Report 12/31/06
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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	1,005,485		(1)	1
		146	52,114		(2)	2
		146	4,702		(1)	3
		146	60,105		(3)	4
				1,122,406		5
						6
		146	95,632		(1)	7
		146	1,232		(2)	8
				96,864		9
						10
		146	8,864		(2)	11
				8,864		12
						13
		146	591		(1)	14
		146	9,611		(2)	15
		146	153		(1)	16
				10,355		17
						18
		146	173,330		(1)	19
		146	19,913		(2)	20
				193,243		21
						22
						23
						24
						25
						26
						27
						28
						29
						30
	0		1,431,732	1,431,732		

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

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) 04/30/07	Year of Report 12/31/06
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SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES

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

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	Upper Peninsula Building	Under Common Control	Building Rent	931	1,141,560
2	Development Co.				
3					
4	WPS New England	Under Common Control	Invoices & Expenses	Various	90,617
5	Generation				
6					
7	Michigan Gas Utilities	Under Common Control	Invoices & Expenses	Various	84
8					
9					
10	WPS Westwood	Under Common Control	Invoices & Expenses	Various	1,888
11	Generation				
12					
13	Wisconsin River Power	Under Common Control	Invoices & Expenses	Various	407
14					
15					
16	Integritys Energy Group, Inc.	Parent Company	Labor & Labor Loading	Various	168,165
17			Invoices & Expenses	Various	2,207,389
18			Interest	430	1,446,603
19					
20					
21	Penvest	Under Common Control	Communication Cable Use	454	17,400
22					
23					
24					
25					
26					
27					
28					
29					
30					
TOTAL					5,074,113

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) 04/30/07	Year of Report 12/31/06
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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.
			1,141,560		(1)	1
				1,141,560		2
						3
			90,617		(2)	4
				90,617		5
						6
			84		(3)	7
				84		8
						9
			1,888		(2)	10
				1,888		11
						12
			407		(2)	13
				407		14
						15
			168,165		(1)	16
			2,207,389		(2), (3)	17
			1,446,603		(4)	18
				3,822,157		19
						20
			17,400		(1)	21
				17,400		22
						23
						24
						25
						26
						27
						28
						29
						30
	0		5,074,113	5,074,113		

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) 04/30/07	Year of Report 12/31/06
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SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES

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

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	Wisconsin Public Service Corporation	Under Common Control	Labor & Labor Loading	Various	3,495,006
2			Benefits	Various	10,153,203
3			Materials & Supplies	Various	2,012,922
4			Invoices & Expenses	Various	4,925,156
5			Other Direct Costs	Various	4,794,228
6			Electric Power	555	40,706,036
7			Payroll Reimburse	Various	13,520,193
8			Annual Incentive Plan	Various	2,978
9			Long-Term Incentive	Various	14,609
10			Stock Options	Various	5,230
11			Restricted Stock	Various	402
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
TOTAL					79,629,963

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) 04/30/07	Year of Report 12/31/06
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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.
				3,495,006	(1)	1
				10,153,203	(1)	2
				2,012,922	(1)	3
				4,925,156	(1)	4
				4,794,228	(1)	5
				40,706,036	(3)	6
				13,520,193	(1)	7
				2,978	(1)	8
				14,609	(1)	9
				5,230	(3)	10
				402	(3)	11
					79,629,963	12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
	0			0	79,629,963	

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) 04/30/07	Year of Report 12/31/06
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ELECTRIC ENERGY ACCOUNT

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

Line No.	Item (a)	MWH's (b)	Line No.	Item (a)	MWH's (b)
1	SOURCES OF ENERGY		18	Net Transmission for other (line 16	
2	Generation (Excluding Station Use):			minus line 17)	0
3	Steam	(439)	19	Transmission by others losses	0
4	Nuclear		20	TOTAL (Total of lines 9, 10, 14, 18 & 19)	1,328,996
5	Hydro-Conventional	107,852	21	DISPOSITION OF ENERGY	
6	Hydro-Pumped Storage		22	Sales to Ultimate Consumers	
7	Other	9,095		(Including Interdepartmental Sales)	799,651
8	LESS Energy for Pumping		23	Requirements Sales for Resale	
9	Net Generation (Total of lines 3 thru 8)	116,508		(See instruction 4, page 311.)	149,791
10	Purchases	1,212,488	24	Non-Requirements Sales For Resale	
11	Power Exchanges:			(See instruction 4, page 311.)	347,687
12	Received		25	Energy furnished without charge	
13	Delivered		26	Energy used by the company (Electric	
14	NET Exchanges (line 12 minus 13)	0		Dept. only, excluding station use)	3,767
15	Transmission for other (Wheeling)		27	Total Energy Losses	28,100
16	Received		28	TOTAL (Enter total of lines 22 thru	
17	Delivered		27)	(MUST equal line 20)	1,328,996

