INTEGRATED2000 ACCOUNT NO. 3690000. SERVICES

ADJUSTED: NO

N E T S A L V A G E A N A L Y S I S

	RETIREMENTS - AMOUNTS			NET SALVAGE - AMOUNTS			NET SALVAGE - PERCENT		
YEAR	ANNUAL	CUMULATIVE	5-YEAR BAND	ANNUAL	CUMULATIVE	5-YEAR BAND	ANNUAL	CUM.	5-YR BD
I	II	III	IV	V	VI	VII	VIII	IX	X
1968	37139.	37139.	0.	-5300.	-5300.	0.	-14.	-14.	0.
1969	38465.	75604.	0.	-1158.	-6458.	0.	-3.	-9.	0.
1970	34229.	109833.	0.	-5475.	-11933.	0.	-16.	-11.	0.
1971	37098.	146931.	0.	-11633.	-23566.	0.	-31.	-16.	0.
1972	36854.	183785.	183785.	-12687.	-36253.	-36253.	-34.	-20.	-20.
1973	44887.	228672.	191533.	-61273.	-97526.	-92226.	-137.	-43.	-48.
1974	33922.	262594.	186990.	-61123.	-158649.	-152191.	-180.	-60.	-81.
1975	32768.	295362.	185529.	-15079.	-173728.	-161795.	-46.	-59.	-87.
1976	37257.	332619.	185688.	-12224.	-185952.	-162386.	-33.	-56.	-87.
1977	36922.	369541.	185756.	-21193.	-207145.	-170892.	-57.	-56.	-92.
1978	35330.	404871.	176199.	-23883.	-231028.	-133502.	-68.	-57.	-76.
1979	27832.	432703.	170109.	-13621.	-244649.	-86000.	-49.	-57.	-51.
1980	29108.	461811.	166449.	-27874.	-272523.	-98795.	-96.	-59.	-59.
1981	28388.	490199.	157580.	-19482.	-292005.	-106053.	-69.	-60.	-67.
1982	25077.	515276.	145735.	-19875.	-311880.	-104735.	-79.	-61.	-72.
1983	25994.	541270.	136399.	-9907.	-321787.	-90759.	-38.	-59.	-67.
1984	24551.	565821.	133118.	-10721.	-332508.	-87859.	-44.	-59.	-66.
1985	27342.	593163.	131352.	-12913.	-345421.	-72898.	-47.	-58.	-55.
1986	23205.	616368.	126169.	-17599.	-363020.	-71015.	-76.	-59.	-56.
1987	24148.	640516.	125240.	-7770.	-370790.	-58910.	-32.	-58.	-47.
1988	25964.	666480.	125210.	-10579.	-381369.	-59582.	-41.	-57.	-48.
1989	33352.	699832.	134011.	-14228.	-395597.	-63089.	-43.	-57.	-47.
1990	31850.	731682.	138519.	-19948.	-415545.	-70124.	-63.	-57.	-51.
1991	31000.	762682.	146314.	-23337.	-438882.	-75862.	-75.	-58.	-52.
1992	33137.	795819.	155303.	-29218.	-468100.	-97310.	-88.	-59.	-63.
1993	27526.	823345.	156865.	-33950.	-502050.	-120681.	-123.	-61.	-77.
1994	29063.	852408.	152576.	-30384.	-532434.	-136837.	-105.	-62.	-90.
1995	23630.	876038.	144356.	-18576.	-551010.	-135465.	-79.	-63.	-94.
1996	26198.	902236.	139554.	-37162.	-588172.	-149290.	-142.	-65.	-107.
1997	25244.	927480.	131661.	-27992.	-616164.	-148064.	-111.	-66.	-112.
1998	19494.	946974.	123629.	-26803.	-642967.	-140917.	-137.	-68.	-114.
1999	17514.	964488.	112080.	-31310.	-674277.	-141843.	-179.	-70.	-127.
2000	5397.	969885.	93847.	-11075.	-685352.	-134342.	-205.	-71.	-143.

Schedule 1

UPPER PENINSULA POWER COMPANY

Account 370 Meters - Distribution
Study Results

Applicant proposes a remaining life of 23.2 years and a net salvage percent of 1 %. Simulated plant analyses were performed for this account from which a 35 year life and R2 curve were selected. When applied against historical plant additions, this selection produced a 23.2 year remaining life. (See schedule 2).

The net salvage percent applied for is based on the historical analysis, which shows the to-date percent as 1%.

