

MICHIGAN PUBLIC SERVICE COMMISSION

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

This form is authorized by [1919 PA 419](#), as amended, being [MCL 460.55](#) et seq.; and [1969 PA 306](#), as amended, being [MCL 24.201](#) et seq. Filing of this form is mandatory. Failure to complete and submit this form will place you [violation of state law](#).

Report submitted for year ending: December 31, 2019																				
Present name of respondent: UPPER PENINSULA POWER COMPANY																				
Address of principal place of business: 1002 HARBOR HILLS DRIVE, MARQUETTE, MI 49855																				
Utility representative to whom inquires regarding this report may be directed: <table><tr><td>Name:</td><td>Victoria Jacques</td><td>Title:</td><td>MANAGER OF TREASURY</td></tr><tr><td>Address:</td><td colspan="3">1002 HARBOR HILLS DRIVE</td></tr><tr><td>City:</td><td>MARQUETTE</td><td>State:</td><td>MI</td><td>Zip:</td><td>49855</td></tr><tr><td>Telephone, Including Area Code:</td><td colspan="5">906-232-1418</td></tr></table>	Name:	Victoria Jacques	Title:	MANAGER OF TREASURY	Address:	1002 HARBOR HILLS DRIVE			City:	MARQUETTE	State:	MI	Zip:	49855	Telephone, Including Area Code:	906-232-1418				
Name:	Victoria Jacques	Title:	MANAGER OF TREASURY																	
Address:	1002 HARBOR HILLS DRIVE																			
City:	MARQUETTE	State:	MI	Zip:	49855															
Telephone, Including Area Code:	906-232-1418																			
If the utility name has been changed during the past year: <table><tr><td>Prior Name:</td><td></td></tr><tr><td>Date of Change:</td><td></td></tr></table>	Prior Name:		Date of Change:																	
Prior Name:																				
Date of Change:																				
Two copies of the published annual report to stockholders: <table><tr><td>[]</td><td>were forwarded to the Commission</td></tr><tr><td>[]</td><td>will be forwarded to the Commission</td></tr><tr><td></td><td><u>on or about</u></td></tr></table>	[]	were forwarded to the Commission	[]	will be forwarded to the Commission		<u>on or about</u>														
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[]	will be forwarded to the Commission																			
	<u>on or about</u>																			
Annual reports to stockholders: <table><tr><td>[]</td><td>are published</td></tr><tr><td>[X]</td><td>are not published</td></tr></table>	[]	are published	[X]	are not published																
[]	are published																			
[X]	are not published																			

FOR ASSISTANCE IN COMPLETION OF THIS FORM:

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

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Upper Peninsula Power Company:

We have audited the accompanying financial statements of Upper Peninsula Power Company (the "Company"), which comprise the balance sheet — regulatory basis as of December 31, 2019, and the related statements of income — regulatory basis, retained earnings — regulatory basis, and cash flows — regulatory basis for the year then ended, included on pages 110(M) through 123 of the accompanying Michigan Public Service Commission Form P-521, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the regulatory-basis financial statements referred to above present fairly, in all material respects, the assets, liabilities, and proprietary capital of Upper Peninsula Power Company as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with the accounting requirements of the Michigan Public Service Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

Basis of Accounting

As discussed in Note A to the financial statements, these financial statements were prepared in accordance with the accounting requirements of the Michigan Public Service Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a basis of

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

Restricted Use

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

Deloitte & Touche LLP

April 23, 2020

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

GENERAL INFORMATION

I. **Purpose:**

By authority conferred upon the Michigan Public Service Commission by 1919 PA 419, as amended, being MCL 460.55 et seq. and 1969 PA 306, as amended, being MCL 24.201 et seq., this form is a regulatory support requirement. It is designed to collect financial and operational information from public utilities, licensees and others subject to the jurisdiction of the Michigan Public Service Commission. This report is a nonconfidential public use form.

II. **Who Must Submit:**

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

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

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

III. **What and Where to Submit:**

- (a) Submit an original copy of this form to:
Michigan Public Service Commission
Regulated Energy Division
7109 W Saginaw Hwy, PO Box 30221
Lansing, MI 48909

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

- (b) Submit immediately upon publication, one (1) copy of the latest annual report to
Michigan Public Service Commission
Regulated Energy Division
7109 W Saginaw Hwy, PO Box 30221
Lansing, MI 48909
- (c) For the CPA certification, submit with the original submission of the form, a letter or report
 - (i) Contain a paragraph attesting to the conformity, in all material aspects, of the schedules and pages listed below with the Commission's applicable Uniform Systems of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and
 - (ii) Signed by independent certified public accountants or an independent licensed public accountant, certified or licensed by a regulatory authority or a state or other political subdivision of the U.S. (See 18 CFR 41.10-41.12 for specific qualifications)

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

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

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

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

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

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

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

IV. When to Submit

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

GENERAL INSTRUCTIONS

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

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

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

DEFINITIONS

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

MPSC FORM P-521

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

IDENTIFICATION		
01 Exact Legal Name of Respondent UPPER PENINSULA POWER COMPANY	02 Year of Report 31-Dec-19	
03 Previous Name and Date of Change (if name changed during year)		
04 Address of Principal Business Office at End of Year (Street, City, State, Zip) 1002 HARBOR HILLS DRIVE, MARQUETTE, MI 49855		
05 Name of Contact Person VICTORIA JACQUES	06 Title of Contact Person MANAGER OF TREASURY	
07 Address of Contact Person (Street, City, State, Zip) 1002 HARBOR HILLS DRIVE, MARQUETTE, MI 49855		
08 Telephone of Contact Person, Including Area Code: 906-232-1418	09 This Report is (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	10 Date of Report (Mo, Da, Yr.) 6/1/2020
ATTESTATION		
The undersigned officer certifies that he/she has examined the accompanying report; that to the best of his/her knowledge, information, and belief, all statements of fact contained in the accompanying report are true and the accompanying report is a correct statement of the business and affairs of the above named respondent in respect to each and every matter set forth therein during the period from and including January 1 and including December 31 of the year of the report.		
01 Name Gradon Haehnel	03 Signature 	04 Date Signed (Mo, Da, Yr.) 6/1/2020
02 Title CHIEF FINANCIAL OFFICER		

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 6/1/2020	Year of Report 12/31/2019
LIST OF SCHEDULES (Electric Utility)			
1. Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none", "not applicable", or "NA".		2. The "M" prefix below denotes those pages where the information requested by the MPSC differs from that requested by FERC. Each of these pages also contains the "M" designation on the page itself.	
Title of Schedule (a)	Reference Page No. (b)	Remarks (c)	
GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS			
General Information	101		
Control Over Respondent & Other Associated Companies	M 102		
Corporations Controlled by Respondent	103	none	
Officers and Employees	M 104		
Directors	M 105		
Security Holders and Voting Powers	M 106-107		
Important Changes During the Year	108-109		
Comparative Balance Sheet	M 110-113		
Statement of Income for the Year	M 114-117		
Statement of Retained Earnings for the Year	M 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		
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	M 217		
General Description of Construction Overhead Procedure	M 218		
Accumulated Provision for Depreciation of Electric Utility Plant	M 219		
Nonutility Property	M 221		
Investment in Subsidiary Companies	224-225	none	
Material and Supply	227		
Allowances	228-229	none	
Extraordinary Property Losses	230B	none	
Unrecovered Plant and Regulatory Study Costs	230B	none	
Other Regulatory Assets	M 232		
Miscellaneous Deferred Debits	M 233		
Accumulated Deferred Income Taxes (Account 190)	234A-B		
BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Credits)			
Capital Stock	250-251		
Capital Stock Subscribed, Capital Stock Liability for Conversion Premium on Capital Stock, and Installments Received on Capital Stock	252	none	

Name of Respondent	This Report Is:	Date of Report	Year of Report
UPPER PENINSULA POWER CO	(1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 6/1/2020	12/31/2019
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		
Other Deferred Credits (Account 253)	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		
Particulars Concerning Certain Income Deduction and Interest Charges Accounts	M 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	
ELECTRICAL PLANT STATISTICAL DATA			
Monthly Transmission System Peak Load	M 400	none	
Electric Energy Account	401		
Monthly Peaks and Output	401		
Steam-Electric Generating Plant Statistics (Large Plants)	402-403		
Hydroelectric Generating Plant Statistics (Large Plants)	406-407		
Pumped Storage Generating Plant Statistics (Large Plants)	408-409	none	
Generating Plant Statistics (Other Plants)	410-411		

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) [] An Original (2) [] A Resubmission	Date of Report (Mo, Da, Yr) 6/1/2020	Year of Report 12/31/2019
LIST OF SCHEDULES (Electric Utility) (Continued)			
Title of Schedule (a)	Reference Page No. (b)	Remarks (c)	
ELECTRIC PLANT STATISTICAL DATA (continued)			
Transmission Lines Statistics	422-423	none	
Transmission Lines Added During Year	424-425	none	
Substations	426-427		
Electric Distribution Meters and Line Transformers	429		
Environmental Protection Facilities	430	none	
Environmental Protection Expenses	431	none	
Renewable Energy Resources	432	none	
Renewable Energy Resource Expenses	433	none	
Footnote Data	450	none	
Stockholders' Report	--	none	
MPSC SCHEDULES			
Reconciliation of Deferred Income Tax Expenses	117A-B		
Operating Loss Carry Forward	117C		
Plant Acquisition Adjustments and Accumulated Provision for Amortization of Plant Acquisition Adjustments	215	none	
Construction Work in Progress and Completed Construction Not Classified - Electric	216		
Accumulated Provision for Depreciation and Amortization of Nonutility Property	221		
Investments	222-223	None	
Notes & Accounts Receivable Summary for Balance Sheet	226A		
Accumulated Provision for Uncollectible Accounts - Credit	226A		
Receivables From Associated Companies	226B	none	
Production Fuel and Oil Stocks	227A-B		
Miscellaneous Current and Accrued Assets	230A		
Preliminary Survey and Investigation Charges	231A-B		
Deferred Losses from Disposition of Utility Plant	235A-B	none	
Unamortized Loss and Gain on Reacquired Debt	237A-B	none	
Securities Issued or Assumed and Securities Refunded or Retired During the Year	255	none	
Notes Payable	260A		
Payables to Associated Companies	260B	none	
Investment Tax Credit Generated and Utilized	264-265	none	
Miscellaneous Current and Accrued Assets	268		
Customer Advances for Construction	268		
Other Deferred Credits (Account 253)	269		
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	n/a	
Number of Electric Department Employees	234N	n/a	
Sales to Railroad & Railways and Interdepartmental Sales	331A	None	
Rent From Electric Property & Interdepartmental Rents	331A		
Sales of Water and Water Power	331B		
Misc. Service Revenues & Other Electric Revenues	331B		
Lease Rentals Charged	333A-D	none	
Expenditures for Certain Civic, Political and Related Activities	341		

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 6/1/2020	Year of Report 12/31/2019
LIST OF SCHEDULES (Electric Utility) (Continued)			
Title of Schedule (a)	Reference Page No. (b)	Remarks (c)	
MPSC SCHEDULES (Continued)			
Extraordinary Items	342	none	
Charges for Outside Professional and Other Consultative Services	357		
Summary of Costs Billed to Associated Companies	358-359	none	
Summary of Costs Billed from Associated Companies	360-361		
Monthly Transmission System Peak Load	400	none	
Changes Made or Scheduled to be Made in Generating Plant Capacities	412	none	
Steam-Electric Generating Plants	413A-B	none	
Hydroelectric Generating Plants	414-415		
Pumped Storage Generating Plants	416-418	none	
Internal Combustion Engine and Gas Turbine Generating Plants	420-421		

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/01/2020	Year/Period of Report End of <u>2019/Q4</u>
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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.

Gradon Haehnel
Chief Financial Officer
1002 Harbor Hills Drive
Marquette, MI 49855

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

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

Not Applicable

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

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

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

- (1) Yes...Enter the date when such independent accountant was initially engaged:
(2) No

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.) 6/01/2020	12/31/19

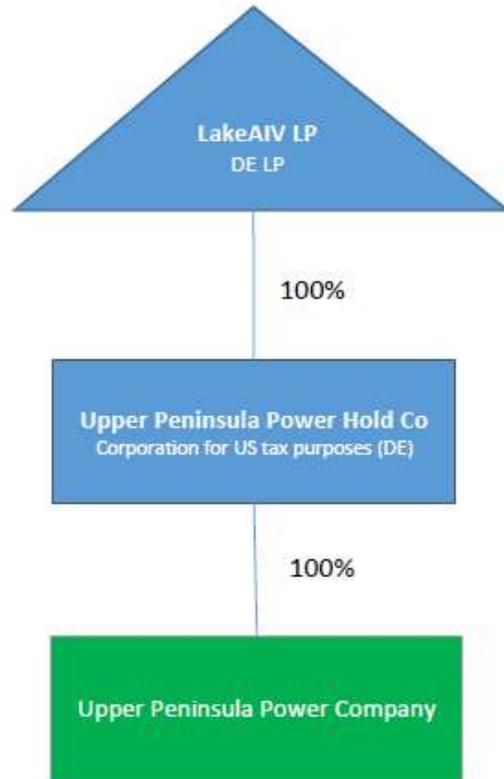
CONTROL OVER RESPONDENT & OTHER ASSOCIATED COMPANIES

1. If any corporation, business trust, or similar organization or combination of such organization jointly held control over respondent at the end of year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficiaries for whom trust was maintained, and purpose of the trust.

2. List any entities which respondent did not control either directly or indirectly and which did not control respondent, but which were associated companies at any time during the year.

3. Provide an Organization Chart for the entire business network to include all corporations, business trusts, or similar organization or combination of such organizations whether the entities held control or not. Include any associated companies with the respondent at any time during the year. In addition to this visual representation, provide an explanation or narrative you believe to be useful to accurately describe the Organizational Chart.

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



Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr.) 6/01/2020	Year of Report 12/31/19
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OFFICERS AND EMPLOYEES

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

Line	Name and Title	Base Wages	Other Compensation	Type of Other Compensation	Total Compensation
	(a)	(b)	(c)	(d)	(e)
1	Jim Larsen Chief Executive Officer	336,871	147,492	B, D	484,363
2	Nicholas E. Kates Chief Financial Officer	268,770	79,570	B, D	348,340
3	Stephen Serraino Secretary	167,876	42,061	B, D	209,937
4	Keith Moyle Chief Operations Officer	205,504	207,777	B, C, D	413,281
5					
1	Footnote Data				
2					
3					
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5					

Compensation Type Codes:

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

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) [X] An Original (2) [] A Resubmission	Date of Report (Mo, Da, Yr.) 6/01/2020	Year of Report 12/31/19
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DIRECTORS

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

Name and Title of Director (a)	Principal Business Address (b)	# of Directors Meetings During Yr (c)	Fees During Yr (d)
1 Jim Larsen*** Chief Executive Officer	Upper Peninsula Power Company 1002 Harbor Hills Drive Marquette, MI 49855	4	
2 Jeffrey R. Neil***	One Grand Central Place 60 East 42nd Street, Suite 3020 New York, NY 10165	4	
3 Robert J. Gregor**	One Grand Central Place 60 East 42nd Street, Suite 3020 New York, NY 10165	4	
4 Roxanne Daust***	Upper Peninsula Power Company 1002 Harbor Hills Drive Marquette, MI 49855	4	25,000

Footnote Data

- 1
- 2
- 3
- 4
- 5

Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/18
SECURITY HOLDERS AND VOTING POWERS			
<p>1. (A) Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have had the right to cast on that date if a meeting were then in order. If any such holder held in trust, give a footnote the known particulars of the trust (whether voting trust, etc.), duration of trust, and principal holders of beneficiary interests in the trust. If the stock book was not closed or a list of stockholders was not compiled within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.</p> <p>1. (B) Give also the name and indicate the voting powers resulting from ownership of securities of the respondent of each officer and director not included in the list of 10 largest security holders.</p> <p>2. If any security other than stock carries voting rights, explain in a supplemental statement the circumstances whereby such security became vested with voting rights and give other important particulars (details) concerning the voting rights of such security. State whether voting rights are actual or contingent; if contingent, describe the contingency.</p> <p>3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.</p> <p>4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten largest security holders. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants, or rights were issued on a pro-rata basis.</p>			
<p>1. Give date of the latest closing of the stock book prior to end of year, and state the purpose of such closing:</p> <p>Stock books are not closed</p>			
<p>2. State the total number of votes cast at the latest general proxy meeting prior to the end of year for election of directors of the respondent and number of such votes cast by proxy:</p> <p style="text-align: center;">Total: 4</p> <p style="text-align: center;">By Proxy: 0</p>			
<p>3. Give the date and place of such meeting:</p> <p>Via teleconference originating in Marquette, MI on December 17, 2019.</p>			

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 05/01/2020	Year/Period of Report End of <u>2019/Q4</u>
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IMPORTANT CHANGES DURING THE QUARTER/YEAR

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

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore 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 condition. 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 any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on Page 104 or 105 of the Annual Report Form No. 1, 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 Instructions 1 to 11 above, such notes may be included on this page.
13. Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
14. In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio.

PAGE 108 INTENTIONALLY LEFT BLANK
SEE PAGE 109 FOR REQUIRED INFORMATION.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/01/2020	Year/Period of Report 2019/Q4
Upper Peninsula Power Company			
IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)			

1. None.
2. None.
3. None.
4. None.
5. None.
6. Short Term Notes Payable to Affiliates up to \$15,000,000 FERC authorization, Federal Power Act - Section 204 - Docket ES 17-52-000.
7. There are no changes in the Articles of Incorporation or bi-laws during this time.
8. Union employees received a 3.50% general wage increase for highly technical union positions and a 3.0% general wage increase for less technical union positions effective 04/07/2019. Non-Union employees received a 3% adjustment on 03/24/2019.
9. None.
10. There were no materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or known associate had a material interest.
11. (Reserved).
12. There were no important changes during the year related to the respondent.
13. We do not participate in a cash management program in which money is advanced to parent, subsidiary, or affiliate companies and our proprietary capital ratio is >30%.