MONTHLY PEAKS AND OUTPUT

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

NAME of SYSTEM: Integrated

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	100,392	18,241	128	9	1900
30	February	97,193	21,351	129	16	1900
31	March	104,179	26,101	129	14	1500
32	April	99,881	25,815	113	4	1200
33	May	105,114	34,146	113	11	1100
34	June	101,114	33,201	117	21	1400
35	July	118,791	30,209	138	28	1500
36	August	110,413	32,365	134	1	1200
37	September	99,766	29,033	112	7	1600
38	October	110,664	33,050	134	12	2000
39	November	114,232	36,592	132	20	1900
40	December	117,253	34,128	140	6	2000
41	TOTAL	1,278,992	354,232			

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) 04/30/07	Year of Report 12/31/06
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MONTHLY PEAKS AND OUTPUT

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

NAME of SYSTEM: Iron River

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)
42	January	4,516		8	5	1900
43	February	4,161		8	17	2000
44	March	4,289		8	2	2000
45	April	3,716		7	4	1100
46	May	3,970		8	30	1300
47	June	3,932		8	16	1400
48	July	4,508		9	17	1400
49	August	4,177		9	1	1400
50	September	3,769		8	24	900
51	October	4,104		7	12	2100
52	November	4,170		8	30	1900
53	December	4,692		9	7	1900
54	TOTAL	50,004	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) 04/30/07	Year of Report December 31, 2006
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FOOTNOTE DATA

Page Number (a)	Item Number (b)	Column Number (c)	Comments (d)
401	23	(b)	Does not include 2005 adjustments to Alger Delta of 637 Mwh, or 4,262 Mwh for Baraga.

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STEAM-ELECTRIC GENERATION PLANT STATISTICS (Large Plants)

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

Line No.	Item (a)	Plant Name : Portage		Plant Name: Gladstone	
		(b)		(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 cpcty. (max. generator name plate ratings in MW)	22.6		22.6	
6	Net Peak Demand on Plant-MW (60 minutes)	24		22	
7	Plant hours connected to load	723		10	
8	Net continuous plant capability (megawatts)	0		0	
9	When not limited by condenser water	0		0	
10	When limited by condenser water	0		0	
11	Average number of employees	3		1	
12	Net generation, exclusive of plant use-KWh	9340410		169000	
13	Cost of plant: Land and Land Rights	7353		55663	
14	Structures and Improvements	77461		110212	
15	Equipments costs	2471998		2227188	
16	Asset Retirement Costs	0		0	
17	Total cost	2556812		2393063	
18	Cost per KW of Installed capacity (line 5)	113.1333		105.8877	
19	Production Expenses: Oper., Supv., & Engr.	55433		17614	
20	Fuel	2363985		38748	
21	Coolants and Water (Nuclear Plants only)	0		0	
22	Steam expenses	0		0	
23	Steam from other sources	0		0	
24	Steam transferred (credit)	0		0	
25	Electric expenses	75410		4802	
26	Misc. steam (or nuclear) power expenses	21074		5622	
27	Rents	0		0	
28	Allowances	0		0	
29	Maintenance Supervision and Engineering	28557		18123	
30	Maintenance of structures	1664		65	
31	Maintenance of boiler (or reactor) plant	0		0	
32	Maintenance of electric plant	13979		1172	
33	Maintenance of Misc. steam (or nuclear) plant	2798		0	
34	Total Production Expenses	2562900		86146	
35	Expenses per net KWh	0.2744		0.5097	
36	Fuel: Kind (coal, gas, oil, or nuclear)	Oil		Oil	
37	Unit: (coal-tons of 2,000 lb) (oil-barrels of 42 gals.) (Gas-Mcf) (Nuclear-indicate)	Barrels		Barrels	
38	Quantity (units) of fuel burned	46198		15327	
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				
41	Avg. cost of fuel per unit burned				
42	Avg. cost of fuel burned per million Btu				
43	Avg. cost of fuel burned per KWh net gen.				
44	Avg. Btu per KWh net generation				