Schedule 2

UPPER PENINSULA POWER COMPANY
INTEGRATED SYSTEM
DISTRIBUTION PLANT
ACCOUNT 370 METERS

Selected Life 35
Selected Curve R2

YEAR INSTALLED	YEARS IN SERVICE	PLANT SURVIVING DEC.31, 2000	ESTIMATED FUTURE SERVICE LIFE	DOLLAR YEARS (000)
2000	0.5	452,542	34.5	15,613
1999	1.5	201,364	33.6	6,766
1998	2.5	169,817	32.8	5,570
1997	3.5	131,360	31.9	4,190
1996	4.5	128,525	31	3,984
1995	5.5	137,119	30.1	4,127
1994	6.5	87,918	29.3	2,576
1993	7.5	184,367	28.4	5,236
1992	8.5	195,143	27.6	5,386
1991	9.5	180,589	26.7	4,822
1990	10.5	225,000	25.9	5,828
1989	11.5	131,459	25.1	3,300
1988	12.5	152,075	24.3	3,695
1987	13.5	135,921	23.5	3,194
1986	14.5	124,138	22.7	2,818
1985	15.5	161,909	22	3,562
1984	16.5	142,873	21.2	3,029
1983	17.5	116,763	20.5	2,394
1982	18.5	133,600	19.7	2,632
1981	19.5	174,041	19	3,307
1980	20.5	86,902	18.3	1,590
1979	21.5	99,021	17.6	1,743
1978	22.5	124,527	16.9	2,105
1977	23.5	157,927	16.3	2,574
1976	24.5	126,600	15.6	1,975
1975	25.5	74,285	15	1,114
1974	26.5	92,095	14.3	1,317
1973	27.5	78,025	13.7	1,069
1972	28.5	75,851	13.1	994
1971	29.5	53,888	12.6	679
1970	30.5	44,491	12	534
1969	31.5	45,131	11.5	519
1968	32.5	37,366	10.9	407
1967	33.5	48,112	10.4	500
1966	34.5	29,743	9.9	294
1965	35.5	25,482	9.5	242
1964	36.5	18,170	9	164
1963	37.5	18,879	8.6	162

Schedule 2

UPPER PENINSULA POWER COMPANY
INTEGRATED SYSTEM
DISTRIBUTION PLANT
ACCOUNT 370 METERS

Selected Life 35
Selected Curve R2

YEAR INSTALLED	YEARS IN SERVICE	PLANT SURVIVING DEC.31, 2000	ESTIMATED FUTURE SERVICE LIFE	DOLLAR YEARS (000)
1962	38.5	33,220	8.1	269
1961	39.5	21,300	7.7	164
1960	40.5	23,243	7.3	170
1959	41.5	23,372	6.9	161
1958	42.5	27,099	6.6	179
1957	43.5	21,184	6.2	131
1956	44.5	24,709	5.9	146
1955	45.5	11,882	5.6	67
1954	46.5	14,604	5.2	76
		4,803,631	23.2	111,374

INTEGRATED2000 ACCOUNT NO. 3700000. METERS

ADJUSTED: NO N E T S A L V A G E A N A L Y S I S

YEAR	RETIREMENTS - AMOUNTS ANNUAL	CUMULATIVE	5-YEAR BAND	NET SALVAGE - AMOUNTS ANNUAL	CUMULATIVE	5-YEAR BAND	NET SALVAGE - PERCENT ANNUAL	CUM.	5-YR BD
I	II	III	IV	V	VI	VII	VIII	IX	X
1968	13280.	13280.	0.	14.	14.	0.	0.	0.	0.
1969	15784.	29064.	0.	107.	121.	0.	1.	0.	0.
1970	15604.	44668.	0.	50.	171.	0.	0.	0.	0.
1971	16959.	61627.	0.	6.	177.	0.	0.	0.	0.
1972	23237.	84864.	84864.	192.	369.	369.	1.	0.	0.
1973	30038.	114902.	101622.	75.	444.	430.	0.	0.	0.
1974	24059.	138961.	109897.	-17.	427.	306.	0.	0.	0.
1975	21233.	160194.	115526.	0.	427.	256.	0.	0.	0.
1976	35463.	195657.	134030.	644.	1071.	894.	2.	1.	1.
1977	16840.	212497.	127633.	168.	1239.	870.	1.	1.	1.
1978	80434.	292931.	178029.	0.	1239.	795.	0.	0.	0.
1979	16535.	309466.	170505.	0.	1239.	812.	0.	0.	0.
1980	21183.	330649.	170455.	2231.	3470.	3043.	11.	1.	2.
1981	23006.	353655.	157998.	2035.	5505.	4434.	9.	2.	3.
1982	19135.	372790.	160293.	147.	5652.	4413.	1.	2.	3.
1983	29063.	401853.	108922.	712.	6364.	5125.	2.	2	5.
1984	26691.	428544.	119078.	960.	7324.	6085.	4.	2.	5.
1985	32103.	460647.	129998.	359.	7683.	4213.	1.	2.	3.
1986	20966.	481613.	127958.	132.	7815.	2310.	1.	2.	2.
1987	26558.	508171.	135381.	64.	7879.	2227.	0.	2.	2.
1988	70880.	579051.	177198.	222.	8101.	1737.	0.	1.	1.
1989	37445.	616496.	187952.	-40.	8061.	737.	0.	1.	0.
1990	96020.	712516.	251869.	-156.	7905.	222.	0.	1.	0.
1991	137655.	850171.	368558.	0.	7905.	90.	0.	1.	0.
1992	52577.	902748.	394577.	526.	8431.	552.	1.	1.	0.
1993	45008.	947756.	368705.	-54.	8377.	276.	0.	1.	0.
1994	77955.	1025711.	409215.	0.	8377.	316.	0.	1.	0.
1995	40948.	1066659.	354143.	1601.	9978.	2073.	4.	1.	1.
1996	58967.	1125626.	275455.	5206.	15184.	7279.	9.	1.	3.
1997	32390.	1158016.	255268.	-654.	14530.	6099.	-2.	1.	2.
1998	51709.	1209725.	261969.	-140.	14390.	6013.	0.	1.	2.
1999	27426.	1237151.	211440.	2618.	17008.	8631.	10.	1.	4.
2000	148250.	1385401.	318742.	0.	17008.	7030.	0.	1.	2.