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	358,268,048	337,458,940
3	Construction Work in Progress (107)	200-201	11,178,822	18,691,315
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		369,446,870	356,150,255
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	150,954,923	146,395,802
6	Net Utility Plant (Enter Total of line 4 less 5)		218,491,947	209,754,453
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and 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	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0
14	Net Utility Plant (Enter Total of lines 6 and 13)		218,491,947	209,754,453
15	Utility Plant Adjustments (116)		0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
17	OTHER PROPERTY AND INVESTMENTS			
18	Nonutility Property (121)		12,477,429	12,592,708
19	(Less) Accum. Prov. for Depr. and Amort. (122)		2,372,531	2,193,840
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	0	0
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		0	0
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		10,388,610	6,267,797
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 (Lines 18-21 and 23-31)		20,493,508	16,666,665
33	CURRENT AND ACCRUED ASSETS			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		2,230,922	1,043,947
36	Special Deposits (132-134)		314,811	2,116,154
37	Working Fund (135)		0	0
38	Temporary Cash Investments (136)		0	0
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		10,120,903	9,071,580
41	Other Accounts Receivable (143)		1,390,985	1,523,901
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		1,700,000	1,735,000
43	Notes Receivable from Associated Companies (145)		0	0
44	Accounts Receivable from Assoc. Companies (146)		0	0
45	Fuel Stock (151)	227	80,926	420,438
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	2,156,817	2,333,466
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	0	0

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

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	764,180	590,218
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)		2,033,110	1,441,049
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		0	0
60	Rents Receivable (172)		0	0
61	Accrued Utility Revenues (173)		5,559,284	4,600,378
62	Miscellaneous Current and Accrued Assets (174)		611,552	42,885
63	Derivative Instrument Assets (175)		28,452	45,147
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		0	0
65	Derivative Instrument Assets - Hedges (176)		0	0
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		23,591,942	21,494,163
68	DEFERRED DEBITS			
69	Unamortized Debt Expenses (181)		927,662	1,039,542
70	Extraordinary Property Losses (182.1)	230a	0	0
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b	0	0
72	Other Regulatory Assets (182.3)	232	47,220,862	51,805,572
73	Prelim. Survey and Investigation Charges (Electric) (183)		1,304,041	410,288
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)		0	0
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		-70,731	-8,816
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	169,274	156,010
79	Def. Losses from Disposition of Utility Plt. (187)		0	0
80	Research, Devel. and Demonstration Expend. (188)	352-353	0	0
81	Unamortized Loss on Reaquired Debt (189)		0	0
82	Accumulated Deferred Income Taxes (190)	234	51,906,111	52,771,688
83	Unrecovered Purchased Gas Costs (191)		0	0
84	Total Deferred Debits (lines 69 through 83)		101,457,219	106,174,284
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		364,034,616	354,089,565

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	13,263,624	13,263,624
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)		0	0
5	Stock Liability for Conversion (203, 206)		0	0
6	Premium on Capital Stock (207)		0	0
7	Other Paid-In Capital (208-211)	253	42,800,356	47,301,469
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254b	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	114,410,111	104,117,618
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reaquired 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 (lines 2 through 15)		170,474,091	164,682,711
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	0	0
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	108,200,000	108,200,000
21	Other Long-Term Debt (224)	256-257	0	0
22	Unamortized Premium on Long-Term Debt (225)		0	0
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		0	0
24	Total Long-Term Debt (lines 18 through 23)		108,200,000	108,200,000
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		0	0
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		0	0
29	Accumulated Provision for Pensions and Benefits (228.3)		2,619,248	2,314,056
30	Accumulated Miscellaneous 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	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		597,051	577,810
35	Total Other Noncurrent Liabilities (lines 26 through 34)		3,216,299	2,891,866
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		9,900,000	9,000,000
38	Accounts Payable (232)		11,019,660	9,562,829
39	Notes Payable to Associated Companies (233)		0	0
40	Accounts Payable to Associated Companies (234)		0	0
41	Customer Deposits (235)		29,318	29,218
42	Taxes Accrued (236)	262-263	1,970,658	2,689,081
43	Interest Accrued (237)		333,626	338,737
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

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

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		0	0
48	Miscellaneous Current and Accrued Liabilities (242)		3,217,571	5,543,043
49	Obligations Under Capital Leases-Current (243)		0	0
50	Derivative Instrument Liabilities (244)		0	0
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	Total Current and Accrued Liabilities (lines 37 through 53)		26,470,833	27,162,908
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		2,390,954	2,279,915
57	Accumulated Deferred Investment Tax Credits (255)	266-267	0	0
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	5,424,226	1,464,060
60	Other Regulatory Liabilities (254)	278	7,116,167	9,510,741
61	Unamortized Gain on Reaquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		16,319,959	13,654,847
64	Accum. Deferred Income Taxes-Other (283)		24,422,087	24,242,517
65	Total Deferred Credits (lines 56 through 64)		55,673,393	51,152,080
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		364,034,616	354,089,565

STATEMENT OF INCOME

Quarterly

1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
5. If additional columns are needed, place them in a footnote.

Annual or Quarterly if applicable

5. Do not report fourth quarter data in columns (e) and (f)
6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	104,417,965	98,110,617		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	57,509,005	56,212,705		
5	Maintenance Expenses (402)	320-323	10,077,462	7,089,067		
6	Depreciation Expense (403)	336-337	8,618,909	9,098,523		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-405)	336-337	2,007,923	3,515,396		
9	Amort. of Utility Plant Acq. Adj. (406)	336-337				
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)					
13	(Less) Regulatory Credits (407.4)					
14	Taxes Other Than Income Taxes (408.1)	262-263	7,167,296	6,737,385		
15	Income Taxes - Federal (409.1)	262-263				
16	- Other (409.1)	262-263				
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	7,735,686	7,990,584		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	5,438,554	5,902,439		
19	Investment Tax Credit Adj. - Net (411.4)	266				
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)					
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)					
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		87,677,727	84,741,221		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		16,740,238	13,369,396		

STATEMENT OF INCOME FOR THE YEAR (Continued)

- 9. Use page 122 for important notes regarding the statement of income for any account thereof.
- 10. 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 material refund to the utility with respect to power or gas purchases. State for each year effected 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 retain such revenues or recover amounts paid with respect to power or gas purchases.
- 11 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 purches, and a summary of the adjustments made to balance sheet, income, and expense accounts.
- 12. If any notes appearing in the report to stokholders are applicable to the Statement of Income, such notes may be included at page 122.
- 13. Enter on page 122 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 appropriate dollar effect of such changes.
- 14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
- 15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	
						1
104,417,965	98,110,617					2
						3
57,509,005	56,212,705					4
10,077,462	7,089,067					5
8,618,909	9,098,523					6
						7
2,007,923	3,515,396					8
						9
						10
						11
						12
						13
7,167,296	6,737,385					14
						15
						16
7,735,686	7,990,584					17
5,438,554	5,902,439					18
						19
						20
						21
						22
						23
						24
87,677,727	84,741,221					25
16,740,238	13,369,396					26

STATEMENT OF INCOME FOR THE YEAR (continued)

Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL		Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
			Current Year (c)	Previous Year (d)		
27	Net Utility Operating Income (Carried forward from page 114)		16,740,238	13,369,396		
28	Other Income and Deductions					
29	Other Income					
30	Nonutility Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)					
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)					
33	Revenues From Nonutility Operations (417)		1,463,068	1,396,055		
34	(Less) Expenses of Nonutility Operations (417.1)		1,025,120	939,939		
35	Nonoperating Rental Income (418)					
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		21,700	20,296		
38	Allowance for Other Funds Used During Construction (419.1)		253,399	7,990		
39	Miscellaneous Nonoperating Income (421)					
40	Gain on Disposition of Property (421.1)		115,969			
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		829,016	484,402		
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)					
44	Miscellaneous Amortization (425)					
45	Donations (426.1)		93,618	101,369		
46	Life Insurance (426.2)					
47	Penalties (426.3)		4,162	60		
48	Exp. for Certain Civic, Political & Related Activities (426.4)		216	1,556		
49	Other Deductions (426.5)		7,710	5,719		
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		105,706	108,704		
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	72,483	70,032		
53	Income Taxes-Federal (409.2)	262-263				
54	Income Taxes-Other (409.2)	262-263				
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	2,222,177	2,040,389		
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	1,633,963	1,596,295		
57	Investment Tax Credit Adj.-Net (411.5)					
58	(Less) Investment Tax Credits (420)					
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		660,697	514,126		
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		62,613	-138,428		
61	Interest Charges					
62	Interest on Long-Term Debt (427)					
63	Amort. of Debt Disc. and Expense (428)		111,879	116,086		
64	Amortization of Loss on Reaquired Debt (428.1)			394,978		
65	(Less) Amort. of Premium on Debt-Credit (429)					
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)		5,800,061	5,027,633		
68	Other Interest Expense (431)		644,967	491,794		
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		79,735	1,158		
70	Net Interest Charges (Total of lines 62 thru 69)		6,477,172	6,029,333		
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		10,325,679	7,201,635		
72	Extraordinary Items					
73	Extraordinary Income (434)					
74	(Less) Extraordinary Deductions (435)					
75	Net Extraordinary Items (Total of line 73 less line 74)					
76	Income Taxes-Federal and Other (409.3)	262-263				
77	Extraordinary Items After Taxes (line 75 less line 76)					
78	Net Income (Total of line 71 and 77)		10,325,679	7,201,635		

Name of Respondent Upper Peninsula Power Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/01/2020	Year/Period of Report 2019/Q4
FOOTNOTE DATA			

Schedule Page: 114 Line No.: 2 Column: g
Includes \$824,562 for FERC Order 668-A

Schedule Page: 114 Line No.: 2 Column: h
Includes \$700,746 for FERC Order 668-A.

Schedule Page: 114 Line No.: 4 Column: g
Includes \$824,562 for FERC Order 668-A

Schedule Page: 114 Line No.: 4 Column: h
Includes \$700,746 for FERC Order 668-A.

Schedule Page: 114 Line No.: 67 Column: c
Interest on Long Term Debt to Associated Co. \$5,800,061.

Schedule Page: 114 Line No.: 67 Column: d
Interest on Long Term Debt to Associated Co. \$5,027,633.

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) 6/1/2020	Year of Report 12/31/19
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RECONCILIATION OF DEFERRED INCOME TAX EXPENSE

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

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

Line No.	Electric Utility	Gas Utility
1 Debits to Account 410 from:		
2 Account 190	3,911,191	
3 Account 281		
4 Account 282	2,534,740	
5 Account 283	1,678,946	
6 Account 284		
7 Reconciling Adjustments		
8 TOTAL Account 410.1 (on pages 114-115 line 17)	8,124,877	
9 TOTAL Account 410.2 (on page 117 line 55)		
10 Credits to Account 411 from:		
11 Account 190	3,266,454	
12 Account 281		
13 Account 282	677,715	
14 Account 283	1,494,695	
15 Account 284		
16 Reconciling Adjustments		
17 TOTAL Account 411.1 (on page 114-115 line 18)	5,438,864	
18 TOTAL Account 411.2 (on page 117 line 56)		
19 Net ITC Adjustment:		
20 ITC Utilized for the Year DR		
21 ITC Amortized for the Year CR		
22 ITC Adjustments:		
23 Adjust last year's estimate to actual per filed return		
24 Other (specify)		
25 Net Reconciling Adjustments Account 411.4*		
26 Net Reconciling Adjustments Account 411.5**		
27 Net Reconciling Adjustments Account 420***		

* on pages 114-15 line 19

** on page 117 line 57

*** on page 117 line 58

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 6/1/2020	Year of Report 12/31/2019
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RECONCILIATION OF DEFERRED INCOME TAX EXPENSE

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

Other Utility	Total Utility	Other Income	Total Company	Line No.
	3,911,191	1,829,571	5,740,762	1
	0		0	2
	2,534,740	2,596	2,537,336	3
	1,678,946	819	1,679,765	4
	0		0	5
	0		0	6
	8,124,877			7
		1,832,986		8
	3,266,454	1,608,731	4,875,185	9
	0		0	10
	677,715	19,422	697,137	11
	1,494,695	5,500	1,500,195	12
	0		0	13
	0		0	14
	5,438,864			15
		1,633,653		16
				17
				18
				19
				20
				21
				22
				23
				24
				25
				26
				27

STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. 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.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. 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)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance-Beginning of Period		104,084,432	96,882,797
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4				
5				
6				
7				
8				
9	TOTAL Credits to Retained Earnings (Acct. 439)			
10				
11				
12				
13				
14				
15	TOTAL Debits to Retained Earnings (Acct. 439)			
16	Balance Transferred from Income (Account 433 less Account 418.1)		10,325,679	7,201,635
17	Appropriations of Retained Earnings (Acct. 436)			
18				
19				
20				
21				
22	TOTAL Appropriations of Retained Earnings (Acct. 436)			
23	Dividends Declared-Preferred Stock (Account 437)			
24				
25				
26				
27				
28				
29	TOTAL Dividends Declared-Preferred Stock (Acct. 437)			
30	Dividends Declared-Common Stock (Account 438)			
31				
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)			
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings			
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		114,410,111	104,084,432
	APPROPRIATED RETAINED EARNINGS (Account 215)			
39				
40				

STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. 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.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. 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)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
41				
42				
43				
44				33,186
45	TOTAL Appropriated Retained Earnings (Account 215)			33,186
	APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)			
46	TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1)			
47	TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46)			33,186
48	TOTAL Retained Earnings (Acct. 215, 215.1, 216) (Total 38, 47) (216.1)		114,410,111	104,117,618
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account			
	Report only on an Annual Basis, no Quarterly			
49	Balance-Beginning of Year (Debit or Credit)			
50	Equity in Earnings for Year (Credit) (Account 418.1)			
51	(Less) Dividends Received (Debit)			
52				
53	Balance-End of Year (Total lines 49 thru 52)			

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STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(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 in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 78(c) on page 117)	10,325,679	7,201,635
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	10,845,001	12,827,754
5	Amortization of		
6			
7			
8	Deferred Income Taxes (Net)	3,710,258	2,532,240
9	Investment Tax Credit Adjustment (Net)		
10	Net (Increase) Decrease in Receivables	-1,875,313	5,336,540
11	Net (Increase) Decrease in Inventory	749,398	-295,079
12	Net (Increase) Decrease in Allowances Inventory		
13	Net Increase (Decrease) in Payables and Accrued Expenses	-2,370,006	-6,785,847
14	Net (Increase) Decrease in Other Regulatory Assets	36,313	
15	Net Increase (Decrease) in Other Regulatory Liabilities	-1,619,473	2,302,414
16	(Less) Allowance for Other Funds Used During Construction	253,399	7,990
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other (provide details in footnote):		
19	Pension and Post Retirement expense	800,296	1,046,585
20	Other changes in working capital besides cash	-979,465	894,495
21	Collateral on Deposit	1,802,343	-776,154
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	21,171,632	24,276,593
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-19,618,784	-21,149,721
27	Gross Additions to Nuclear Fuel		
28	Gross Additions to Common Utility Plant		
29	Gross Additions to Nonutility Plant	-2,584	-277,581
30	(Less) Allowance for Other Funds Used During Construction		
31	Other (provide details in footnote):		
32	Proceeds from the sale of property	115,970	
33	Proceeds from insurance settlement	3,121,853	
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-16,383,545	-21,427,302
35			
36	Acquisition of Other Noncurrent Assets (d)		
37	Proceeds from Disposal of Noncurrent Assets (d)		
38			
39	Investments in and Advances to 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)		

STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(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 in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
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 (provide details in footnote):		
54			
55			
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-16,383,545	-21,427,302
58			
59	Cash Flows from Financing Activities:		
60	Proceeds from Issuance of:		
61	Long-Term Debt (b)		
62	Preferred Stock		
63	Common Stock		
64	Other (provide details in footnote):		
65			
66	Net Increase in Short-Term Debt (c)	900,000	3,500,000
67	Other (provide details in footnote):		
68			
69			
70	Cash Provided by Outside Sources (Total 61 thru 69)	900,000	3,500,000
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)		
74	Preferred Stock		
75	Common Stock		
76	Other (provide details in footnote):		
77			
78	Net Decrease in Short-Term Debt (c)		
79	Return of Capital to Parent	-4,501,112	-5,470,000
80	Dividends on Preferred Stock		
81	Dividends on Common Stock		
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	-3,601,112	-1,970,000
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)	1,186,975	879,291
87			
88	Cash and Cash Equivalents at Beginning of Period	1,043,947	164,656
89			
90	Cash and Cash Equivalents at End of period	2,230,922	1,043,947

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 05/01/2020	Year/Period of Report End of <u>2019/Q4</u>
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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 17 of the 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 included herein.
7. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
8. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
9. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

PAGE 122 INTENTIONALLY LEFT BLANK
SEE PAGE 123 FOR REQUIRED INFORMATION.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/01/2020	Year/Period of Report 2019/Q4
Upper Peninsula Power Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

NOTES TO FINANCIAL STATEMENTS

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

The accompanying financial statements have been prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission ("FERC") as set forth in the Uniform System of Accounts and accounting releases, which differs from United States Generally Accepted Accounting Principles ("GAAP"). As required by the FERC, Upper Peninsula Power Company ("UPPCO" or the "Company") classifies certain items in its 2019 Form 1 in a manner different from GAAP, as described below. These items have no impact on the reported net income.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Nature of Operations

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

As used in these notes, the term "financial statements" refers to the balance sheets as of December 31, 2019 and 2018, and the statements of income, equity, and cash flows for each of the years then ended as well as the notes thereto, unless otherwise noted.

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

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/01/2020	Year/Period of Report 2019/Q4
Upper Peninsula Power Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

b. Use of Estimates

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

c. Cash & Cash Equivalents

Short-term investments with an original maturity of three months or less are reported as cash equivalents. No cash was paid for income taxes in 2019 and 2018 respectively. Cash paid for interest was \$5,849.0 thousand in 2019 and \$4,874.0 thousand in 2018. Accrued capital expenditures included in accounts payable at December 31, 2019 was \$2,679.0 thousand and \$2,094.4 thousand at December 31, 2018.

d. Operating Revenues

Revenues related to the sale of energy are recognized when service is provided or energy is delivered to customers. UPPCO also accrues estimated amounts of revenues for services provided or energy delivered but not yet billed to customers. Estimated unbilled revenues are calculated using a variety of judgments and assumptions related to customer class, contracted rates, weather, and customer use. UPPCO presents revenue net of pass-through taxes on the income statement.

See Note 14 *New Accounting Pronouncements* for more information on revenue recognition.

The table below represents UPPCO's total revenues by classification for the year ending December 31, 2019 and December 31, 2018:

<i>(Thousands)</i>	2019	2018
Electric Utility Revenues:		
Residential	\$ 54,396.1	\$ 54,758.7
Small Commercial & Industrial	\$ 22,954.4	\$ 19,806.5
Large Commercial & Industrial	\$ 19,917.2	\$ 17,739.9
Public Street Lighting	\$ 1,649.8	\$ 1,611.3
Sales for Resale	\$ 1,144.5	\$ 895.2
Other Revenue	\$ 4,356.0	\$ 3,299.1
Total Electric Utility	\$ 104,418.0	\$ 98,110.6

Below is a summary of the significant mechanisms UPPCO had in place in 2019 and 2018 that allowed the Company to recover or refund changes in prudently incurred costs from rate case-approved amounts:

- Fuel and purchased power costs are recovered from retail electric customers on a one-for-one basis.
- Billings to customers under the MPSC jurisdiction included base rate charges and a power supply cost recovery factor. UPPCO receives MPSC approval each year to recover projected power supply costs by establishment of power supply cost recovery factors. Annually, the MPSC reconciles these factors to actual costs and permits 100% recovery of allowed power supply costs. UPPCO recognizes any over or under recovery currently in its revenues, and a regulatory asset or liability is recognized on the balance sheet until settlement. The deferrals are relieved with additional billings or refunds.
- For impacts from the Tax Cuts and Jobs Act, See Note 12 *Regulatory Environment* for more information.

Revenues are also impacted by other accounting policies related to UPPCO's participation in the Midcontinent Independent System Operator, Inc. ("MISO") market. UPPCO sells and purchases power in the MISO market. If UPPCO were a net seller in

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/01/2020	Year/Period of Report 2019/Q4
Upper Peninsula Power Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

a particular hour, the net amount was reported as revenue. If UPPCO were a net purchaser in a particular hour, the net amount was reported as "Operating Expenses" on the Statement of Income.

e. Accounts Receivable

UPPCO carries its customer accounts receivable at the invoice amount, less an allowance for doubtful accounts. An allowance is established based on history of past write-offs and collections, and current credit conditions and expectations. Balances are written off after reasonable collection efforts are used. The table below shows total accounts receivable at December 31, 2019 and December 31, 2018.

<i>(Thousands)</i>	2019	2018
Accounts Receivable:		
Customer	\$ 10,120.9	\$ 9,071.6
Unbilled utility revenues	\$ 5,559.3	\$ 4,600.4
Allowance for doubtful accounts	\$ (1,700.0)	\$ (1,735.0)
Other	\$ 1,391.0	\$ 1,523.9
Total Electric Utility	\$ 15,371.2	\$ 13,460.9

f. Inventories

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

g. Utility Plant

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

UPPCO records straight-line depreciation expense over the estimated useful life of utility property, using depreciation rates as approved by the MPSC. The new depreciation rates were approved by the MPSC on December 6, 2018 under Docket number U-10867 effective January 1, 2019. UPPCO's annual utility composite depreciation rates for the years ending December 31, 2019 and 2018 were 2.91% and 3.78%, respectively.