Name of Respondent Upper Peninsula Power Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/07	Year of Report December 31, 2006
HYDROELECTRIC GENERATING PLANT STATISTICS (Large Plants)				
1. Large plants are hydro plants of 10,000 Kw or more of installed capacity (name plate ratings).		3. If net peak demand for 60 minutes is not available, give that which is available, specifying period.		
2. If any plant is leased, operated under a license from the Federal Energy Regulatory Commission, or operated as a joint facility, indicate such facts in a footnote. If licensed project, give project number.		4. If a group of employees attends more than one generating plant, report on line 11 the approximate average number of employees assignable to each plant.		
Line No.	ITEM (a)	FERC Licensed Project No. 1864 Plant name: Victoria (b)	FERC Licensed Project No. _____ Plant name: _____ (c)	
1	Kind of Plant (Run-of-River or Storage)		Storage	
2	Type of Plant Construction (Conventional or Outdoor)		Conventional	
3	Year originally constructed		1,930	
4	Year last unit was installed		1,930	
5	Total Installed Capacity (Generator name plate ratings in MW)		12.0	
6	Net peak demand on plant-megawatts (60 minutes)		0	
7	Plant hours connected to load		0	
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		48,959,400	
13	Cost of plant:			
14	Land and Land Rights		464,646	
15	Structures and Improvements		381,651	
16	Reservoirs, Dams, and Waterways		17,373,750	
17	Equipment costs		1,502,803	
18	Roads, railroads, and bridges		307,025	
19	Asset Retirement Costs			
20	TOTAL Cost (Enter total of lines 14 thru 19)		20,029,875	
21	Cost per KW of installed capacity (Line 20/5)		1,669,156	
22	Production Expenses:			
23	Operation Supervision and Engineering		154,558	
24	Water for power		0	
25	Hydraulic Expenses		189,794	
26	Electric Expenses		53,941	
27	Misc. Hydraulic Power Generation Expenses		212,396	
28	Rents		0	
29	Maintenance Supervision and Engineering		56,694	
30	Maintenance of Structures		0	
31	Maintenance of Reservoirs, Dams and Waterways		307,042	
32	Maintenance of Electric Plant		83,052	
33	Maintenance of Misc. Hydraulic Plant		(10,159)	
34	Total Production Expenses (Total lines 23 thru 33)		1,047,318	
35	Expenses per net KWh		0.0214	

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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	Warden Station	1959	18.7500		(440)	8,237,608
3						
4	Hydro:					
5	Prickett	1931	2.2000	1.70	6,019	2,216,053
6	Hoist*	1925	4.4000	3.00	11,593	7,154,119
7	McClure	1919	8.0000	8.00	33,156	3,292,595
8	AuTrain	1910	0.9000	1.00	5,033	1,621,037
9	Cataract	1929	2.0000	1.00	3,091	340,067
10						
11						
12	* Includes Silver Lake					
13						
14						
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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	145,036	5,500	244,283	Gas		1
						2
						3
						4
1,007,297	140,109		69,404			5
1,625,936	298,954		61,523			6
411,574	356,039		170,260			7
1,801,152	152,124		93,614			8
170,034	113,141		21,181			9
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CHANGES MADE OR SCHEDULED TO BE MADE IN GENERATING PLANT CAPACITIES

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

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

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

Line No.	Name of Plant (a)	Disposition (b)	Installed Capacity (in megawatts)			Date (f)	If Sold or Leased, Give Name and Address of Purchaser or Lessee (g)
			Hydro (c)	Steam (d)	(Other) (e)		
1 2 3 4 5 6 7	Hoist - Unit 1	Removed from Service	1.125			09/13/2006	

B. Generating Units Scheduled for or Undergoing Major Modifications

Line No.	Name of Plant (a)	Character of Modification (b)	Installed Plant Capacity After Modification (in MW) (c)	Estimated Dates of Construction	
				Start (d)	Completion (e)
8 9 10 11 12 13 14					

C. New Generating Plants Scheduled for or Under Construction

Line No.	Plant Name & Location (a)	TYPE (Hydro, pumped storage, steam, internal comb., gas-turbine, nuclear, etc.) (b)	Installed Capacity (in megawatts)		Estimated Dates of Construction	
			Initial (c)	Ultimate (d)	Start (e)	Completion (f)
15 16 17 18 19 20 21						

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

Line No.	Plant Name & Location (a)	TYPE (Hydro, pumped storage, steam, internal comb., gas-turbine, nuclear, etc.) (b)	Unit (c)	Size of Unit (in megawatts) (d)	Estimated Dates of Construction	
					Start (e)	Completion (f)
22 23 24 25 26 27 28						