UPPER PENINSULA POWER COMPANY

Account 371 Installations on Customers Premises - Distribution
Study Results

Applicant proposes a remaining life of 14 years and a net salvage percent of (20) %. Simulated plant analyses were performed for this account from which a 18 year life and L0 curve were selected. When applied against historical plant additions, this selection produced a 14 year remaining life. (See schedule 2).

The net salvage percent applied for is based on the historical analysis, which shows continuous movement into a greater negative net salvage percent. Linear regression analysis shows a continued increase in negative net salvage can be expected. Observance of the latest five year rolling band percents shows a range of (47)% to (59)%. The change to a (20)% net salvage factor is a step in that direction.

Schedule 2

UPPER PENINSULA POWER COMPANY
INTEGRATED SYSTEM
DISTRIBUTION PLANT
ACCOUNT 371 INSTALLATIONS ON CUSTOMERS PREMISES

Selected Life 18
Selected Curve L0

YEAR INSTALLED	YEARS IN SERVICE	PLANT SURVIVING DEC.31,2000	ESTIMATED FUTURE SERVICE LIFE	DOLLAR YEARS (000)
2000	0.5	38,974	17.6	686
1999	1.5	26,859	16.9	454
1998	2.5	26,922	16.3	439
1997	3.5	28,881	15.8	456
1996	4.5	27,252	15.3	417
1995	5.5	35,329	14.8	523
1994	6.5	29,923	14.4	431
1993	7.5	31,051	14	435
1992	8.5	33,134	13.6	451
1991	9.5	22,282	13.2	294
1990	10.5	18,089	12.8	232
1989	11.5	16,557	12.4	205
1988	12.5	12,036	12.1	146
1987	13.5	13,073	11.8	154
1986	14.5	9,982	11.4	114
1985	15.5	9,361	11.1	104
1984	16.5	7,220	10.8	78
1983	17.5	5,783	10.5	61
1982	18.5	4,324	10.2	44
1981	19.5	4,285	9.9	42
1980	20.5	4,449	9.6	43
1979	21.5	3,946	9.4	37
1978	22.5	4,327	9.1	39
1977	23.5	2,767	8.8	24
1976	24.5	1,440	8.6	12
1975	25.5	1,542	8.3	13
1974	26.5	1,626	8.1	13
1973	27.5	1,213	7.9	10
1972	28.5	968	7.6	7
1971	29.5	911	7.4	7
1970	30.5	600	7.2	4
1969	31.5	87	6.9	1
1968	32.5	-	6.8	-
1967	33.5	18	6.6	-
1966	34.5	65	6.4	-
1965	35.5	37	6.1	-
1964	36.5	39	6	-
1963	37.5	7	5.8	-
		425,359	14	5,976