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

h. Regulatory Assets and Liabilities

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

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i. Retirement of Debt

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

j. Asset Retirement Obligations

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

k. Environmental Remediation Liabilities

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

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

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

l. Income Taxes

UPPCO is included in the consolidated United States income tax return filed by Upper Peninsula Power Holding Company ("UPPHC") for activity through December 31, 2019. At December 31, 2019, there were no tax liabilities due.

Deferred income taxes have been recorded to recognize the expected future tax consequences of events that have been included in the financial statements by using currently enacted tax rates for the differences between the income tax basis of assets and liabilities and the basis reported in the financial statements. UPPCO records valuation allowances for deferred tax assets unless it is more likely than not that the benefit will be realized in the future. UPPCO defers certain adjustments made to income taxes that will impact future rates and records regulatory assets or liabilities related to these adjustments. For more information regarding UPPCO's accounting for income taxes, see Note 7, "*Income Taxes*."

m. Employee Benefits

The costs of pension and other postretirement benefits are expensed over the periods during which employees render service. In computing the expected return on plan assets, UPPCO uses a market-related value of plan assets. The

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market-related value of assets recognizes investment gains or losses over a five-year period from the year in which they occur. The investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of assets and the actual return on assets based on the fair value of assets (net of interest and dividends for the other postretirement benefit plans).

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

See Note 9, *Employee Benefit Plans*, and Note 14, *Accounting Pronouncements* for more information.

n. Risk Management

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

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

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

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

o. Fair Value

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

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

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

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

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

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

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

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

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

UPPCO conducts a review of fair value hierarchy classifications on an annual basis. See Note 11, “Fair Value,” for more information.

2. RISK MANAGEMENT ACTIVITIES

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

(Thousands)	Balance Sheet Presentation	December 31, 2019		December 31, 2018	
		Assets	Liabilities	Assets	Liabilities
FTRs	Current	\$28.5	\$0.0	\$45.1	\$0.0
Total		\$28.5	\$0.0	\$45.1	\$0.0

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

(Thousands)	December 31, 2019		
	Gross Amount	Potential effects of Netting, including Cash Collateral	Net Amount
Derivative assets subject to master netting or similar arrangements	\$28.45	\$ -	\$28.45

(Thousands)	December 31, 2018		
	Gross Amount	Potential effects of Netting, including Cash Collateral	Net Amount
Derivative assets subject to master netting or similar arrangements	\$45.15	\$ -	\$45.15

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

<i>(Thousands)</i>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Cash collateral provided to others related to contracts under master netting or similar arrangements	\$299.8	\$2,101.2

3. REGULATORY ASSETS AND LIABILITIES

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

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

<i>(Thousands)</i>	2019	2018	<i>See Note</i>
Regulatory Assets			
Unrecognized Pension and Other Post-retirement Benefit Costs ⁽¹⁾	\$ 45,853.1	\$ 50,401.4	9
Income Tax Related	\$ 137.7	87.9	7
Decoupling	\$ 66.8	66.8	
ARO Depreciation and Cost of Removal	\$ 597.3	604.7	
Environmental Remediation Costs (net of insurance recoveries) ⁽²⁾	\$ 550.0	605.0	
Derivatives	\$ 16.0	39.7	2
Total	\$ 47,220.9	\$ 51,805.5	
Regulatory Liabilities			
2017 Tax Legislation Impact	\$ 5,586.3	7,906.9	7
Pension Costs	\$ 1,525.6	1,603.8	9
Derivatives	\$ 4.3	-	2
Total	\$ 7,116.2	\$ 9,510.7	

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

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

4. SHORT-TERM DEBT AND LINES OF CREDIT

On September 7, 2017 UPPCO entered into a five-year, \$15,000.0 thousand revolving credit facility with Associated Bank as Lender and Administrative Agent (the "Associated Facility").

The Associated Facility allows for borrowing for up to a five-year term for amounts up to \$15,000 thousand. Undrawn amounts are charged a commitment fee at the interest rate ranging from 0.20% to 0.35%, depending upon UPPHC's long term note credit rating. UPPCO's current commitment fee rate is 0.30%. Borrowings are initiated under either a Base Rate Loan or a LIBOR Loan. Base Rate Loans bear an interest rate equal to the Base Rate; the highest of: (a) Associated Bank's "Prime Rate", (b) the Federal Funds Rate plus 0.50%, or (c) the LIBOR plus 1.000%, plus an Applicable Margin (which ranges

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depending upon UPPHC's long term note credit rating from 0.25% to 1.625%). LIBOR Loans bear an interest rate comprised of LIBOR plus an Applicable Margin (which ranges depending upon UPPHC's long term note credit rating from 1.25% to 2.625%). UPPCO's current rate of Applicable Margin is set at 0.875% for Base Rate Loans and 1.875% for LIBOR Loans.

At December 31, 2019 and 2018 respectively, UPPCO had \$9,900.0 thousand and \$9,000.0 thousand borrowed under these facilities. The UPPCO Associated Bank Facility has been utilized for two letters of credit since July 19, 2018 aggregating \$876 thousand, for which UPPCO has been charged a letter of credit fee of 1.5%. Total unused capacity under the facilities were \$4,224.0 thousand and \$5,124.0 thousand at December 31, 2019 and 2018, respectively.

5. LONG-TERM DEBT

Long-term debt for UPPCO consisted of long-term notes to UPPHC at December 31, 2019. The interest rate on the notes was increased by 100 basis points effective September 18, 2018 following receipt of a rating downgrade by Moody's, mirroring an equivalent increase in rates paid by UPPHC to its own noteholders. This adjustment resulted in additional interest expense of \$1,082.0 thousand in 2019 and \$309.6 thousand in 2018.

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

<i>(Thousands)</i>	December 31, 2019	December 31, 2018
Long-term notes payable to UPPHC		
\$16.23 million at 4.95% due 2024	\$16,230.0	\$16,230.0
\$27.05 million at 5.20% due 2029	27,050.0	27,050.0
\$51.395 million at 5.43% due 2034	51,395.0	51,395.0
\$13.525 million at 5.91% due 2044	13,525.0	13,525.0
Total long-term debt	\$108,200.0	\$108,200.0

6. ASSET RETIREMENT OBLIGATIONS

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

The following table shows changes to UPPCO's asset retirement obligations through December 31, 2019 and 2018:

<i>(Thousands)</i>	2019	2018
Asset Retirement Obligations at January 1	\$ 577.8	\$ 549.5
Accretion	31.8	28.3
Additions and revisions to estimated cash flows	(12.6)	-
Asset Retirement Obligations at December 31	\$ 597.0	\$ 577.8

7. INCOME TAXES

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

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<u>(Thousands)</u>	<u>2019</u>	<u>2018</u>
Current Provision		
Federal	\$ -	\$ -
State	-	-
Total Current Provision	\$ -	\$ -
Deferred Provision		
Federal	\$ 2,085.1	\$ 1,948.6
State	\$ 800.3	583.6
Total Deferred Provision	\$ 2,885.3	\$ 2,532.2
Total Provision for Income Taxes	\$ 2,885.35	\$ 2,532.20

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

<u>(Thousands)</u>	<u>2019</u>	<u>Effective Tax Rate</u>	<u>2018</u>	<u>Effective Tax Rate</u>
Expected Tax at Statutory Federal Rate	\$ 2,791.0	21.0%	\$ 2,044.1	21.0%
Excess Deferred Amortization	(547.9)	-4.1%	-	0.0%
State Income Taxes net of Federal Tax Benefit	630.0	4.7%	465.5	4.7%
Other Items	12.2	0.1%	22.6	0.3%
Total Tax Expense	\$ 2,885.3	21.71%	\$ 2,532.2	26.0%

On December 22, 2017, the Tax Cuts and Jobs Act (TCJA) was signed into law. For businesses, the legislation reduces the corporate federal tax rate from a maximum of 35% to 21%, effective January 1, 2018. The "Other items" in the table above primarily consists of the amortization of the excess deferred tax regulatory liability (Calculation C amount) as a result of the TCJA. In addition, UPPCO recorded a regulatory liability related to the remeasurement of its utility deferred taxes in the amount of \$6,358.5 thousand as of December 31, 2017. This net regulatory liability is amortizing as discussed in note 12 Regulatory Environment.

The deferred income tax assets included on the balance sheets as of December 31, 2019, and 2018, are primarily related to tax basis goodwill and net operating losses. The principal deferred income tax liabilities included on the balance sheets as of December 31, 2019, and 2018 are primarily related to employee benefits and plant.

The table below details the deferred tax balances as of December 31, 2019, and 2018:

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(Thousands)	2019	2018
Deferred Income Tax Assets		
Goodwill	\$ 25,708.1	\$ 28,390.7
Net Operating Losses	12,481.0	11,131.3
Tax Benefit - Regulatory Impacts of Tax Reform	1,437.9	1,648.3
Other	1,908.9	542.9
Total Deferred Income Tax Assets	\$ 41,535.9	\$ 41,713.2
Deferred Income Tax Liabilities		
Employee Benefits	\$ 13,771.5	\$ 13,921.5
Plant	14,470.9	12,247.7
Other	2,129.5	669.8
Total Deferred Income Tax Liabilities	\$ 30,371.9	\$ 26,839.0
Total Deferred Income Taxes	\$ 11,164.0	\$ 14,874.2

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

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

Year	Federal	Michigan
2014	\$ 12,289.8	\$ 4,813.3
2015	16,943.9	12,532.4
2016	9,009.7	7,854.8
2017	-	-
2018	3,133.7	4,271.2
2019	9,089.5	10,254.7
Total	\$ 50,466.6	\$ 39,726.5

Federal net operating loss carryforwards do not expire pursuant to changes made by the TCJA. Federal net operating loss carryforwards incurred prior to January 1, 2018 expire 20 years after the year of origination. Federal tax carryforwards post 2017 losses can only offset 80% of taxable income with the exception of NOL from 2019 and 2020 that have no limitation due to the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). Michigan net operating loss carryforwards expire 10 years after the year of origination.

UPPCO files its income tax returns under UPPHC.

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

In December 2017, we remeasured our deferred tax assets and liabilities to the new federal corporate income tax rate of 21%. We recorded an immaterial return-to-provision adjustment in 2018 that affected the remeasurement. The result of the remeasurement resulting from the change in tax law was a reduction in the net deferred tax liability of approximately \$4.7 million. The deferred income taxes had previously been collected in customer rates and the reduction in future federal income tax expense will reduce customer rates in the future. We recorded an increase in regulatory liabilities of approximately \$6.3 million related to the remeasurement of net deferred tax liabilities, inclusive of an additional \$1.6

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million in reductions in customer rates to reflect the tax savings resulting from lower future taxable revenues. We also recorded a deferred tax asset of \$1.6 million related to the net regulatory liability for excess deferred federal income taxes. The effects of the remeasurements as recorded in 2017 and true-up in 2018 are:

	Increase or (Decrease)		
	Account 254	Account 190	Account 282
Remeasurement	4,696.3	0.00	(4,696.3)
Tax gross-up to revenue requirement	1,627.8	1,627.8	
Total Increase or (decrease) recorded	6,324.1	1,627.8	(4,696.3)

The entire regulatory liability for excess deferred taxes is subject to the jurisdiction of the Michigan Public Service Commission. A portion of the net regulatory liability for excess deferred taxes is subject to statutory restrictions regarding the timing of the reductions of customer prices and the effect on rate base. The “protected” portion of the \$6.3 million regulatory liability for net excess deferred taxes related to accelerated depreciation, is a net refundable amount of \$9.4 million as of December 31, 2018. The remeasurements of the remaining deferred tax assets and liabilities comprising a net recoverable amount of \$3.1 million as of December 31, 2018, are not subject to such normalization requirements. Pursuant to the May 2019 order approving settlement received in Case No. U-20276, the treatment of the excess deferred income taxes for Michigan ratemaking purposes has been resolved and is reflected in base rates as outlined in the settlement agreement. Under the approved settlement, the protected net refundable portion of \$9.4 million of the excess deferred tax net regulatory liability subject to the normalization rules was offset with an equal amount of unprotected recoverable excess deferred income taxes not subject to the normalization rules. The amortization of this group of excess deferred tax items is synchronized such that the annual effect of the amortization of this group is zero.

Further, the residual net regulatory liability for the remaining net unprotected excess deferred income tax liabilities of \$6.3 million as of December 31, 2018 will be amortized straight-line over the five-year period beginning June 1, 2019, reducing income tax expense by \$4,700 thousand during this period. Excess deferred tax amortization of \$738.0 thousand was recorded in 2019, resulting in recognition of a deferred income tax benefit in account 411.1 of \$547.9 thousand and a regulatory liability for excess deferred taxes balance of \$5,600 thousand as of December 31, 2019.

8. COMMITMENTS AND CONTINGENCIES

Unconditional Purchase Obligations and Purchase Order Commitments

We routinely enter into long-term purchase and sale commitments for various quantities and lengths of time. We have obligations to distribute and sell electricity to our customers and expect to recover costs related to these obligations in future customer rates. The following table shows our minimum future commitments related to these purchase obligations as of December 31, 2019.

(Thousands)	Contracts Extend Through	Total Committed Amounts	2020	2021	2022	2023	Later years
Electric Utility							
Purchased Power	2025	\$ 30,537.7	\$ 13,978.4	\$ 10,327.9	\$ 4,517.0	\$ 593.6	\$ 1,120.9
Total		\$ 30,537.7	\$ 13,978.4	\$ 10,327.9	\$ 4,517.0	\$ 593.6	\$ 1,120.9

UPPCO also had commitments of \$4,494 thousand in the form of purchase orders issued to various vendors at December 31, 2019 that relate to normal business operations and construction projects, including the ongoing Advanced Metering Infrastructure project.

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During 2019, the Company entered into a multiple year purchased power agreement with a third party for a 125 megawatt solar project. Subsequent to December 31, 2019, the third party defaulted on its obligations during the development period and the contract automatically terminated on January 8, 2020. Given the termination prior to the issuance of the financial statements, the Company has not included any minimum contractual obligations for the contract in the table above.

9. EMPLOYEE BENEFIT PLANS

Defined Benefit Plans

UPPCO sponsors a defined benefit pension plan related to current and former UPPCO employees, the Upper Peninsula Power Company Retirement Plan.

The following tables provide a reconciliation of the changes in UPPCO's share of the plans' benefit obligations and fair value of assets as of December 31.

	Pension Plan		OPEB	
	2019	2018	2019	2018
Obligation at Start	\$101,333.6	\$112,100.7	\$22,228.1	\$25,843.1
Service Cost	798.9	927.0	744.9	998.8
Interest Cost	4,141.6	3,877.2	958.3	933.3
Actuarial (gain) loss, net	10,146.4	(7,927.6)	2,106.1	(4,337.6)
Participant Contributions	-	-	763.7	599.2
Benefit Payments	(6,383.2)	(7,643.7)	(1,582.6)	(1,619.0)
Plan Amendments	-	-	196.3	(188.9)
Obligation at End	\$110,037.3	\$101,333.6	\$25,414.8	\$22,228.9
Change in Fair Value of Plan Assets				
Fair value of plan assets at start	\$103,512.4	\$116,320.1	\$23,930.6	\$25,919.8
Actual return on plan assets	18,892.8	(5,216.3)	3,950.9	(1,028.5)
Employer contributions	52.3	52.3	13.9	35.0
Participant contributions	-	-	763.7	599.1
Benefit payments	(6,383.2)	(7,643.7)	(1,582.6)	(1,594.8)
Fair value of plan assets at end	\$116,074.3	\$103,512.4	\$27,076.5	\$23,930.6

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

<i>(Thousands)</i>	Pension Benefits		Other Benefits	
	2019	2018	2019	2018
Noncurrent assets	\$ 6,573.2	\$ 2,704.2	\$ 3,815.5	\$ 3,563.6
Current Liabilities	(51.2)	(50.8)	(22.0)	(21.6)
Long-term liabilities	(485.0)	(474.6)	(2,131.8)	(1,839.5)
Total net balance sheet asset/(liability)	\$ 6,037.0	\$ 2,178.8	\$ 1,661.7	\$ 1,702.5

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

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<i>(Thousands)</i>	December 31, 2019	December 31, 2018
Projected benefit obligation	\$110,037.3	\$101,333.6
Accumulated benefit obligation	\$106,701.9	\$98,717.6
Fair value of plan assets	\$116,074.3	\$103,512.4

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

<i>(Thousands)</i>	Pension Plan		OPEB	
	2019	2018	2019	2018
Net regulatory assets				
Net actuarial loss	\$ 49,170.3	\$ 54,048.4	\$759.8	\$1,495.4
Prior service cost	0.0	0.0	(4,045.2)	(5,107.5)
Total	\$ 49,170.3	\$ 54,048.4	(\$3,285.4)	\$ (3,612.1)

The following table shows the estimated amounts that will be amortized into net periodic benefit cost during 2020:

<i>(Thousands)</i>	Other		
	Pension	Benefits	Total
Net actuarial loss	\$ 1,870.0	\$ 161.0	\$ 2,031.0
Prior service cost credit	-	(852.3)	(852.3)

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

<i>(Thousands)</i>	Pension Benefits		Other Benefits	
	2019	2018	2019	2018
Service cost	\$ 798.9	\$ 927.0	\$ 744.9	\$ 998.8
Non-Service Cost				
Interest cost	4,141.6	3,877.2	958.3	933.3
Expected return on plan assets	(5,417.4)	(5,627.5)	(1,268.7)	(1,249.3)
Amortization of net actuarial loss (gain)	1,549.1	1,829.2	159.5	(850.4)
Amortization of prior service cost	-	-	(865.9)	208.2
Net periodic benefit cost (credit)	\$ 1,072.2	\$ 1,005.9	\$ (271.9)	\$ 40.6

Assumptions – Pension and Other Postretirement Benefit Plans

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

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<i>Period ending</i>	Pension Benefits		Other Benefits	
	2019	2018	2019	2018
Discount rate	3.25%	4.20%	3.46%	4.34%
Rate of compensation increase	4.00%	4.00%	N/A	N/A
Assumed medical cost trend rate	N/A	N/A	6.50%	6.00%
Ultimate trend rate	N/A	N/A	5.00%	5.00%
Year ultimate trend rate is reached	N/A	N/A	2026	2023
Assumed dental cost trend rate	N/A	N/A	5.00%	5.00%

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

<i>Period ending</i>	Pension Benefits		Other Benefits	
	2019	2018	2019	2018
Discount rate	4.20%	4.20%	4.34%	4.34%
Expected return on assets	5.15%	5.15%	5.15%	5.15%
Rate of compensation increase	4.00%	4.00%	N/A	N/A
Assumed medical cost trend rate (under age 65)	N/A	N/A	6.00%	6.00%
Ultimate trend rate	N/A	N/A	5.00%	5.00%
Year ultimate trend rate is reached	N/A	N/A	2023	2023

UPPCO establishes its expected return on assets assumption based on consideration of historical and projected asset class returns, as well as the target allocations of the benefit trust portfolios.

Assumed health care cost trend rates have a significant effect on the amounts reported by UPPCO for the health care plans. For the year ended December 31, 2019, a one-percentage point change in assumed health care cost trend rates would have had the following effects using the assumptions used for the December 31, 2019, re-measurement:

<i>(Thousands)</i>	One-Percentage Point	
	Increase	Decrease
Effect on total of service and interest cost components of net periodic postretirement health care benefit cost	\$387.2	(\$287.9)
Effect on the health care component of the accumulated postretirement benefit obligation	\$4,636.8	(\$3,552.7)

Pension and Other Postretirement Benefit Plan Assets

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

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

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States government securities, and mortgage-backed securities.