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HYDROELECTRIC GENERATING PLANTS

- | | |
|--|---|
| <ol style="list-style-type: none"> 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, <i>Nonutility Property</i>, 4. Designate any plant or portion thereof for which | <p>the responsibility is not the sole owner. If such property is leased from another company, give name of lessor, date and term of lease, and annual rent. For any generating plant, other than a leased plant, or portion thereof, for which the respondent is not the sole owner but which respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars</p> |
|--|---|

Line No.	Name of Plant (a)	Location (b)	Name of Stream (c)	Water Wheels <i>(In column (e), indicate whether horizontal or vertical. Also indicate type of runner-Francis (F), fixed propeller (FP), automatically adjustable propeller (AP), Impulse (I). Designate reversible type of units by appropriate footnote)</i>			
				Attended or Unattended (d)	Type of Unit (e)	Year Installed (f)	Gross Static Head with Pond Full (g)
1	Victoria	Rockland, MI	Ontonagon	Unattended	Vertical	1930	215
2							
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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	300	9000	1930	11500	3	60	6	2	12	1
										2
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INTERNAL-COMBUSTION ENGINE AND GAS-TURBINE GENERATING PLANTS

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

Line No.	Name of Plant (a)	Location of Plant (b)	Prime Movers <i>In Column (e), indicate basic cycle for gas-turbine as open or closed; indicate basic cycle for internal-combustion as 2 or 4.</i>			
			Internal-Combustion or Gas-Turbine (c)	Year Installed (d)	Cycle (e)	Belted or Direct Connected (f)
1	Portage Generating	South Range, MI	Gas Turbine	1973	Open	Direct Connected
2						
3	Gladstone Generating	Gladstone, MI	Gas Turbine	1987	Open	Direct Connected
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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
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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. Twp	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 Twp	Distribution	69.00	34.00	
6	McClure Pit, Ishpeming	Distribution	2.40	34.00	
7	Mobile Sub, Ishpeming	Distribution	138.00	69.00	
8	Portage Generating, Adams Twp	Distribution	69.00	12.50	
9	Barnum Sub, Ishpeming	Distribution	34.00	12.50	
10	Barnum Sub, Ishpeming	Distribution	69.00	12.50	
11	Delta Sub, Wells Twp	Distribution	69.00	12.50	
12	Elevation St. Hancock*	Distribution	69.00	12.50	
13	Sawyer AFB	Distribution	69.00	12.50	
14	Henry Street Sub, Hurontown*	Distribution	69.00	12.50	
15	Lake Mine, Greenland Twp*	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 Twp*	Distribution	69.00	12.50	
19	Negaunee City, Negaunee*	Distribution	34.00	4.16	
20	Ontonagon Sub, Ontonagon*	Distribution	69.00	12.50	
21					
22	Toivola Sub, Elm River Twp*	Distribution	69.00	12.50	
23	Victoria, Rockland Twp	Distribution	69.00	12.50	
24	Osceola Sub, Laurium	Distribution	69.00	12.50	
25	Ishpeming Steam Plant	Distribution	4.16	33.00	
26					
27	30 Subs Under 10,000 KVA	Distribution	1480.86	540.86	
28	Total				
29					
30	*Substations serving customers with				
31	Energy for Resale				
32					
33					
34					
35					
36					
37					
38					
39					
40					

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 04/30/07	Year of Report 12/31/06
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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
24	2					12
11	2					13
12	1					14
	1					15
28	2					16
14	1					17
6	1					18
6	3	1				19
6	1					20
						21
1	1					22
15	6	1				23
45	2	1				24
		1				25
99	31	20				26
475	66	26				27
						28
						29
						30
						31
						32
						33
						34
						35
						36
						37
						38
						39
						40

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/07	Year of Report 12/31/06
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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	22,969	628
2	Additions During Year			
3	Purchases	2,491	689	22
4	Associated with Utility Plant Acquired			
5	TOTAL Additions (Enter Total of lines 3 and 4)	2,491	689	22
6	Reduction During Year			
7	Retirements	1,566	476	14
8	Associated with Utility Plant Sold			
9	TOTAL Additions (Enter Total of lines 7 and 8)	1,566	476	14
10	Number at End of Year (Lines 1+ 5 - 9)	67,228	23,182	636
11	In Stock	4,780	1,060	64
12	Locked Meters on Customers' Premises			
13	Inactive Transformers on System			
14	In Customers' Use	62,448	22,022	564
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	23,182	638

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