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

The following table provides the fair values of UPPCO's investments by asset class.

Asset Class (Thousands)	December 31, 2019					
	Pension Plan Assets			OPEB Plan Assets		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash and Cash Equivalents	\$ 1,446.3	\$ -	\$ 1,446.3	\$ 234.6	-	\$ 234.6
Equity Securities	-	36,853.2	\$ 36,853.2	-	10,076.3	\$ 10,076.3
Fixed Income Securities	-	79,480.4	\$ 79,480.4	-	15,059.2	\$ 15,059.2
Total ⁽¹⁾ ⁽²⁾ ⁽³⁾	\$ 1,446.3	\$ 116,333.6	\$ 117,779.9	\$ 234.6	\$ 25,135.5	\$ 25,370.1

Asset Class (Thousands)	December 31, 2018					
	Pension Plan Assets			OPEB Plan Assets		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash and Cash Equivalents	\$ 1,313.0	\$ -	\$ 1,313.0	\$ 188.6	-	\$ 188.6
Equity Securities	-	36,511.7	\$ 36,511.7	-	8,924.0	\$ 8,924.0
Fixed Income Securities	-	67,232.1	\$ 67,232.1	-	13,270.3	\$ 13,270.3
Total ⁽¹⁾ ⁽²⁾ ⁽³⁾	\$ 1,313.0	\$ 103,743.8	\$ 105,056.8	\$ 188.6	\$ 22,194.3	\$ 22,382.9

- (1) Pension trust assets are used to pay other post-retirement benefits as allowed under Internal Revenue Code Section 401(h)
- (2) Investments do not include accruals or pending transactions that are included in the table reconciling the change in fair value of plan assets
- (3) Pension and OPEB plan assets are Level 1 and Level 2 fair values; no Level 3.

Cash Flows Related to Pension and Other Postretirement Benefit Plans

UPPCO's funding policy is to contribute at least the minimum amounts that are required to be funded under the Employee Retirement Income Security Act, but not more than the maximum amounts that are currently deductible for income tax purposes. UPPCO expects to contribute \$51.9 thousand to pension plans and \$22.3 thousand to other postretirement benefit plans in 2020, dependent on various factors affecting UPPCO, including its liquidity position and tax law changes.

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

<i>(Thousands)</i>	Pension Benefits	Other Benefits
2020	\$ 6,938.4	\$ 944.7
2021	\$ 6,672.7	\$ 997.5
2022	\$ 6,811.8	\$ 1,073.5
2023	\$ 6,709.1	\$ 1,137.5
2024	\$ 6,949.0	\$ 1,184.0
2025 through 2029	\$ 31,751.7	\$ 6,544.0

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Defined Contribution Benefit Plans

UPPCO maintains a 401(k) Savings Plan for substantially all UPPCO's full-time employees. A percentage of employee contributions are matched through a cash contribution to the 401(k) Savings Plan. Certain employees participate in a defined contribution pension plan, in which certain amounts are contributed to an employee's account based on the employee's wages, age, and years of service. UPPCO's total costs incurred under all these plans were \$1,382.8 thousand and \$1,314.3 thousand in 2019 and 2018 respectively.

10. COMMON EQUITY

UPPCO's common stock consists of common stock without par value; \$9 stated value; 3,000,000 shares authorized; 1,473,736 shares issued and outstanding. The common stock balance was \$13,263.6 thousand at December 31, 2019 and 2018. All shares of UPPCO's common stock are owned by UPPHC. UPPHC may provide equity contributions to UPPCO or request a return of capital from UPPCO in order to maintain utility common equity levels of 54% equity and 46% debt, consistent with those allowed by the MPSC.

11. FAIR VALUE

Fair Value Measurements

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

<i>(Thousands)</i>	December 31, 2019			Total
	Level 1	Level 2	Level 3	
Risk Management Assets				
FTRs	\$-	\$-	\$28.5	\$28.5
Total	\$-	\$-	\$28.5	\$28.5

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

The risk management assets listed in the tables above include FTRs used to manage transmission congestion costs in the MISO market. See Note 2, "Risk Management Activities," for more information on derivative instruments. There were no transfers between the levels of the fair value hierarchy during 2019.

This table is a reconciliation of changes in the fair value of FTRs categorized as Level 3 measurements:

<i>(Thousands)</i>	2019	2018
Balance at Beginning of Period	\$ 45.1	\$ 52.6
Net unrealized (losses) gains	16.0	39.7
Purchases	119.0	302.5
Settlements	(151.6)	(349.7)
Balance at End of Period	\$ 28.5	\$ 45.1

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

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12. REGULATORY ENVIRONMENT

Recent Rate Proceedings

On May 23, 2019, in Docket U-20276, the MPSC issued a final order approving a settlement agreement authorizing a rate increase of \$1.8 million, in addition to an incremental impact resulting from the expiration of the Credit A negative surcharges, resulting in a net annual revenue increase of approximately \$4.8 million. Pursuant to this order, UPPCO is authorized to increase its retail rates and charges for the sale of electricity in the annual amount effective for service rendered beginning with the June 2019 billing month. The parties further agreed that the revenue increase represented, among other things, an overall capital structure with 54% common equity, and an authorized rate of return on common equity of 9.9%, which resulted in a calculated overall rate of return of 6.91%. All impacts from the TCJA, including Credit A and those referred to as Calculation C, as described in the February 22 order, are fully reflected in the base rates. Pursuant to the settlement agreement language, UPPCO plans to include the entire excess deferred tax regulatory liability (Calculation C amount) within its capital structure as zero cost capital in its next general rate case filing.

System Support Resources

Due to the state of the transmission system in the Upper Peninsula ("U.P.") of Michigan, MISO designated the Presque Isle Power Plant ("PIPP"), the Escanaba Generating Station ("Escanaba"), and White Pine Units #1 and #2 ("White Pine") as System Support Resources ("SSRs"). SSR designation provides for compensation to be paid to the generator owner to remain in service pending a generation or transmission solution to MISO's reliability concerns. Originally, within the ATC footprint, the cost of SSR agreements was allocated to all ATC customers according to their load ratio share of the ATC footprint. In April 2014, the Public Service Commission of Wisconsin ("PSCW") submitted a filing with FERC protesting the load ratio share allocation methodology. FERC ultimately agreed with the PSCW and ordered MISO to change their allocation methodology. FERC ordered that MISO allocate SSR costs to the beneficiaries of the SSRs which placed the burden for the cost of all the SSR agreements in the U.P. almost entirely on the electric providers in the U.P. After FERC's order on September 17, 2015, generally accepting MISO's cost allocation compliance filing, UPPCO accrued \$8,118.3 thousand for its estimated share of the FERC ordered reallocation of SSR costs associated with PIPP, Escanaba, and White Pine. This accrual was subsequently adjusted in 2017 by \$3,500 thousand based upon actual allocation amounts. The cost reallocation relates to SSR costs from April 2014. PIPP relinquished its SSR status and returned to commercial service on February 1, 2015. FERC also approved termination of the SSR agreement for White Pine Units #1 and #2 effective November 26, 2016 and April 15, 2015, respectively. As of January 2019, UPPCO has fully reconciled MISO's reallocation of SSR costs in accordance with the FERC orders with no material differences. In addition, the electric providers in the U.P. unsuccessfully petitioned for review of the FERC orders involving the reallocation of SSR costs to the U.S. Court of Appeals for the District of Columbia Circuit ("DC Circuit"). After the D.C. Circuit denied their appeal in July 2018, the electric providers in the U.P. filed a petition for a writ of certiorari on January 23, 2019. On May 13, 2019 the U.S. Supreme Court denied the petition for writ of certiorari; therefore, the appeal of the FERC orders has concluded and this matter is resolved.

Revenue Decoupling

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

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

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which UPPCO initially requested recovery.

In Case No. U-20150, on April 6, 2018 the organization CARE filed a complaint regarding RDM surcharges from the period 2010 to 2013. On June 14, 2018, in its Answer to Complaint, UPPCO articulated the following: (i) CARE has failed to state a lawful claim of relief; (ii) CARE’s claim constitutes an improper collateral attack on the MPSC’s final, non-appealable orders issued in Case Nos. U-15988, U-16166, U-16417, U-16568, U-16990, and U-17555; and (iii) CARE’s claim is precluded by the statutes of limitation and/or the doctrine of laches. UPPCO filed motion to dismiss on Tuesday, August 7, 2018. CARE is seeking refunds on behalf of residential customers dating back to 2010 from the RDM, which was challenged by Enbridge and overturned. The Administrative Law Judge (“ALJ”) suspended the case schedule, directed the parties to file supplemental briefs, and indicated that the ALJ will decide on the Motion for Summary Disposition thereafter. UPPCO’s Motion for Summary Disposition was denied, and CARE’s motion to compel discovery was granted on September 24, 2019. On October 16, 2019, UPPCO filed applications for motion to appeal both ALJ rulings, as noted above. On December 6, 2019, Upper Peninsula Power Company’s application for leave to appeal the September 24, 2019 ruling of CARE’s motion to compel was granted, yet the requested relief was denied. Also, on December 6, 2019, Upper Peninsula Power Company’s application for leave to appeal the September 24, 2019 ruling on its motion for summary disposition was granted, yet the requested relief was denied. The maximum potential impact of CARE’s RDM compliant is estimated at \$1,000.0 thousand for the years 2010 to 2013.

As this matter remains before the MPSC, UPPCO continues to adhere to the regulatory schedule which currently targets a Proposal for Decision by the ALJ by October 16, 2020.

2017 Tax Cuts and Jobs Act

On December 27, 2017, the MPSC issued an order to consider changes in the rates of all Michigan rate-regulated utilities to reflect the effects of the federal TCJA. On January 19, 2018, UPPCO filed information with the MPSC regarding the potential change in revenue requirements due to the TCJA effective January 1, 2018 and outlined UPPCO’s recommended method to flow the current and deferred tax benefits of those impacts to ratepayers. UPPCO estimated a reduction in its revenue requirement of \$3,800 thousand and one-time reduction to its deferred tax balance of \$4,600.0 thousand related to regulated operations, because of the reduced federal tax rate. In its February 22, 2018 Order, the MPSC ordered that utilities, including UPPCO, implement a three-step approach to addressing the tax law change – Credit A, Credit B and Calculation C. Credit A was a “going-forward” tax credit addressing the impact of tax reform on the revenue requirement for 2018, which was based on UPPCO’s most recent previously approved revenue requirement in 2016, for amounts subject to refund for customers. Credit B was a “backward-looking” tax credit addressing the period of January 1, 2018 to the date that Credit A was implemented, but was otherwise identical to Credit A. Calculation C addressed excess deferred taxes, bonus depreciation and other impacts not captured by Credits A and B.

Credit A: In Case No. U-20111, , an order was issued on June 28, 2018 directing UPPCO to implement a full Credit A amount of \$3,324 thousand, in rates, by July 1, 2018. This credit has been issued and represented the “going-forward” credit. Pursuant to the order approving the settlement agreement and rates in U-20276, Credit A is fully resolved and is no longer applicable.

Credit B: On August 27, 2018, in Case No. U-20184, UPPCO filed application to implement a full Credit B amount of \$1,638.1 thousand for the period from January 1, 2018 through June 30, 2018. On November 21, 2018, the Commission issued an order approving settlement directing UPPCO to implement a full Credit B amount of \$1,688.7 thousand from December 1, 2018 through May 31, 2019. This “backward-looking” credit began being issued as of December 1, 2018 and continued through May 31, 2019 as ordered. Pursuant to the order approving the settlement agreement and rates in U-20276, the Credit B amount of \$1,688.7 thousand has been fully refunded. Through a one-time surcharge billed to customers, UPPCO fully reconciled to the \$1,688.7 value in the October / November 2019 billing months, and Credit B is fully resolved and no longer applicable.

Calculation C: Pursuant to the order approving settlement received in Case No. U-20276 on May 23, 2019, Calculation C has been fully resolved and is fully reflected in base rates as outlined in the settlement agreement, and UPPCO has agreed to

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amortize, as a reduction of income tax expense, the Calculation C value of (\$4,692.3) thousand over the next five years or (\$938.5) thousand per. year.

2019 Integrated Resource Plan (“IRP”)

On February 6, 2020, the MPSC approved a settlement agreement in the matter of the application of UPPCO for approval of the Company’s IRP pursuant to MCL 460.6t in Case No. U-20350. Through approval of the settlement agreement, the Commission determined that the settlement agreement was in the public interest and represented a fair and reasonable resolution to the proceeding.

The key terms of the settlement agreement are:

- i. Energy Waste Reduction (“EWR”) targets are increased to 1.65% for planning year 2020 and 1.75% for planning year 2021, with details consistent with the EWR plan as modified in MPSC Case No. U-29376;
- ii. Parties support approval of a Financial Compensation Mechanism (“FCM”) of 5.88% for a 125 Megawatt (“MW”) Solar Purchased Power Agreement (“Solar PPA”). The FCM value is applied to the PPA payment and is intended to serve as a financial incentive for a utility to competitively evaluate company build versus PPA power supply alternative;
- iii. In the event the Solar PPA is cancelled, modified or reduced due to any reason, 50% of any new capacity and associated energy will be from alternative PPAs and 50% will be owned by UPPCO, which in both scenarios, will be competitively sourced. For renewable PPAs greater than 18 MW in size, UPPCO is authorized to implement a scaled FCM as low as 5.15% and no greater than 5.88% dependent upon duration of the contract;
- iv. The FCM values agreed upon, while not UPPCO’s actual after-tax WACC as recognized in MPSC Case No. U-20276, are considered to be an after-tax value within the context of UPPCO’s capitalization;
- v. UPPCO will use commercially reasonable efforts to enter into two 10-year PPA contracts for all energy, including renewable attributes at a \$35/MWh flat rate for the duration of the contracts;
- vi. While the 20 MW Reciprocating Internal Combustion Engine (“RICE”) unit proposal is removed from the Company’s preferred course of action in its IRP, UPPCO has agreed to provide certain updates regarding the RICE unit prior to a required upon 120-day plan update;
- vii. UPPCO withdraws its request for accounting treatment for the Portage Combustion Turbine insurance settlement as the associated accounting treatment will be determined in UPPCO’s next general rate case. Currently, the amount of \$3,121.9 thousand has been paid by the insurers to date, representing the actual cash value of the repairs to Portage. The amount of the depreciation holdback is \$1,751.4 thousand. This holdback amount would become payable by the insurers upon UPPCO actually incurring expenditure (to the value of \$4,873.2 thousand) on repairing, rebuilding, or replacing on the same or another site, within two years of the date of the loss (i.e. before November 26th 2020).
- viii. UPPCO will be allowed to defer for consideration in UPPCO’s next rate case all justifiable IRP related costs recorded in UPPCO’s FERC Account 183, pursuant to Section 6t of 2016 PA 341, MCL 460.6t, and all other applicable laws.

On February 21st, 2020, UPPCO and a third party reached a mutual understanding that the Solar PPA automatically terminated on January 8th, 2020.

13. RELATED PARTY TRANSACTIONS

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

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

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<u>(Thousands)</u>	<u>2019</u>	<u>2018</u>
Amounts due to UPPHC from UPPCO		
Long Term Debt	\$ 108,200.0	\$ 108,200.0
Intercompany Interest	-	-
Amounts paid from UPPCO to UPPHC		
Return of Capital	4,501.1	5,470.0
Intercompany Interest	5,800.1	5,027.6

14. NEW ACCOUNTING PRONOUNCEMENTS

Revenue from Contracts with Customers

On May 28, 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. This standard provides companies with a single model for use in accounting for revenue arising from contracts with customers. The core principle of this model is to recognize revenue when control of the goods or services transfers to the customer, as opposed to recognizing revenue when the risks and rewards transfer to the customer under the existing revenue guidance. The guidance allows companies to either apply the requirements retrospectively to all prior periods presented or apply the requirements in the year of adoption through a cumulative adjustment. ASU No. 2014-09 is effective for UPPCO for annual reporting periods beginning after December 15, 2018. UPPCO adopted this standard on January 1, 2019 using the modified retrospective method of adoption. UPPCO utilized a portfolio approach upon adoption, which involved evaluating portfolios of contracts with similar characteristics, where the effects of applying the standard were not expected to be materially different than evaluating on an individual contract basis. The impact of this guidance has had minimal impact on its consolidated financial statements.

Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which supersedes ASC 840, *Leases*. This ASU is based on the principle that entities should recognize assets and liabilities arising from leases and provide enhanced disclosures of key information about leasing arrangements. The ASU amends the existing lease accounting model by requiring a lessee to recognize the rights and obligations resulting from certain leases as assets and liabilities on the balance sheet. ASU No. 2016-02 also requires a company to disclose key information about its leasing arrangements. The ASU is effective for UPPCO and other non-public companies for annual periods beginning after December 15, 2020. UPPCO is currently evaluating the impact of this standard on its financial condition and results of operations and expects an increase in assets and liabilities from recognizing operating leases on the balance sheet.

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

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

Cloud Computing

In August 2018, the FASB issued ASU 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. The standard allows entities who are customers in hosting arrangements that are service contracts to apply the existing internal-use software guidance to determine which

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implementation costs to capitalize as an asset related to the service contract and which costs to expense. The guidance specifies classification for capitalizing implementation costs and related amortization expense within the financial statements and requires additional disclosures. The guidance will be effective for annual reporting periods, including interim reporting within those periods, beginning after December 15, 2020. Early adoption is permitted and can be applied either retrospectively or prospectively. UPPCO is currently evaluating the transition methods and the impact the adoption of this standard may have on its consolidated financial statements.

Credit Losses

In June 2016, the FASB issued ASU 2016-13 which created FASB ASC 326, *Financial Instruments—Credit Losses*, to amend guidance on reporting credit losses for financial assets held at amortized cost basis and available-for-sale debt securities. This standard requires the use of a current expected credit loss model rather than an incurred loss method, which is intended to result in more timely recognition of credit losses on trade receivables and certain other assets. UPPCO's effective date for the amendments in this standard are for fiscal years beginning December 15, 2023 and is researching impacts of this standard on its financial statements.

15. SUBSEQUENT EVENTS

See Note 12 (Regulatory Environment) 2019 IRP for disclosure of a subsequent event related to the termination of its Solar PPA.

Subsequent to December 31, 2019, the COVID-19 pandemic began to disrupt the economy in the U.S. At the early stages of this pandemic, in early March 2020 and prior to any federal stimulus programs, management reduced certain capital and O&M expenditures in 2020 in order to ensure the Company meets its liquidity needs and financial covenant requirements for at least the next twelve months.

On March 27, 2020, the U.S. government enacted the CARES Act to provide emergency assistance to those affected by the pandemic. While management remains uncertain about the extent to which the pandemic will negatively affect its business, it believes those impacts will be temporary. In pursuit of further ensuring stability from a liquidity basis, UPPCO applied for relief under the Payroll Protection Program ("PPP") of the CARES Act on April 3, 2020. On April 7, 2020, UPPCO received notice that it had been approved for a loan of \$4.2 million and accepted by the Small Business Administration. Management received PPP loan proceeds on April 17, 2020 and believes that \$3.4 million of this loan may be eligible for loan forgiveness under the CARES Act. Pursuant to its application for PPP loan proceeds, UPPCO initiated discussions with its long-term noteholders, and through amendment to the note purchase agreements prior to April 17, 2020, the Company has secured the necessary allowances such that any incremental indebtedness resulting from the PPP loan shall be excluded from the determination of total funded indebtedness for the purposes of financial covenants through the fiscal quarter ending December 31, 2020.

Management expects that on a standalone basis, the cost reductions implemented in the early stages of the pandemic will enable UPPCO to meet its liquidity needs and financial covenants for at least the next twelve months. Moreover, with the addition of the PPP loan proceeds on April 17, 2020, UPPCO management has further strengthened its ability to meet these liquidity and financial covenants.

These financial statements have not been updated for subsequent events occurring after April 23, 2020, which is the date these financial statements were available to be issued. UPPCO has no responsibility to update these financial statements for events occurring after this date.

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION, AMORTIZATION AND DEPLETION

Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (h) common function.

Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)
1	Utility Plant		
2	In Service		
3	Plant in Service (Classified)	349,247,858	349,247,858
4	Property Under Capital Leases		
5	Plant Purchased or Sold		
6	Completed Construction not Classified	9,020,190	9,020,190
7	Experimental Plant Unclassified		
8	Total (3 thru 7)	358,268,048	358,268,048
9	Leased to Others		
10	Held for Future Use		
11	Construction Work in Progress	11,178,822	11,178,822
12	Acquisition Adjustments		
13	Total Utility Plant (8 thru 12)	369,446,870	369,446,870
14	Accum Prov for Depr, Amort, & Depl	150,954,923	150,954,923
15	Net Utility Plant (13 less 14)	218,491,947	218,491,947
16	Detail of Accum Prov for Depr, Amort & Depl		
17	In Service:		
18	Depreciation	137,928,674	137,928,674
19	Amort & Depl of Producing Nat Gas Land/Land Right		
20	Amort of Underground Storage Land/Land Rights		
21	Amort of Other Utility Plant	13,026,249	13,026,249
22	Total In Service (18 thru 21)	150,954,923	150,954,923
23	Leased to Others		
24	Depreciation		
25	Amortization and Depletion		
26	Total Leased to Others (24 & 25)		
27	Held for Future Use		
28	Depreciation		
29	Amortization		
30	Total Held for Future Use (28 & 29)		
31	Abandonment of Leases (Natural Gas)		
32	Amort of Plant Acquisition Adj		
33	Total Accum Prov (equals 14) (22,26,30,31,32)	150,954,923	150,954,923

Name of Respondent

Upper Peninsula Power Company

This Report Is:

(1) An Original

(2) A Resubmission

Date of Report

(Mo, Da, Yr)

05/01/2020

Year/Period of Report

End of 2019/Q4

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION, AMORTIZATION AND DEPLETION

Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
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ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)

1. Report below the original cost of electric plant in service according to the prescribed accounts.
2. In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.
3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments.
5. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
6. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization		
3	(302) Franchises and Consents	5,959,890	
4	(303) Miscellaneous Intangible Plant	24,304,509	3,046,506
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)	30,264,399	3,046,506
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights	143,334	
9	(311) Structures and Improvements		
10	(312) Boiler Plant Equipment		
11	(313) Engines and Engine-Driven Generators		
12	(314) Turbogenerator Units		
13	(315) Accessory Electric Equipment		
14	(316) Misc. Power Plant Equipment		
15	(317) Asset Retirement Costs for Steam Production		
16	TOTAL Steam Production Plant (Enter Total of lines 8 thru 15)	143,334	
17	B. Nuclear Production Plant		
18	(320) Land and Land Rights		
19	(321) Structures and Improvements		
20	(322) Reactor Plant Equipment		
21	(323) Turbogenerator Units		
22	(324) Accessory Electric Equipment		
23	(325) Misc. Power Plant Equipment		
24	(326) Asset Retirement Costs for Nuclear Production		
25	TOTAL Nuclear Production Plant (Enter Total of lines 18 thru 24)		
26	C. Hydraulic Production Plant		
27	(330) Land and Land Rights	630,727	
28	(331) Structures and Improvements	2,095,462	16,241
29	(332) Reservoirs, Dams, and Waterways	78,730,437	504,429
30	(333) Water Wheels, Turbines, and Generators	624,791	360,044
31	(334) Accessory Electric Equipment	5,028,954	981,187
32	(335) Misc. Power PLant Equipment	782,229	58,381
33	(336) Roads, Railroads, and Bridges	900,562	
34	(337) Asset Retirement Costs for Hydraulic Production		
35	TOTAL Hydraulic Production Plant (Enter Total of lines 27 thru 34)	88,793,162	1,920,282
36	D. Other Production Plant		
37	(340) Land and Land Rights	63,016	
38	(341) Structures and Improvements	205,147	
39	(342) Fuel Holders, Products, and Accessories	1,351,574	
40	(343) Prime Movers	2,487,784	496,456
41	(344) Generators	1,056,338	
42	(345) Accessory Electric Equipment	753,936	22,402
43	(346) Misc. Power Plant Equipment	28,291	87,232
44	(347) Asset Retirement Costs for Other Production		
45	TOTAL Other Prod. Plant (Enter Total of lines 37 thru 44)	5,946,086	606,090
46	TOTAL Prod. Plant (Enter Total of lines 16, 25, 35, and 45)	94,882,582	2,526,372

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

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
47	3. TRANSMISSION PLANT		
48	(350) Land and Land Rights		
49	(352) Structures and Improvements		
50	(353) Station Equipment		
51	(354) Towers and Fixtures		
52	(355) Poles and Fixtures		
53	(356) Overhead Conductors and Devices		
54	(357) Underground Conduit		
55	(358) Underground Conductors and Devices		
56	(359) Roads and Trails		
57	(359.1) Asset Retirement Costs for Transmission Plant		
58	TOTAL Transmission Plant (Enter Total of lines 48 thru 57)		
59	4. DISTRIBUTION PLANT		
60	(360) Land and Land Rights	745,813	
61	(361) Structures and Improvements	1,204,150	229,644
62	(362) Station Equipment	35,223,809	1,759,582
63	(363) Storage Battery Equipment		
64	(364) Poles, Towers, and Fixtures	38,443,700	1,938,564
65	(365) Overhead Conductors and Devices	19,918,240	629,174
66	(366) Underground Conduit		
67	(367) Underground Conductors and Devices	28,494,520	2,876,991
68	(368) Line Transformers	31,156,767	409,062
69	(369) Services	16,828,509	663,329
70	(370) Meters	4,547,880	4,531,454
71	(371) Installations on Customer Premises	392,589	75,046
72	(372) Leased Property on Customer Premises		
73	(373) Street Lighting and Signal Systems	1,978,219	711,527
74	(374) Asset Retirement Costs for Distribution Plant	-49,058	
75	TOTAL Distribution Plant (Enter Total of lines 60 thru 74)	178,885,138	13,824,373
76	5. REGIONAL TRANSMISSION AND MARKET OPERATION PLANT		
77	(380) Land and Land Rights		
78	(381) Structures and Improvements		
79	(382) Computer Hardware		
80	(383) Computer Software		
81	(384) Communication Equipment		
82	(385) Miscellaneous Regional Transmission and Market Operation Plant		
83	(386) Asset Retirement Costs for Regional Transmission and Market Oper		
84	TOTAL Transmission and Market Operation Plant (Total lines 77 thru 83)		
85	6. GENERAL PLANT		
86	(389) Land and Land Rights	591,264	25,000
87	(390) Structures and Improvements	8,026,206	3,588,497
88	(391) Office Furniture and Equipment	2,174,459	2,005,072
89	(392) Transportation Equipment	11,286,178	1,149,876
90	(393) Stores Equipment	108,683	2,109
91	(394) Tools, Shop and Garage Equipment	2,387,474	581,324
92	(395) Laboratory Equipment	2,091,057	
93	(396) Power Operated Equipment	1,925,302	133,345
94	(397) Communication Equipment	4,659,470	12,369
95	(398) Miscellaneous Equipment	22,436	
96	SUBTOTAL (Enter Total of lines 86 thru 95)	33,272,529	7,497,592
97	(399) Other Tangible Property		
98	(399.1) Asset Retirement Costs for General Plant	154,292	
99	TOTAL General Plant (Enter Total of lines 96, 97 and 98)	33,426,821	7,497,592
100	TOTAL (Accounts 101 and 106)	337,458,940	26,894,843
101	(102) Electric Plant Purchased (See Instr. 8)		
102	(Less) (102) Electric Plant Sold (See Instr. 8)		
103	(103) Experimental Plant Unclassified		
104	TOTAL Electric Plant in Service (Enter Total of lines 100 thru 103)	337,458,940	26,894,843

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

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				47
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				57
				58
				59
			745,813	60
2,718			1,431,076	61
1,043,809			35,939,582	62
				63
494,849			39,887,415	64
11,388			20,536,026	65
				66
33,906			31,337,605	67
		5,174	31,571,003	68
36,254			17,455,584	69
639,094		-5,174	8,435,066	70
66,212			401,423	71
				72
5,718			2,684,028	73
			-49,058	74
2,333,948			190,375,563	75
				76
				77
				78
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				80
				81
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				83
				84
				85
			616,264	86
			11,614,703	87
796,857			3,382,674	88
745,924			11,690,130	89
62,076			48,716	90
824,289			2,144,509	91
517,809			1,573,248	92
104,120			1,954,527	93
588,343			4,083,496	94
			22,436	95
3,639,418			37,130,703	96
				97
			154,292	98
3,639,418			37,284,995	99
6,130,916			358,222,867	100
				101
				102
				103
6,130,916			358,222,867	104

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) 6/1/2020	Year of Report 12/31/19
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**CONSTRUCTION WORK IN PROGRESS AND COMPLETED CONSTRUCTION
NOT CLASSIFIED - ELECTRIC (Accounts 107 and 106)**

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

Not Classified-Electric, shall be furnished even though this account is included in the schedule, Electric Plant in Service, pages 204-211, according to a tentative classification by primary accounts.
3. Show items relating to "research and development" projects last under a caption Research and Development (See Account 107, Uniform System of Accounts).
4. Minor projects may be grouped.

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

Line No.	Description of Project (a)	Construction Work in Progress-Electric (Account 107) (b)	Completed Construction Not Classified-Electric (Account 106) (c)	Estimated Additional Cost of Project (d)
1	Adv Metering Infrastructure Project	6,575,722	5,400,295	3,628,752
2	Projects with balances less than \$500,000	4,603,101	3,619,896	
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34				
35	TOTAL	11,178,822	9,020,191	3,628,752

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) 6/1/2020	Year of Report 12/31/19
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CONSTRUCTION OVERHEADS - ELECTRIC

1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items. should explain on page 218 the accounting procedures employed and the amounts of engineering, supervision and administrative costs, etc., which are directly charged to construction.

2. On page 218 furnish information concerning construction overheads. 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	Allowance for Funds Used During Construction	333,134
2	Benefits and Payroll Tax - based on labor dollars charged	1,113,944
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39	TOTAL	1,447,078

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) 06/01/2020	Year of Report 12/31/2019
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GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE

1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.

2. Show below the computation of allowance for funds used during construction rates, if those differ from the overall rate of return authorized by the Michigan Public Service Commission.

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

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

3. Items 2&3 below (Gross Rate for Borrowed Funds and Rate for Other Funds) are based on Michigan Public Service Commission's found overall rates of return by Case No. U-20276 dated May 6, 2019, beginning with the billing month of June 2019.

COMPUTATION OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION RATES

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

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

Line No.	Title (a)	Amount (b)	Capitalization Ratio (Percent) (c)	Cost Rate Percentage (d)
1	Average Short-term Debt & Computation of Allowance Text	S		
2	Short-Term Interest			4.49%
3	Long-Term Debt	D		4.46% d
4	Preferred Stock	P		
5	Common Equity	C		9.90% C
6	Total Capitalization	0	100.00%	
7	Average Construction Work in Progress Balance			

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 of Other Funds

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

4. Weighted Average Actually Used for the Year.

6.91%

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

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, Line 11, column (c), and that reported for electric plant in service, pages 204-207, column 9d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	136,082,685	136,082,685		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	8,626,283	8,626,283		
4	(403.1) Depreciation Expense for Asset Retirement Costs				
5	(413) Exp. of Elec. Plt. Leas. to Others				
6	Transportation Expenses-Clearing				
7	Other Clearing Accounts				
8	Other Accounts (Specify, details in footnote):				
9	ARO Depreciation	-7,374	-7,374		
10	TOTAL Deprec. Prov for Year (Enter Total of lines 3 thru 9)	8,618,909	8,618,909		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	6,100,597	6,100,597		
13	Cost of Removal	441,130	441,130		
14	Salvage (Credit)	-46,505	-46,505		
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	6,588,232	6,588,232		
16	Other Debit or Cr. Items (Describe, details in footnote):	-184,688	-184,688		
17					
18	Book Cost or Asset Retirement Costs Retired				
19	Balance End of Year (Enter Totals of lines 1, 10, 15, 16, and 18)	137,928,674	137,928,674		

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

20	Steam Production				
21	Nuclear Production				
22	Hydraulic Production-Conventional	32,232,935	32,232,935		
23	Hydraulic Production-Pumped Storage				
24	Other Production	5,714,647	5,714,647		
25	Transmission				
26	Distribution	85,886,155	85,886,155		
27	Regional Transmission and Market Operation				
28	General	14,094,937	14,094,937		
29	TOTAL (Enter Total of lines 20 thru 28)	137,928,674	137,928,674		

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) 05/01/2020	Year/Period of Report 2019/Q4
FOOTNOTE DATA			

Schedule Page: 219 Line No.: 16 Column: c

Other Debit or Credit Items:	
ARO Reclassification	0
Other Transfers and Reclassifications	(184,688)
Total Other	(184,688)

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) 6/1/2020	Year of Report 12/31/19
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NONUTILITY PROPERTY (Account 121)

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

Line No.	Description and Location (a)	Balance at Beginning of Year (b)	Purchases, Sales Transfers, etc. (c)	Balance at End of Year (d)
1	(2) Dam Sites Baraga & Houghton Cty	9,949		9,949
2	Land on Ontonagon River Area	1,900,556		1,900,556
3	Land in City of Gladstone	55,031		55,031
4	Escanaba River Hydro Delta Cty	2,590,930		2,590,930
5	Boney Falls Delta Cty	6,703,290		6,703,290
6	Bond Falls Ontonagon Cty	454,879		454,879
7	Eastern Hydro Dams	601,609		601,609
8	CWIP	276,463	(276,463)	0
9	Eastern Hydros: Sale of Cataract Parcel		(87,861)	(87,861)
10	Boney Falls Delta Cty - Storage Barn		3,100	3,100
11	Escanaba River Hydros Battery		22,213	22,213
12	Escanaba River Hydros Dam 3 Unit 1 Refu		278,748	278,748
13	Boney Falls Delta Cty - Tools Retired		(11,852)	(11,852)
14	Escanaba River Hydros - Tools Retired		(17,423)	(17,423)
15				0
16				0
17				0
	TOTAL	12,592,707	(89,538)	12,503,169

**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	2,193,840
2	Accruals for Year, Charged to	
3	(417) Income from Nonutility Operations	218,169
4	(418) Nonoperating Rental Income	0
5	Other Accounts (Specify):	
6		
7	TOTAL Accruals for Year (Enter Total of lines 3 thru 6)	218,169
8	Net Charges for Plant Retired:	
9	Book Cost of Plant Retired	(39,479)
10	Cost of Removal	
11	Salvage (Credit)	
12	TOTAL Net Charges (Enter Total of lines 9 thru 11)	(39,479)
13	Other Debit or Credit Items (Describe):	
14		
15	Balance, End of Year (Enter Total of lines 1, 7, 12, and 14)	2,372,531

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) 6/01/2020	Year of Report 12/31/19
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NOTES AND ACCOUNTS RECEIVABLE SUMMARY FOR BALANCE SHEET

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

Line No.	Accounts (a)	Balance Beginning of Year (b)	Balance End of Year (c)
1	Notes Receivable (Account 141)		
2	Customer Accounts Receivable (Account 142)	9,071,580	10,120,903
3	Other Accounts Receivable (Account 143) capital stock subscriptions received) (Disclose any	1,523,901	1,390,985
4	TOTAL	10,595,481	11,511,888
5	Less: Accumulated Provision for Uncollectible Accounts-Cr. (Account 144)	1,735,000	1,700,000
6	TOTAL, Less Accumulated Provision for Uncollectible Accounts	8,860,481	9,811,888
7			
8			
9			
10			
11			
12			
13			
14			

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

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

Line No.	Item (a)	Utility Customers (b)	Merchandise Jobbing and Contract Work (c)	Officers and Employees (d)	Other (e)	Total (f)
1	Balance beginning of year	1,735,000				1,735,000
2	Prov. For uncollectibles for current year	516,179				516,179
3	Account written off (less)	832,595				832,595
4	Coll. Of accounts written off	281,588				281,588
5	Adjustments (explain): balance correction	(172)				(172)
6	Balance end of year	1,700,000	0	0	0	1,700,000
7						
8						
9						
10						
11						

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/01/2020	Year/Period of Report End of <u>2019/Q4</u>
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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 debit or credits to stores expense clearing, if applicable.

Line No.	Account (a)	Balance Beginning of Year (b)	Balance End of Year (c)	Department or Departments which Use Material (d)
1	Fuel Stock (Account 151)	420,438	80,926	Electric
2	Fuel Stock Expenses Undistributed (Account 152)			
3	Residuals and Extracted Products (Account 153)			
4	Plant Materials and Operating Supplies (Account 154)			
5	Assigned to - Construction (Estimated)	1,236,737	1,143,113	Electric
6	Assigned to - Operations and Maintenance			
7	Production Plant (Estimated)			
8	Transmission Plant (Estimated)			
9	Distribution Plant (Estimated)	1,096,729	1,013,704	Electric
10	Regional Transmission and Market Operation Plant (Estimated)			
11	Assigned to - Other (provide details in footnote)			
12	TOTAL Account 154 (Enter Total of lines 5 thru 11)	2,333,466	2,156,817	
13	Merchandise (Account 155)			
14	Other Materials and Supplies (Account 156)			
15	Nuclear Materials Held for Sale (Account 157) (Not applic to Gas Util)			
16	Stores Expense Undistributed (Account 163)	590,218	764,180	Electric
17				
18				
19				
20	TOTAL Materials and Supplies (Per Balance Sheet)	3,344,122	3,001,923	

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 6/1/2020	Year of Report 12/31/19
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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	437,250		
2	Received during year	14,787		
3	TOTAL	452,037		
4	Used during year (specify department)	32,278		
5	Written off to Power Supply Expense	302,390		
6				
7				
8				
9				
10				
11				
12				
13				
14				
15	Sold or transferred	36,443		
16	TOTAL DISPOSED OF	371,111		
17	BALANCE END OF YEAR	80,926		

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 6/1/2020	Year of Report 12/31/19
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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.
183,212	437,250					1
6,705	14,787					2
189,917	452,037					3
11,212	32,278					4
3,995	302,390					5
						6
						7
						8
						9
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						11
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146,600	36,443					15
161,807	371,111					16
28,110	80,926					17

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 6/1/2020	Year of Report 12/31/19
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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	UPPCO Self Implemented Rate Refund	42,885
2	MI Energy Optimization	387,412
3	UPPCO PSCR 2019	181,255
4		
5		
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25	TOTAL	611,552

Name of Respondent	This Report Is:	Date of Report	Year of Report
UPPER PENINSULA POWER CO	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	(Mo, Da, Yr) 6/1/2020	12/31/19

PRELIMINARY SURVEY AND INVESTIGATION CHARGES (Account 183)

1. Report below particulars concerning the cost of plans, surveys, and investigations made for the purpose of determining the feasibility of projects under contemplation. 2. Minor items may be grouped by classes. Show the number of items in each group.

Line No.	Description and Purpose of Project (a)	Balance Beginning of Year (b)
1	Integrated Resource Plan	333,581
2	Escanaba Grid Connection Investment	28,855
3	Other Projects (4)	47,852
4	Engman Lake	0
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TOTAL		410,288

Name of Respondent UPPER PENINSULA POWER CO		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission		Date of Report (Mo, Da, Yr) 6/1/2020	Year of Report 12/31/19
PRELIMINARY SURVEY AND INVESTIGATION CHARGES (Account 183)					
Debits (c)	CREDITS		Balance End of Year (f)	Line No.	
	Account Charged (d)	Amount (e)			
970,460		-	1,304,041	1	
1,187	417	30,042	-	2	
48,094	107	95,946	-	3	
47,667	186	47,667	-	4	
				5	
				6	
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1,067,409		173,655	1,304,041	TOTAL	

OTHER REGULATORY ASSETS (Account 182.3)

1. Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than \$100,000 which ever is less), may be grouped by classes.
3. For Regulatory Assets being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS		Balance at end of Current Quarter/Year (f)
				Written off During the Quarter/Year Account Charged (d)	Written off During the Period Amount (e)	
1	Warden Ash Site Monitoring	605,000		253	55,000	550,000
2						
3	Minimum Pension Liability Adjustment	50,401,486		128/228	4,548,396	45,853,090
4						
5	ARO Depr/Accr NonRate Base	604,668	34,436	108	41,811	597,293
6						
7	Decoupling	66,777				66,777
8						
9	Deferred Taxes	87,927	87,099	254	37,287	137,739
10						
11	Derivatives	39,714	21,415	232	45,166	15,963
12						
13	See Footnote					
14						
15						
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44	TOTAL	51,805,572	142,950		4,727,660	47,220,862

Name of Respondent Upper Peninsula Power Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/01/2020	Year/Period of Report 2019/Q4
FOOTNOTE DATA			

Schedule Page: 232 Line No.: 1 Column: b
Warden Ash Site Monitoring: MPSC Order U-12147 authorized amortization over 30 years.

Schedule Page: 232 Line No.: 3 Column: b
Pension Liability Amortization: MPSCR Rate Order U-20276.

Schedule Page: 232 Line No.: 7 Column: b
Decoupling: MPSC Order U-16568 \$37,802.32 for year 2011 and MPSC Order U-17555 \$28,975.00 for year 2013.

Schedule Page: 232 Line No.: 13 Column: a
Formula Rate Regulatory Assets - Allocable to Distribution, Average of Line 3, Columns (b) and (f).

Formula Rate Regulatory Assets - Direct Assigned to Distribution, None.

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 item (1% of the Balance at End of Year for Account 186 or amounts less than \$100,000, 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	95,980	13,707	511	22,435	87,252
2						
3	Work Orders	9,147		184	9,147	
4						
5	Insurance Recovery	48,861	3,121,853	various	3,170,714	
6						
7	Other Deferred charges		143,112	131/183	63,132	79,980
8						
9	JH Warden Landfill Trust	2,022	20			2,042
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42						
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45						
46						
47	Misc. Work in Progress					
48	Deferred Regulatory Comm. Expenses (See pages 350 - 351)					
49	TOTAL	156,010				169,274

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

TAX SCHEDULES

I Purpose:

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

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

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 6/1/2020	Year of Report 12/31/19
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ACCUMULATED DEFERRED INCOME TAXES (Account 190)

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

Line No.	Account Subdivision (a)	Balance at Beginning of Year (b)	Changes During Year	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Electric			
2	Plant	1,419,100	(24,230)	64,023
3	Other Than Plant	25,792,081	(3,886,960)	3,201,784
4	Plant (FAS 109)	1,648,343		654
5				
6				
7	Other			
8	TOTAL (Account 190) (Enter total of lines 2 thru 7)	28,859,524	(3,911,190)	3,266,461
9	Gas			
10				
11				
12				
13				
14				
15	Other			
16	TOTAL Gas (Enter total of lines 10 thru 15)			
17	Other (Specify) NonUtility	23,912,164	(1,829,571)	1,608,733
18	TOTAL (Account 190) (Enter total of lines 8, 16 & 17)	52,771,688	(5,740,761)	4,875,194
19	Classification of Total:			
20	Federal Income Tax	43,312,495	(4,516,059)	3,794,875
21	State Income Tax	9,459,192	(1,224,703)	1,080,310
22	Local Income Tax			

NOTES

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

Name of Respondent Upper Peninsula Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 6/1/2020	Year of Report 12/31/19
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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 .

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
			(10)			1,458,883	2
						25,106,905	3
						1,648,997	4
						0	5
						0	6
						0	7
			(10)			28,214,785	8
							9
							10
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							15
							16
						23,691,326	17
			(10)			51,906,111	18
							19
						42,591,311	20
						9,314,799	21
							22

NOTES (Continued)

CAPITAL STOCKS (Account 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 outlined 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 Series (a)	Number of shares Authorized by Charter (b)	Par or Stated Value per share (c)	Call Price at End of Year (d)
1	Common Stock Without Par	3,000,000	9.00	
2				
3	Cumulative Preferred Stock	300,000		
4				
5	Cumulative Preference Stock	1,000,000	1.00	
6				
7	NOTE: Respondent's common stock is held			
8	entirely by its parent holding company,			
9	Upper Peninsula Power Holding Company			
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CAPITAL STOCKS (Account 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 non-cumulative.

5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.

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 (Total amount outstanding without reduction for amounts held by respondent)		HELD BY RESPONDENT				Line No.
		AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	
1,473,736	13,263,624					1
						2
						3
						4
						5
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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 change which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.
- (c) Gain on Resale or Cancellation of Reacquired Capital Stock (Account 210): Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.
- (d) Miscellaneous Paid-in Capital (Account 211)-Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1	Beginning Balance - January 1, 2019	47,301,469
2	Return of Capital to Parent	-4,501,113
3		
4		
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6		
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40	TOTAL	42,800,356

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

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

Line No.	Class and Series of Obligation, Coupon Rate (For new issue, give commission Authorization numbers and dates) (a)	Principal Amount Of Debt issued (b)	Total expense, Premium or Discount (c)
1			
2			
3			
4	Account 223		
5			
6	4.95% Issue	16,230,000	180,846
7	5.20% Issue	27,050,000	300,581
8	5.43% Issue	51,395,000	571,104
9	5.91% Issue	13,525,000	150,291
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32			
33	TOTAL	108,200,000	1,202,822

LONG-TERM DEBT (Account 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 debited to Account 428, Amortization and Expense, or credited to Account 429, Premium on Debt - Credit.
12. In a footnote, give explanatory (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) principle repaid during year. Give Commission authorization numbers and dates.
13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.
14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD		Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
						1
						2
						3
						4
						5
8/27/2014	8/27/2024	8/27/2014	8/27/2024	16,230,000	803,385	6
8/27/2014	8/27/2029	8/27/2014	8/27/2029	27,050,000	1,406,600	7
8/27/2014	8/27/2034	8/27/2014	8/27/2034	51,395,000	2,790,749	8
8/27/2014	8/27/2044	8/27/2014	8/27/2044	13,525,000	799,327	9
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				108,200,000	5,800,061	33

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 6/1/2020	Year of Report 12/31/19
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NOTES PAYABLE (Accounts 231)

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

Line No.	Payee (a)	Purpose for which issued (b)	Date of Note (c)	Date of Maturity (d)	Int. Rate (e)	Balance End of Year (f)
1	Associated Bank		Various	Various	Various	\$9,900,000
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3						
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26						
27						
TOTAL						\$9,900,000

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

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

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

3. A substitute page, designed to meet a particular need of a company, may be used as long as the data is consistent and meets the requirements of the above instructions. For electronic reporting purposes complete Line 27 and provide the substitute Page in the context of a footnote.

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 117)	10,325,679
2		
3		
4	Taxable Income Not Reported on Books	
5		
6		
7		
8		
9	Deductions Recorded on Books Not Deducted for Return	
10	Lobbying, Meals & Entertainment, Parking Disallowance, Penalties	298,758
11		
12		
13		
14	Income Recorded on Books Not Included in Return	
15	Plant related	41,525
16	Other than Plant	9,500,783
17		
18		
19	Deductions on Return Not Charged Against Book Income	
20	Other than plant	-14,688,155
21	Plant related	-8,443,608
22		
23		
24		
25		
26		
27	Federal Tax Net Income	
28	Show Computation of Tax:	
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

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 taxed material was charged. If the actual, or estimated amounts of such taxes are know, 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 (See instruction 5) (a)	BALANCE AT BEGINNING OF YEAR		Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)
		Taxes Accrued (Account 236) (b)	Prepaid Taxes (Include in Account 165) (c)			
1	Federal Highway Use Tax					
2	FICA	92,259		2,619,375	1,313,882	
3	FUTA	3,886		8,553	8,743	
4	SUTA	8,391		21,670	36,262	
5	Federal Withholding	71,129		2,171,004		
6	State of Michigan TOTIT					
7	Michigan Obligation	6,363		16,515		
8	Unemployment					
9	State of Michigan Withholding	25,044		680,158		
10	State of Wisconsin Withholdi			8,324		
11	Use Tax				647,461	
12	Local MI TOTIT					
13	Real Estate & Personal Prop	2,482,009		6,238,312	6,177,393	
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
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26						
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28						
29						
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31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL	2,689,081		11,763,911	8,183,741	

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5. If any tax (exclude Federal and State income taxes)- covers more then one year, show the required information separately for each tax year, identifying the year in column (a).

6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a foot- note. Designate debit adjustments by parentheses.

7. Do not include on this page 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. Report in columns (i) through (l) how the taxes were distributed. Report in column (i) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (l) the amounts charged to Accounts 408.1 and 109.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (l) the taxes charged to utility plant or other balance sheet accounts.

9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				Line No.
(Taxes accrued Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	Electric (Account 408.1, 409.1) (i)	Extraordinary Items (Account 409.3) (j)	Adjustments to Ret. Earnings (Account 439) (k)	Other (l)	
						1
18,132		773,089				2
693		3,790				3
1,482		16,429				4
13,233						5
						6
1,124						7
						8
4,370						9
58						10
						11
						12
1,931,566		6,177,393				13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
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						40
						41
1,970,658		6,970,701				41

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 6/1/2020	Year of Report 12/31/19
MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)			
1. Give description and amount of other current and accrued liabilities as of the end of year. 2. Minor items may be grouped by classes, showing number of items in each class.			
Line No.	Item (a)	Balance End of Year (b)	
1	Curr&Accr Liab-401(k) Serv Acc	616,388	
2	Emp Garnish Payroll	5,517	
3	Cur & Acc Liab-Misc Payroll De	1,402	
4	Cur & Acc Liab-Union Dues Pay	-	
5	Current SERP Obligation	22,191	
6	Current Sick Pay Plan Oblig	54,847	
7	Current Pension Restoration	28,981	
8	Curr Post Retirement Obligation	19,513	
9	C&A Liab-401(k) Dedu	77,059	
10	Cur & Acc Liab-Vac Pay Accrued	959,453	
11	Accrued Wages Payable	56,582	
12	Empl Cont - Flex Spending Plan	1,548	
13	EWR Program Liability	-	
14	HSA Contribution Payable	19,088	
15	Accrued Wkrs Comp Claim Liab	-	
16	Accrued Pay at Risk	1,355,003	
17	PSCR Overcollection 2018	-	
18			
19			
20	TOTAL	3,217,571	

CUSTOMER ADVANCES FOR CONSTRUCTION (Account 252)		
Line No.	List Advances by department (a)	Balance End of Year (b)
21	Electric	2,390,954
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39	TOTAL	2,390,954

OTHER DEFERRED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (5% of the Balance End of Year for Account 253 or amounts less than \$100,000, whichever is greater) may be grouped by classes.

Line No.	Description and Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1	Bond Falls Mitigation	511,965	Various	201,735	114,161	424,391
2						
3	Outstanding Checks Cancelled	4,897				4,897
4						
5	Warden Ash Site	605,000	186	55,000		550,000
6						
7	Sick Leave Term. Pay	87,537	131	22,572		64,965
8						
9	Deferred Comp	120,414	920	120,414		
10						
11	Workers Comp Claim Reserve	65,409	Various	65,409		
12						
13	Deferred Income Plan	68,838	131	78,802	36,296	26,332
14						
15	Other Def Cr/Cust Work		Various	1,311,732	1,543,520	231,788
16						
17	Orion Deposit				1,000,000	1,000,000
18						
19	Insurance Proceeds				3,121,853	3,121,853
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47	TOTAL	1,464,060		1,855,664	5,815,830	5,424,226

ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes rating 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 Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 282			
2	Electric	12,962,068	2,534,740	677,715
3	Gas			
4	Non Utility			
5	TOTAL (Enter Total of lines 2 thru 4)	12,962,068	2,534,740	677,715
6				
7				
8	Non Utility	692,779	2,596	19,422
9	TOTAL Account 282 (Enter Total of lines 5 thru 8)	13,654,847	2,537,336	697,137
10	Classification of TOTAL			
11	Federal Income Tax	11,098,801	1,919,706	697,138
12	State Income Tax	2,556,046	617,630	
13	Local Income Tax			

NOTES

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

3. Use footnotes as required.

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			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
							1
			13,560		2,221,788	17,027,321	2
							3
							4
			13,560		2,221,788	17,027,321	5
							6
							7
			1,383,315			-707,362	8
			1,396,875		2,221,788	16,319,959	9
							10
			13,560		773,901	13,081,710	11
					64,572	3,238,248	12
							13

NOTES (Continued)

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 Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3				
4	Other than Plant	24,474,246	1,678,946	1,494,695
5				
6	Other than Plant FAS109			
7				
8				
9	TOTAL Electric (Total of lines 3 thru 8)	24,474,246	1,678,946	1,494,695
10	Gas			
11				
12				
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)			
18	Non Utility	-231,729	819	5,500
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	24,242,517	1,679,765	1,500,195
20	Classification of TOTAL			
21	Federal Income Tax	20,629,961	1,320,567	1,179,265
22	State Income Tax	3,612,556	359,198	320,930
23	Local Income Tax			

NOTES

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

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
4. Use footnotes as required.

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			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
							1
							2
							3
						24,658,497	4
							5
							6
							7
							8
						24,658,497	9
							10
							11
							12
							13
							14
							15
							16
							17
						-236,410	18
						24,422,087	19
							20
						20,771,263	21
						3,650,824	22
							23

NOTES (Continued)

OTHER REGULATORY LIABILITIES (Account 254)

1. Report below the particulars (details) called for concerning other regulatory liabilities, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 254 at end of period, or amounts less than \$100,000 which ever is less), may be grouped by classes.
3. For Regulatory Liabilities being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning of Current Quarter/Year (b)	DEBITS		Credits (e)	Balance at End of Current Quarter/Year (f)
			Account Credited (c)	Amount (d)		
1	Derivatives	33	175	10,017	14,249	4,265
2	Regulatory Liability Pension Expense	1,603,802	449	367,009	283,672	1,520,465
3	Regulatory Liability Deferred Taxes	6,361,408	282	1,265,504	490,404	5,586,308
4	Regulatory Liability Deferred Tax Revenue	1,545,498	449	1,632,625	87,127	
5	Regulatory Liability Pension Expense				5,129	5,129
6						
7	See Footnote					
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
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26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL	9,510,741		3,275,155	880,581	7,116,167

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) 05/01/2020	Year/Period of Report 2019/Q4
FOOTNOTE DATA			

Schedule Page: 278 Line No.: 2 Column: b
Regulatory Liability Pension Expense: MPSC Rate Order U-17895.

Schedule Page: 278 Line No.: 3 Column: b
Regulatory Liability Deferred Taxes: MPSC Order U-20276.

Schedule Page: 278 Line No.: 4 Column: b
Regulatory Liability Deferred Taxes Revenue: MPSC Order U-20111.

Schedule Page: 278 Line No.: 5 Column: b
Regulatory Liability Pension Expense: MPSC Rate Order U-20276.

Schedule Page: 278 Line No.: 7 Column: a
Formula Rate Regulatory Liabilities - Allocable to Distribution, Average of Line 5, Columns (b) and (f).

Formula Rate Regulatory Liabilities - Direct Assigned to Distribution, None.

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 6/1/2020	Year of Report 12/31/19
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GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2)

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

Line No.	Description of Property (a)	Original Cost of Related Property (b)	Date Journal Entry Approved (When Required) (c)	Account 421.1 (d)	Account 421.2 (e)
1	Gain on disposition of property:				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17	Total Gain				

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 6/1/2020	Year of Report 12/31/19
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GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2) (Continued)

Line No.	Description of Property (a)	Original Cost of Related Property (b)	Date Journal Entry Approved (When Required) (c)	Account 421.1 (d)	Account 421.2 (e)
18	Loss on disposition of property:				
19					
20	Sale of Cataract Parcel	87,861			47,778.00
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34	Total Loss				

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 6/1/2020	Year of Report 12/31/19
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PARTICULARS CONCERNING CERTAIN OTHER INCOME ACCOUNTS

1. Report in this schedule the information specified in the instructions below for the respective other income accounts. Provide a conspicuous subheading for each account and show a total for the account. Additional columns may be added for any account if deemed necessary.

2. Merchandising, Jobbing and Contract Work (Accounts 415 and 416) - Describe the general nature of merchandising, jobbing and contract activities. Show revenues by class of activity, operating expenses classified as to operation, maintenance, depreciation, rents and net income before taxes. Give the bases of any allocations of expenses between utility and merchandising, jobbing and contract work activities.

3. Nonutility Operations (Accounts 417 and 417.1) - Describe each nonutility operation and show revenues, operating expenses classified as to operation, maintenance, depreciation, rents, amortization, and net income before taxes, from the operation. Give the bases of any allocations of expenses between utility and nonutility operations. The book cost of property classified as nonutility operations should be included in Account 121.

4. Nonoperating Rental Income (Account 418) - For each major item of miscellaneous property included in Account 121, Nonutility Property, which is not used in operations for which income is included in Account 417, but which is leased or rented to others, give name of lessee, brief description of property, effective

date and expiration date of lease, amount of rent revenues, operating expenses classified as to operation, maintenance, depreciation, rents, amortization, and net income, before taxes, from the rentals. If the property is leased on a basis other than that of a fixed annual rental, state the method of determining the rental. Minor items may be grouped by classes, but the number of items so grouped should be shown. Designate any lessees which are associated companies.

5. Equity in earnings of subsidiary companies (Account 418.1) - Report the utility's equity in the earnings or losses of each subsidiary company for the year.

6. Interest and Dividend Income (Account 419) - Report interest and dividend income, before taxes, identified as to the asset account or group of accounts in which are included the assets from which the interest or dividend income was derived. Income derived from investments, Accounts 123, 124 and 136 may be shown in total. Income from sinking and other funds should be identified with the related special funds. Show also expenses included in Account 419 as required by the Uniform System of Accounts.

7. Miscellaneous Nonoperating Income (Account 421) - Give the nature and source of each miscellaneous nonoperating income, and expense and the amount for the year. Minor items may be grouped by classes.

Line No.	Item (a)	Amount (b)
1	Revenues from Nonutility Operations	
2	NU Hydro Revenue	1,374,976
3	Renewable Energy Credits-NU Hydro	88,092
4	Operation & Depreciation Expenses of Non-Utility Hydro	(1,025,120)
5		
6		
7		
8	Subtotal 417	437,948
9		
10	<u>Non-Operating Rental Income</u>	
11		
12		
13	Subtotal 418	0
14		
15		
16	<u>Equity Earning of Subsidiaries</u>	
17		
18	Miscellaneous Interest & Div Inc	21,700
19		
20	Allowance for Funds Used for Construction	253,399
21		
22	Subtotal 419	275,099
23		
24		
25		
26		
27		
28		

ELECTRIC OPERATING REVENUES (Account 400)

1. The following instructions generally apply to the annual version of these pages. Do not report quarterly data in columns (c), (e), (f), and (g). Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages.
2. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
3. 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.
4. If increases or decreases from previous period (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.
5. Disclose amounts of \$250,000 or greater in a footnote for accounts 451, 456, and 457.2.

Line No.	Title of Account (a)	Operating Revenues Year to Date Quarterly/Annual (b)	Operating Revenues Previous year (no Quarterly) (c)
1	Sales of Electricity		
2	(440) Residential Sales	54,396,098	54,758,676
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)	22,954,397	19,806,470
5	Large (or Ind.) (See Instr. 4)	19,917,152	17,739,931
6	(444) Public Street and Highway Lighting	1,649,807	1,611,296
7	(445) Other Sales to Public Authorities		
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers	98,917,454	93,916,373
11	(447) Sales for Resale	1,144,505	895,199
12	TOTAL Sales of Electricity	100,061,959	94,811,572
13	(Less) (449.1) Provision for Rate Refunds	-2,658,854	-1,200,083
14	TOTAL Revenues Net of Prov. for Refunds	102,720,813	96,011,655
15	Other Operating Revenues		
16	(450) Forfeited Discounts	393,856	632,145
17	(451) Miscellaneous Service Revenues	153,554	2,729
18	(453) Sales of Water and Water Power	46,371	45,462
19	(454) Rent from Electric Property	17,083	211,135
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues	1,086,288	1,207,491
22	(456.1) Revenues from Transmission of Electricity of Others		
23	(457.1) Regional Control Service Revenues		
24	(457.2) Miscellaneous Revenues		
25			
26	TOTAL Other Operating Revenues	1,697,152	2,098,962
27	TOTAL Electric Operating Revenues	104,417,965	98,110,617

ELECTRIC OPERATING REVENUES (Account 400)

6. 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 a footnote.)

7. See pages 108-109, Important Changes During Period, for important new territory added and important rate increase or decreases.

8. For Lines 2,4,5,and 6, see Page 304 for amounts relating to unbilled revenue by accounts.

9. Include unmetered sales. Provide details of such Sales in a footnote.

MEGAWATT HOURS SOLD		AVG.NO. CUSTOMERS PER MONTH		Line No.
Year to Date Quarterly/Annual (d)	Amount Previous year (no Quarterly) (e)	Current Year (no Quarterly) (f)	Previous Year (no Quarterly) (g)	
				1
247,459	251,968	46,725	47,244	2
				3
145,319	149,946	5,781	5,812	4
372,200	321,862	56	60	5
2,138	4,505	73	75	6
				7
				8
				9
767,116	728,281	52,635	53,191	10
39,322	25,066	1	1	11
806,438	753,347	52,636	53,192	12
				13
806,438	753,347	52,636	53,192	14

Line 12, column (b) includes \$ 958,906 of unbilled revenues.
 Line 12, column (d) includes 13,907 MWH relating to unbilled revenues

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) 05/01/2020	Year/Period of Report 2019/Q4
FOOTNOTE DATA			

Schedule Page: 300 Line No.: 11 Column: b
Includes \$824,562 for FERC Order 668-A.

Schedule Page: 300 Line No.: 11 Column: c
Includes \$700,745.74 for FERC Order 668-A.

Schedule Page: 300 Line No.: 11 Column: d
Includes 39,101 Mwh for FERC Order 668-A.

Schedule Page: 300 Line No.: 11 Column: e
Includes 24,240 Mwh for FERC Order 668-A.

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWh of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date 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 300-301. 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)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	440 Residential Sales					
2	A-1 Residential	211,588	47,110,648	42,036	5,033	0.2227
3	A-2 Residential	8,732	1,818,315	1,351	6,463	0.2082
4	AH-1 Electric Heat	27,123	5,149,713	3,338	8,126	0.1899
5	AH-2 Electric Heat					
6	Z-1&3 Dusk to Dawn	200	191,527			0.9576
7	Z-2&4 Dusk to Dawn	14	8,763			0.6259
8	Total	247,657	54,278,966	46,725	5,300	0.2192
9	442 Commercial & Industrial					
10	C-1 General Commercial	64,677	10,618,044	5,072	12,752	0.1642
11	C-2 General Commercial					
12	H-1 Commercial Heating	7,788	1,017,479	228	34,158	0.1306
13	H-2 Commercial Heating					
14	P-1 Light & Power	72,685	10,910,119	480	151,427	0.1501
15	RTMP	169,038	6,407,339	1	169,038,000	0.0379
16	CP-I Interruptible Rider	378	11,212			0.0297
17	WP-3	49,234	2,525,706	5	9,846,800	0.0513
18	Z-1&3 Dusk to Dawn	361	221,141			0.6126
19	Z-2&4 Dusk to Dawn	21	11,234			0.5350
20	C-1 Commercial					
21	C-2 Commercial-IR					
22	CPU	139,176	10,343,080	50	2,783,520	0.0743
23						
24						
25						
26	Total	503,358	42,065,354	5,836	86,251	0.0836
27	444 Public Street Hwy Light	2,193	1,614,228	73	30,041	0.7361
28	Total	2,193	1,614,228	73	30,041	0.7361
29	Unbilled Revenue by					
30	Revenue Class:					
31	Residential	-198	113,149			-0.5715
32	Comm & Industrial	14,160	845,532			0.0597
33	Public Street Hwy Light	-55	226			-0.0041
34						
35						
36						
37						
38						
39						
40						
41	TOTAL Billed	753,209	97,958,548	0	0	0.1301
42	Total Unbilled Rev.(See Instr. 6)	13,907	958,906	0	0	0.0690
43	TOTAL	767,116	98,917,454	0	0	0.1289

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(Next is 310)

SALES FOR RESALE (Account 447) (Continued)

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. Group requirements RQ sales together and 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 (9) 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 average monthly 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). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.

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

8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.

9. The data in column (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 Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401, line 24.

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

MegaWatt Hours Sold (g)	REVENUE			Total (\$) (h+i+j) (k)	Line No.
	Demand Charges (\$) (h)	Energy Charges (\$) (i)	Other Charges (\$) (j)		
			175,967	175,967	1
					2
					3
					4
39,322		829,210		829,210	5
			130,514	130,514	6
	8,814			8,814	7
					8
					9
					10
					11
					12
					13
					14
0	0	0	0	0	
39,322	8,814	829,210	306,481	1,144,505	
39,322	8,814	829,210	306,481	1,144,505	

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) 05/01/2020	Year/Period of Report 2019/Q4
FOOTNOTE DATA			

Schedule Page: 310 Line No.: 1 Column: j

Renewable Energy Credits

Schedule Page: 310 Line No.: 5 Column: c

Market Based Rate Tariff Vol. No. 1.

Schedule Page: 310 Line No.: 5 Column: g

Includes 39,101 Mwh for FERC Order 668-A.

Schedule Page: 310 Line No.: 5 Column: i

Includes \$824,562 for FERC Order 668-A.

Schedule Page: 310 Line No.: 6 Column: c

Market Based Rate Tariff Vol. No. 1.

Schedule Page: 310 Line No.: 6 Column: j

Ancillary Services - Schedule 2 Firm Sales.

Schedule Page: 310 Line No.: 7 Column: c

Market Based Rate Tariff Vol. No. 1.

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

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

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering		
5	(501) Fuel		
6	(502) Steam Expenses		
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses		
10	(506) Miscellaneous Steam Power Expenses		
11	(507) Rents		
12	(509) Allowances		
13	TOTAL Operation (Enter Total of Lines 4 thru 12)		
14	Maintenance		
15	(510) Maintenance Supervision and Engineering		
16	(511) Maintenance of Structures	19,230	19,875
17	(512) Maintenance of Boiler Plant		
18	(513) Maintenance of Electric Plant		
19	(514) Maintenance of Miscellaneous Steam Plant		
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	19,230	19,875
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)	19,230	19,875
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)		
34	Maintenance		
35	(528) Maintenance Supervision and Engineering		
36	(529) Maintenance of Structures		
37	(530) Maintenance of Reactor Plant Equipment		
38	(531) Maintenance of Electric Plant		
39	(532) Maintenance of Miscellaneous Nuclear Plant		
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)		
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)		
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering	938,728	1,240,542
45	(536) Water for Power		
46	(537) Hydraulic Expenses	7,063	4,543
47	(538) Electric Expenses	238,265	309,227
48	(539) Miscellaneous Hydraulic Power Generation Expenses	114,293	54,906
49	(540) Rents	84,968	86,318
50	TOTAL Operation (Enter Total of Lines 44 thru 49)	1,383,317	1,695,536
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Maintenance Supervision and Engineering	295,746	195,184
54	(542) Maintenance of Structures	5,114	8,417
55	(543) Maintenance of Reservoirs, Dams, and Waterways	142,456	189,182
56	(544) Maintenance of Electric Plant	522,901	478,417
57	(545) Maintenance of Miscellaneous Hydraulic Plant	7,824	11,551
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)	974,041	882,751
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)	2,357,358	2,578,287

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) 05/01/2020	Year/Period of Report 2019/Q4
FOOTNOTE DATA			

Schedule Page: 320 Line No.: 76 Column: b

Includes \$824,562 for FERC Order 668-A.

Schedule Page: 320 Line No.: 76 Column: c

Includes \$700,746 for FERC Order 668-A.

Schedule Page: 320 Line No.: 88 Column: c

Account 561.4 (561.BA) includes \$438,373 of expenses incurred related to Balancing Authority Functions performed in connections with membership in the Midwest ISO (MISO). This amount is eligible for recovery through MISO's filing ER06-27-000, dated October 4, 2005.

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

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

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services	99,654	79,574
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)	99,654	79,574
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Exps (Total 123 and 130)	99,654	79,574
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	1,993,391	1,901,707
135	(581) Load Dispatching		5,605
136	(582) Station Expenses	1,123,429	929,695
137	(583) Overhead Line Expenses	42,161	46,873
138	(584) Underground Line Expenses	8,853	9,732
139	(585) Street Lighting and Signal System Expenses	42,121	43,448
140	(586) Meter Expenses	638,371	691,901
141	(587) Customer Installations Expenses		
142	(588) Miscellaneous Expenses	1,582,579	1,745,745
143	(589) Rents	48,591	54,096
144	TOTAL Operation (Enter Total of lines 134 thru 143)	5,479,496	5,428,802
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	143,688	144,677
147	(591) Maintenance of Structures		
148	(592) Maintenance of Station Equipment	811,947	1,001,326
149	(593) Maintenance of Overhead Lines	6,631,532	4,162,639
150	(594) Maintenance of Underground Lines	489,806	466,135
151	(595) Maintenance of Line Transformers	901,703	225,047
152	(596) Maintenance of Street Lighting and Signal Systems	20,849	2,836
153	(597) Maintenance of Meters	32,396	5,087
154	(598) Maintenance of Miscellaneous Distribution Plant	20,624	18,594
155	TOTAL Maintenance (Total of lines 146 thru 154)	9,052,545	6,026,341
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	14,532,041	11,455,143
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	462,978	445,832
160	(902) Meter Reading Expenses	977,755	1,015,190
161	(903) Customer Records and Collection Expenses	1,063,589	1,171,747
162	(904) Uncollectible Accounts	516,179	568,896
163	(905) Miscellaneous Customer Accounts Expenses		
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	3,020,501	3,201,665

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

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

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	220,893	177,080
168	(908) Customer Assistance Expenses	1,557,598	2,130,950
169	(909) Informational and Instructional Expenses	355,009	579,279
170	(910) Miscellaneous Customer Service and Informational Expenses		
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	2,133,500	2,887,309
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision		
175	(912) Demonstrating and Selling Expenses		
176	(913) Advertising Expenses		
177	(916) Miscellaneous Sales Expenses		
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)		
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	2,467,355	2,787,158
182	(921) Office Supplies and Expenses	1,862,539	967,672
183	(Less) (922) Administrative Expenses Transferred-Credit		
184	(923) Outside Services Employed	1,060,892	904,602
185	(924) Property Insurance	523,063	494,669
186	(925) Injuries and Damages	852,481	705,599
187	(926) Employee Pensions and Benefits	3,896,404	3,764,160
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	720,923	855,917
190	(929) (Less) Duplicate Charges-Cr.		
191	(930.1) General Advertising Expenses		
192	(930.2) Miscellaneous General Expenses	30,000	30,691
193	(931) Rents	7,320	38,852
194	TOTAL Operation (Enter Total of lines 181 thru 193)	11,420,977	10,549,320
195	Maintenance		
196	(935) Maintenance of General Plant		
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	11,420,977	10,549,320
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	67,586,467	63,301,772

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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) 6/1/2020	Year of Report 12/31/19
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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>
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1. Payroll Period Ended (Date)		11/2/2019
2. Total Regular Full-Time Employees		170
3. Total Part-Time and Temporary Employees		11
4. Total Employees		181

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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 projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm 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 firm service which meets the definition of RQ service. For all transaction 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 expect that "intermediate-term" means longer than one year but less than five years.

SF - for short-term 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 expect 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.

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 for each adjustment.

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

PURCHASED POWER (Account 555) (Continued)
(Including power exchanges)

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

MegaWatt Hours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges (\$) (j)	Energy Charges (\$) (k)	Other Charges (\$) (l)	Total (j+k+l) of Settlement (\$) (m)	
5				-6,699		-6,699	1
291,122				7,948,559		7,948,559	2
281				39,474		39,474	3
14,020				1,117,407		1,117,407	4
240,600				7,933,134		7,933,134	5
			837,500			837,500	6
172,560				5,591,616		5,591,616	7
							8
							9
							10
							11
							12
							13
							14
718,588			837,500	22,623,491		23,460,991	

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 6/1/2020	Year of Report 12/31/19
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SALES TO RAILROADS AND RAILWAYS AND INTERDEPARTMENTAL SALES (Accounts 446, 448)

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

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

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

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

Line No.	Name of Lessee or Department (a)	Description of Property (b)	Amount of Revenue for Year (c)
16			
17	Pole Contract Rental		11,732
18	Tower Contract Rental		3,551
19	Land Rent		1,800
20			
21			
22			
23			
24			
25			
26			
27			
28	Total		17,083
29			

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) 6/1/2020	Year of Report 12/31/19
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SALES OF WATER AND WATER POWER (Account 453)

1. Report below the information called for concerning revenues derived during the year from sales to others of water or water power.
2. In column (c) show the name of the power development of the respondent supplying the water or waer power sold
3. Designate associated companies.

Line No.	Name of Purchaser (a)	Purpose for Which Water Was Used (b)	Power Plant Development Supplying Water or Water Power (c)	Amount of Revenue for Year (e)
1	Marquette Board of Light and Power	Generation	Silver Lake	46,371
2				
3				
4				
5				
6				
7				
8				
9				
10	TOTAL			46,371

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

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

Line No.	Name of Company and Description of Service (a)	Amount of Revenue for Year (b)
11		
12	Miscellanenous Service Revenues (451)	
13	Customer Fees (Reconnect/NSF)	126,004
14	New Service	27,550
15		153,554
16		
17	Other Electric Revenues (456)	
18	Telephone Company Poles & Related Services	75,435
19	Wholesale Distribution Services	865,031
20	MDMA Service Revenue	90,857
21	ATC Distribution Services	54,158
22	Minor Items	807
23	Total	1,086,288
24		
25		
26		
27		
28		
29		
30	TOTAL	1,239,842

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

1. Report all transmission, i.e. wheeling or electricity provided by other electric utilities, cooperatives, municipalities, other public authorities, qualifying facilities, and others for the quarter.
2. In column (a) report each company or public authority that provided transmission service. Provide the full name of the company, abbreviate if necessary, but do not truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation with the transmission service provider. Use additional columns as necessary to report all companies or public authorities that provided transmission service for the quarter reported.
3. In column (b) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNS - Firm Network Transmission Service for Self, LFP - Long-Term Firm Point-to-Point Transmission Reservations. OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point-to-Point Transmission Reservations, NF - Non-Firm Transmission Service, and OS - Other Transmission Service. See General Instructions for definitions of statistical classifications.
4. Report in column (c) and (d) the total megawatt hours received and delivered by the provider of the transmission service.
5. Report in column (e), (f) and (g) expenses as shown on bills or vouchers rendered to the respondent. In column (e) report the demand charges and in column (f) energy charges related to the amount of energy transferred. On column (g) report the total of all other charges on bills or vouchers rendered to the respondent, including any out of period adjustments. Explain in a footnote all components of the amount shown in column (g). Report in column (h) the total charge shown on bills rendered to the respondent. If no monetary settlement was made, enter zero in column (h). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
6. Enter "TOTAL" in column (a) as the last line.
7. Footnote entries and provide explanations following all required data.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	TRANSFER OF ENERGY		EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS			
			Magawatt-hours Received (c)	Magawatt-hours Delivered (d)	Demand Charges (\$) (e)	Energy Charges (\$) (f)	Other Charges (\$) (g)	Total Cost of Transmission (\$) (h)
1	Midcontinent ISO Netwok	FNS	203,395	203,395	967,509			967,509
2	American Transmission							
3	Company	FNS			1,489,262			1,489,262
4	PJM Interconnection	LFP			2			2
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
	TOTAL		203,395	203,395	2,456,773			2,456,773

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (ELECTRIC)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	5,000
2	Nuclear Power Research Expenses	
3	Other Experimental and General Research Expenses	
4	Pub & Dist Info to Stkhldrs...expn servicing outstanding Securities	
5	Oth Expn >=5,000 show purpose, recipient, amount. Group if < \$5,000	
6	Board of Directors Fees	25,000
7		
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45		
46	TOTAL	30,000

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Account 403, 404, 405)
(Except amortization of acquisition adjustments)

1. Report in section A for the year the amounts for : (b) Depreciation Expense (Account 403); (c) Depreciation Expense for Asset Retirement Costs (Account 403.1); (d) Amortization of Limited-Term Electric Plant (Account 404); and (e) Amortization of Other Electric Plant (Account 405).

2. Report in Section 8 the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute 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 included in any sub-account used.

In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional Classifications and showing composite total. Indicate at the bottom of section C the manner in which column 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)	Depreciation Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization of Limited Term Electric Plant (Account 404) (d)	Amortization of Other Electric Plant (Acc 405) (e)	Total (f)
1	Intangible Plant			2,007,923		2,007,923
2	Steam Production Plant					
3	Nuclear Production Plant					
4	Hydraulic Production Plant-Conventional	1,724,453				1,724,453
5	Hydraulic Production Plant-Pumped Storage					
6	Other Production Plant	81,990				81,990
7	Transmission Plant					
8	Distribution Plant	5,566,530	-7,374			5,559,156
9	Regional Transmission and Market Operation					
10	General Plant	1,253,310				1,253,310
11	Common Plant-Electric					
12	TOTAL	8,626,283	-7,374	2,007,923		10,626,832

B. Basis for Amortization Charges

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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) 6/1/2020	Year of Report 12/31/19
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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	(a) Miscellaneous Amortization (425)	0
2		
3		
4	(b) Miscellaneous Income Deductions	
5	Donations (426.1)	93,618
6	United Way of Marquette	21,190
7	Amounts less than 5% of total	72,428
8		
9	Key Executive Life Insurance (426.2)	0
10	Penalties (426.3)	4,162
11	Tax Penalties	4,162
12		
13	Expenses for Certain Civil, Political, & Related Activities (426.4)	216
14	Nontaxable Meal Expense	216
15		
16	Other Deductions (426.5)	7,710
17	Johnston Printing	5,995
18	Mining Gazette	473
19	Amounts less than 5% of total	1,242
20		
21	(c) Interest of Debt to Associated Companies (430)	5,800,061
22		
23		
24	(d) Other Interest Expense (431)	565,294
25	Short Term Debt Interest - various interest rates	472,251
26	Refunds to Customers	91,949
27	Amounts less than 5% of total	1,094
28		
29		
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33		
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35	TOTAL	6,471,061
36		

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 6/1/2020	Year of Report 12/31/19
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EXPENDITURES FOR CERTAIN CIVIC, POLITICAL AND RELATED ACTIVITIES

(Account 426.4)

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

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

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

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

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

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

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

Line No.	Item (a)	Amount (b)
1	Lobbying	\$ 216
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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 format cases before a regulatory body, or cases in which such a body was a party.
 2. Report in columns (b) and (c), only the current year's expenses that are not deferred and the current year's amortization of amounts deferred in previous years.

Line No.	Description (Furnish name of regulatory commission or body the docket or case number and a description of the case) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expense for Current Year (b) + (c) (d)	Deferred in Account 182.3 at Beginning of Year (e)
1	North American Electric Reliability Commission	32,636	8,812	41,448	
2	Michigan Public Service Commission	320,632	250	320,882	
3	Federal Energy Regulatory Commission		115,953	115,953	
4					
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45					
46	TOTAL	353,268	125,015	478,283	

REGULATORY COMMISSION EXPENSES (Continued)

3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.
4. List in column (f), (g), and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.
5. Minor items (less than \$25,000) may be grouped.

EXPENSES INCURRED DURING YEAR			AMORTIZED DURING YEAR				
CURRENTLY CHARGED TO			Deferred to Account 182.3 (i)	Contra Account (j)	Amount (k)	Deferred in Account 182.3 End of Year (l)	Line No.
Department (f)	Account No. (g)	Amount (h)					
	928	41,448					1
	928	320,882					2
	928	115,953					3
							4
							5
							6
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		478,283					46

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminating and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	13,925,981		13,925,981
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	4,438,361		4,438,361
69	Gas Plant			
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	4,438,361		4,438,361
72	Plant Removal (By Utility Departments)			
73	Electric Plant			
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)			
77	Other Accounts (Specify, provide details in footnote):			
78		294,062		294,062
79				
80				
81				
82				
83				
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	294,062		294,062
96	TOTAL SALARIES AND WAGES	18,658,404		18,658,404

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CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

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

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

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

3. Designate with an asterisk associated companies.

Line No.	Name / Address	Service	Basis of Charges	Acct #	Amount
1	Asplundh Tree Expert Co	Contractor Serv	Billable hours	107, 593	1,376,856
2	PO Box 827464				
3	Philadelphia PA				
4					
5	GEI Consultants Inc	Consulting	Billable hours	107, 417, 544	269,923
6	109 W Baraga Ave				
7	Marquette MI				
8					
9	Global Data Information	Consulting	Billable hours	107	254,765
10	1251 West Chicago St				
11	Chandler AZ				
12					
13	Kubra Data Transfer Ltd	Contractor Serv	Billable hours	902	331,992
14	30 Knox Dr				
15	Piscataway NJ				
16					
17	L&H Utility Services	Construction	Billable hours	107, 593	513,646
18	PO Box 2037				
19	Kingsford MI				
20					
21	Mastec North America	Construction	Billable hours	107, 593	782,508
22	PO Box 519				
23	Hugo MN				
24					
25	Miller Canfield Paddock & Stone	Legal	Billable hours	928, 923	507,974
26	PO Drawer 640348				
27	Detroit MI				
28					
29	Utegration	Consulting	Billable hours	107, 921	2,820,054
30	3535 Briarpark Dr				
31	Houston TX				
32					
33	Pieperline	Contractor Serv	Billable Hours	107, 593	293,190
34	5477 South Westridge Court				
35	New Berlin WI				

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

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

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

3. Designate with an asterisk associated companies.

Line No.	Name / Address	Service	Basis of Charges	Acct #	Amount
1	Fox Power	Contractor Serv	Billable Hours	107, 593	388,410
2	400 3rd Ave N				
3	Gladstone MI				
4					
5					
6					
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SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES

<p>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)</p>	<p>4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.</p>
---	---

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	Upper Peninsula Power Holding Co.	Parent	Long Term Debt Interest	430	5,800,061
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TOTAL					5,800,061

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SUMMARY OF COSTS BILLED FROM FROM ASSOCIATED COMPANIES (Continued)

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

Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
				5,800,061		1
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						26
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						30
				5,800,061		

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)	MegaWatt Hours (b)	Line No.	Item (a)	MegaWatt Hours (b)
1	SOURCES OF ENERGY		21	DISPOSITION OF ENERGY	
2	Generation (Excluding Station Use):		22	Sales to Ultimate Consumers (Including Interdepartmental Sales)	767,116
3	Steam		23	Requirements Sales for Resale (See instruction 4, page 311.)	
4	Nuclear		24	Non-Requirements Sales for Resale (See instruction 4, page 311.)	39,322
5	Hydro-Conventional	132,378	25	Energy Furnished Without Charge	
6	Hydro-Pumped Storage		26	Energy Used by the Company (Electric Dept Only, Excluding Station Use)	2,755
7	Other	79	27	Total Energy Losses	41,852
8	Less Energy for Pumping		28	TOTAL (Enter Total of Lines 22 Through 27) (MUST EQUAL LINE 20)	851,045
9	Net Generation (Enter Total of lines 3 through 8)	132,457			
10	Purchases	718,588			
11	Power Exchanges:				
12	Received				
13	Delivered				
14	Net Exchanges (Line 12 minus line 13)				
15	Transmission For Other (Wheeling)				
16	Received				
17	Delivered				
18	Net Transmission for Other (Line 16 minus line 17)				
19	Transmission By Others Losses				
20	TOTAL (Enter Total of lines 9, 10, 14, 18 and 19)	851,045			

MONTHLY PEAKS AND OUTPUT

1. Report the monthly peak load and energy output. If the respondent has two or more power which are not physically integrated, furnish the required information for each non- integrated system.
2. Report in column (b) by month the system's output in Megawatt hours for each month.
3. Report in column (c) by month the non-requirements sales for resale. Include in the monthly amounts any energy losses associated with the sales.
4. Report in column (d) by month the system's monthly maximum megawatt load (60 minute integration) associated with the system.
5. Report in column (e) and (f) the specified information for each monthly peak load reported in column (d).

NAME OF SYSTEM:

Line No.	Month (a)	Total Monthly Energy (b)	Monthly Non-Requirements Sales for Resale & Associated Losses (c)	MONTHLY PEAK		
				Megawatts (See Instr. 4) (d)	Day of Month (e)	Hour (f)
29	January	64,042	387	124	28	900
30	February	56,486	194	112	19	800
31	March	67,032	2,183	125	22	1300
32	April	62,838	3,023	123	30	1100
33	May	75,483	4,751	123	9	1000
34	June	73,654	1,313	131	27	1400
35	July	78,997	2,800	135	10	1400
36	August	80,391	4,241	135	5	1300
37	September	71,824	3,769	119	6	1100
38	October	75,681	11,988	120	15	1900
39	November	66,967	3,431	115	3	1800
40	December	77,650	2,019	129	19	1800
41	TOTAL	851,045	40,099			

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/01/2020	Year/Period of Report 2019/Q4
Upper Peninsula Power Company			
FOOTNOTE DATA			

Schedule Page: 401 Line No.: 29 Column: b

5 year average (2011-2015)

Total Monthly UPPCO Customers Non-Coincident Peak Load:

At the Substation Level 3,409.421 MW

At the Primary Feeder Level 2,996.799 MW

Schedule Page: 401 Line No.: 37 Column: c

Due to a formula error, original quarterly filing was understated.

STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants)

1. Report data for plant in Service only. 2. Large plants are steam plants with installed capacity (name plate rating) of 25,000 Kw or more. Report in this page gas-turbine and internal combustion plants of 10,000 Kw or more, and nuclear plants. 3. Indicate by a footnote any plant leased or operated as a joint facility. 4. If net peak demand for 60 minutes is not available, give data which is available, specifying period. 5. If any employees attend more than one plant, report on line 11 the approximate average number of employees assignable to each plant. 6. If gas is used and purchased on a therm basis report the Btu content or the gas and the quantity of fuel burned converted to Mct. 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 show on Line 20. 8. If more than one fuel is burned in a plant furnish only the composite heat rate for all fuels burned.

Line No.	Item (a)	Plant Name: <i>Portage</i> (b)	Plant Name: <i>Gladstone</i> (c)
1	Kind of Plant (Internal Comb, Gas Turb, Nuclear)	Gas Turbine	Gas Turbine
2	Type of Constr (Conventional, Outdoor, Boiler, etc)	Conventional	Conventional
3	Year Originally Constructed	1973	1975
4	Year Last Unit was Installed	1975	1987
5	Total Installed Cap (Max Gen Name Plate Ratings-MW)	22.60	22.60
6	Net Peak Demand on Plant - MW (60 minutes)	0	0
7	Plant Hours Connected to Load	0	0
8	Net Continuous Plant Capability (Megawatts)	0	0
9	When Not Limited by Condenser Water	0	0
10	When Limited by Condenser Water	0	0
11	Average Number of Employees	0	1
12	Net Generation, Exclusive of Plant Use - KWh	0	79562
13	Cost of Plant: Land and Land Rights	7353	55663
14	Structures and Improvements	94936	110212
15	Equipment Costs	3515914	2768100
16	Asset Retirement Costs	0	0
17	Total Cost	3618203	2933975
18	Cost per KW of Installed Capacity (line 17/5) Including	160.0975	129.8219
19	Production Expenses: Oper, Supv, & Engr	0	354
20	Fuel	302390	32278
21	Coolants and Water (Nuclear Plants Only)	0	0
22	Steam Expenses	0	0
23	Steam From Other Sources	0	0
24	Steam Transferred (Cr)	0	0
25	Electric Expenses	8174	-100
26	Misc Steam (or Nuclear) Power Expenses	0	0
27	Rents	0	0
28	Allowances	0	0
29	Maintenance Supervision and Engineering	0	0
30	Maintenance of Structures	0	18975
31	Maintenance of Boiler (or reactor) Plant	0	0
32	Maintenance of Electric Plant	312	0
33	Maintenance of Misc Steam (or Nuclear) Plant	-27223	18680
34	Total Production Expenses	283653	70187
35	Expenses per Net KWh	0.0000	0.8822
36	Fuel: Kind (Coal, Gas, Oil, or Nuclear)		
37	Unit (Coal-tons/Oil-barrel/Gas-mcf/Nuclear-indicate)		
38	Quantity (Units) of Fuel Burned	0	0
39	Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	0	0
40	Avg Cost of Fuel/unit, as Delvd f.o.b. during year	0.000	0.000
41	Average Cost of Fuel per Unit Burned	0.000	0.000
42	Average Cost of Fuel Burned per Million BTU	0.000	0.000
43	Average Cost of Fuel Burned per KWh Net Gen	0.000	0.000
44	Average BTU per KWh Net Generation	0.000	0.000

HYDROELECTRIC GENERATING PLANT STATISTICS (Large Plants)

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

Line No.	Item (a)	FERC Licensed Project No. 0 Plant Name: Victoria (b)	FERC Licensed Project No. 0 Plant Name: (c)
1	Kind of Plant (Run-of-River or Storage)	Storage	
2	Plant Construction type (Conventional or Outdoor)	Conventional	
3	Year Originally Constructed	1930	
4	Year Last Unit was Installed	1930	
5	Total installed cap (Gen name plate Rating in MW)	12.00	0.00
6	Net Peak Demand on Plant-Megawatts (60 minutes)	0	0
7	Plant Hours Connect to Load	0	0
8	Net Plant Capability (in megawatts)		
9	(a) Under Most Favorable Oper Conditions	13	0
10	(b) Under the Most Adverse Oper Conditions	6	0
11	Average Number of Employees	4	0
12	Net Generation, Exclusive of Plant Use - Kwh	62,487,533	0
13	Cost of Plant		
14	Land and Land Rights	514,903	0
15	Structures and Improvements	780,310	0
16	Reservoirs, Dams, and Waterways	35,139,505	0
17	Equipment Costs	3,227,837	0
18	Roads, Railroads, and Bridges	786,844	0
19	Asset Retirement Costs	0	0
20	TOTAL cost (Total of 14 thru 19)	40,449,399	0
21	Cost per KW of Installed Capacity (line 20 / 5)	3,370.7833	0.0000
22	Production Expenses		
23	Operation Supervision and Engineering	224,279	0
24	Water for Power	0	0
25	Hydraulic Expenses	650	0
26	Electric Expenses	116,100	0
27	Misc Hydraulic Power Generation Expenses	0	0
28	Rents	0	0
29	Maintenance Supervision and Engineering	0	0
30	Maintenance of Structures	0	0
31	Maintenance of Reservoirs, Dams, and Waterways	0	0
32	Maintenance of Electric Plant	169,533	0
33	Maintenance of Misc Hydraulic Plant	0	0
34	Total Production Expenses (total 23 thru 33)	510,562	0
35	Expenses per net KWh	0.0082	0.0000

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	Prickett	1931	2.20		8,484,647	7,584,455
2	Hoist*	1925	4.40		16,509,016	19,617,166
3	McClure	1919	8.00		44,896,389	22,904,873
4						
5						
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9	*Includes Silver Lake					
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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 instruction 11, Page 403. 4. If net peak demand for 60 minutes is not available, give the which is available, specifying period. 5. If any plant is equipped with combinations of 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.

Plant Cost (Incl Asset Retire. Costs) Per MW (g)	Operation Exc'l. Fuel (h)	Production Expenses		Kind of Fuel (k)	Fuel Costs (in cents per Million Btu) (l)	Line No.
		Fuel (i)	Maintenance (j)			
3,447,480			91,615			1
4,458,447			251,890			2
2,863,109			214,637			3
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Name of Respondent UPPER PENINSULA POWER COMPAN	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 06/01/2020	Year of Report 12/31/19
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HYDROELECTRIC GENERATING PLANTS

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

Line No.	Name of Plant (a)	Location (b)	Name of Stream (c)	Water Wheels <i>(In column (e), indicate whether horizontal or vertical. Also indicate type of runner-Francis (F), fixed propeller (FP), automatically adjustable propeller (AP), Impulse (I). Designate reversible type of units by appropriate footnote)</i>			
				Attended or Unattended (d)	Type of Unit (e)	Year Installed (f)	Gross Static Head with Pond Full (g)
1	Victoria	Rockland, MI	Ontonagon	Unattended	Vertical (F)	1930	215
2							
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Name of Respondent UPPER PENINSULA POWER COMPAN	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 6/01/2020	Year of Report 12/31/19
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HYDROELECTRIC GENERATING PLANTS (Continued)

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

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

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

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Name of Respondent UPPER PENINSULA POWER COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 6/01/2020	Year of Report 12/31/19
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INTERNAL-COMBUSTION ENGINE AND GAS-TURBINE GENERATING PLANTS

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

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

Line No.	Name of Plant (a)	Location of Plant (b)	Prime Movers <i>Column (e), indicate basic cycle for gas-turbine as open or closed indicate basic cycle for internal-combustion as 2 or 4.</i>			
			Internal-Combustion or Gas-Turbine (c)	Year Installed (d)	Cycle (e)	Belted or Direct Connected (f)
1	Portage Generating	South Range, MI	Gas Turbine	1973	Open	Direct
2	Gladstone Generating	Gladstone, MI	Gas Turbine	1987	Open	Direct
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Name of Respondent UPPER PENINSULA POWER COMPAN	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 6/01/2020	Year of Report 12/31/19
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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.

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.

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

Prime Movers (Continued)	Generators						Total Installed Generating Capacity (Name Plate Ratings in Mw) (n)	Line No.
	Rated Hp of Unit (g)	Year Installed (h)	Voltage (i)	Phase (j)	Frequency of d.c. (k)	Name Plate Rating of Unit (In MW) (l)		
30295	1973	12,500	3	60	24.6	1	22.6	1
31900	1987	12500	3	60	24.6	1	22.6	2
								3
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SUBSTATIONS

1. Report below the information called for concerning substations of the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
3. Substations with capacities of Less than 10 MVA except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVA)		
			Primary (c)	Secondary (d)	Tertiary (e)
1	Freeman's Sub, Neg Twsp	Distribution	138.00	34.00	
2	Atlantic Sub, Atlantic Mine	Distribution	69.00	12.50	
3	Masonville, Mason Twsp*	Distribution	69.00	34.00	
4	McClure Plt, Ishp	Distribution	2.40	34.00	
5	Barnum Sub, Ishp	Distribution	138.00	12.50	
6	Barnum Sub, Ishp	Distribution	69.00	12.50	
7	Barnum Sub, Ishp	Distribution	138.00	34.00	
8	Delta Sub, Wells Twsp	Distribution	69.00	12.50	
9	Elevation St, Hancock*	Distribution	69.00	12.50	
10	KI Sawyer AFB	Distribution	69.00	12.50	
11	Henry Street Sub, Hurontown*	Distribution	69.00	12.50	
12	Lake Mine, Greenland Twsp*	Distribution	69.00	7.20	
13	L'Anse Dist, L'Anse*	Distribution	69.00	12.50	
14	Lincoln Ave Sub, Iron River	Distribution	69.00	12.50	
15	M-38 Sub, Baraga Twsp*	Distribution	69.00	12.50	
16	Negaunee City, Neg *	Distribution	34.00	4.16	
17	Ontonagon Sub, Ont*	Distribution	69.00	12.50	
18	Munising Sub., City of Munising	Distribution	69.00	12.50	
19	Victoria, Rockland Twsp	Distribution	69.00	12.50	
20	Osceola Sub, Laurium *	Distribution	69.00	12.50	
21	MTU, Houghton	Distribution	69.00	12.50	
22	Winona	Distribution	69.00	12.50	
23	13 Subs Under 10,000 KVA	Distribution			
24	Total		1623.40	347.36	
25					
26					
27	* Substations serving customers with				
28	energy for resale.				
29					
30					
31					
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SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

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

Capacity of Substation (In Service) (In MVA) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVA) (k)	
25	1					1
37	1					2
20	2					3
10	2					4
22	1					5
12	1					6
22	1					7
28	2					8
28	2					9
15	2					10
15	1					11
1	1					12
35	3	1				13
32	2					14
7	1	1				15
8	1					16
7	1					17
41	4					18
31	3	1				19
45	2					20
25	2					21
4	1					22
90	15	7				23
560	52	10				24
						25
						26
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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) 05/01/2020	Year/Period of Report 2019/Q4
FOOTNOTE DATA			

Schedule Page: 426 Line No.: 23 Column: a
Excludes energy for resale.

Name of Respondent UPPER PENINSULA POWER CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 6/1/2020	Year of Report 12/31/19
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ELECTRIC DISTRIBUTION METERS AND LINE TRANSFORMERS

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

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

Line No.	Item (a)	Number of Watt-Hours Meters (b)	LINE TRANSFORMERS	
			Number (c)	Total Capacity (In Mva) (d)
1	Number at Beginning of Year	63,694	23,325	638
2	Additions During Year			
3	Purchases	29,288	546	0
4	Associated with Utility Plant Acquired			0
5	TOTAL Additions (Enter Total of lines 3 and 4)	29,288	546	0
6	Reduction During Year			
7	Retirements	10,739		
8	Associated with Utility Plant Sold			
9	TOTAL Additions (Enter Total of lines 7 and 8)	10,739	0	
10	Number at End of Year (Lines 1+ 5 - 9)	82,243	23,871	702
11	In Stock	23,150	688	
12	Locked Meters on Customers' Premises	1,203		
13	Inactive Transformers on System			
14	In Customers' Use	57,790	23,183	682
15	In Companys' Use	100		
16	Total End of Year (Enter Total of lines 11 to 15. This line should equal line 10)	82,243	23,871	702

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Next Page is Index 1

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