INTEGRATED2000 ACCOUNT NO. 3710000. INSTALLATIONS ON CUSTOMER PREMIS

ADJUSTED: NO N E T S A L V A G E A N A L Y S I S

YEAR	RETIREMENTS - AMOUNTS ANNUAL	CUMULATIVE	5-YEAR BAND	NET SALVAGE - AMOUNTS ANNUAL	CUMULATIVE	5-YEAR BAND	NET SALVAGE - PERCENT ANNUAL	CUM.	5-YR BD
I	II	III	IV	V	VI	VII	VIII	IX	X
1968	4755.	4755.	0.	1249.	1249.	0.	26.	26.	0.
1969	5327.	10082.	0.	938.	2187.	0.	18.	22.	0.
1970	6480.	16562.	0.	682.	2869.	0.	11.	17.	0.
1971	6625.	23187.	0.	721.	3590.	0.	11.	15.	0.
1972	6443.	29630.	29630.	1046.	4636.	4636.	16.	16.	16.
1973	9428.	39058.	34303.	1511.	6147.	4898.	16.	16.	14.
1974	5422.	44480.	34398.	703.	6850.	4663.	13.	15.	14.
1975	6050.	50530.	33968.	1010.	7860.	4991.	17.	16.	15.
1976	7862.	58392.	35205.	1177.	9037.	5447.	15.	15.	15.
1977	6455.	64847.	35217.	633.	9670.	5034.	10.	15.	14.
1978	8983.	73830.	34772.	1808.	11478.	5331.	20.	16.	15.
1979	10420.	84250.	39770.	3889.	15367.	8517.	37.	18.	21.
1980	7769.	92019.	41489.	865.	16232.	8372.	11.	18.	20.
1981	10615.	102634.	44242.	691.	16923.	7886.	7.	16.	18.
1982	8298.	110932.	46085.	397.	17320.	7650.	5.	16.	17.
1983	8012.	118944.	45114.	-297.	17023.	5545.	-4.	14.	12.
1984	6896.	125840.	41590.	-302.	16721.	1354.	-4.	13.	3.
1985	6167.	132007.	39988.	637.	17358.	1126.	10.	13.	3.
1986	8377.	140384.	37750.	1487.	18845.	1922.	18.	13.	5.
1987	9433.	149817.	38885.	-503.	18342.	1022.	-5.	12.	3.
1988	9494.	159311.	40367.	377.	18719.	1696.	4.	12.	4.
1989	12120.	171431.	45591.	280.	18999.	2278.	2.	11.	5.
1990	8603.	180034.	48027.	-2125.	16874.	-484.	-25.	9.	-1.
1991	9380.	189414.	49030.	-3476.	13398.	-5447.	-37.	7.	-11.
1992	14048.	203462.	53645.	-4855.	8543.	-9799.	-35.	4.	-18.
1993	10286.	213748.	54437.	-5619.	2924.	-15795.	-55.	1.	-29.
1994	9731.	223479.	52048.	-4470.	-1546.	-20545.	-46.	-1.	-39.
1995	7677.	231156.	51122.	-5438.	-6984.	-23858.	-71.	-3.	-47.
1996	16028.	247184.	57770.	-6620.	-13604.	-27002.	-41.	-6.	-47.
1997	12107.	259291.	55829.	-7317.	-20921.	-29464.	-60.	-8.	-53.
1998	10469.	269760.	56012.	-5881.	-26802.	-29726.	-56.	-10.	-53.
1999	8418.	278178.	54699.	-6330.	-33132.	-31586.	-75.	-12.	-58.
2000	782.	278960.	47804.	-2014.	-35146.	-28162.	-258.	-13.	-59.

UPPER PENINSULA POWER COMPANY

Account 373 Street Lighting - Distribution
Study Results

Applicant proposes a remaining life of 16.1 years and a net salvage percent of (5) %. Simulated plant analyses were performed for this account from which a 21 year life and SC curve were selected. When applied against historical plant additions, this selection produced a 16.1 year remaining life. (See schedule 2).

The net salvage percent applied for is based on the historical analysis, which shows a to-date net salvage percent of (3)%. The latest five year rolling band percents are in the range of (9)% to (22)%.

Schedule 2

UPPER PENINSULA POWER COMPANY
INTEGRATED SYSTEM
DISTRIBUTION PLANT
ACCOUNT 373 STREET LIGHTING

Selected Life 21
Selected Curve SC

YEAR INSTALLED	YEARS IN SERVICE	PLANT SURVIVING DEC.31,2000	ESTIMATED FUTURE SERVICE LIFE	DOLLAR YEARS (000)
2000	0.5	95,647	20.8	1,989
1999	1.5	123,154	20.3	2,500
1998	2.5	53,151	19.8	1,052
1997	3.5	65,883	19.3	1,272
1996	4.5	35,133	18.8	661
1995	5.5	53,537	18.3	980
1994	6.5	41,154	17.8	733
1993	7.5	54,966	17.3	951
1992	8.5	62,221	16.8	1,045
1991	9.5	50,679	16.3	826
1990	10.5	68,058	15.8	1,075
1989	11.5	97,957	15.3	1,499
1988	12.5	71,732	14.8	1,062
1987	13.5	94,980	14.3	1,358
1986	14.5	55,671	13.8	768
1985	15.5	10,016	13.3	133
1984	16.5	18,248	12.8	234
1983	17.5	10,800	12.3	133
1982	18.5	15,589	11.8	184
1981	19.5	13,625	11.3	154
1980	20.5	17,371	10.8	188
1979	21.5	13,258	10.3	137
1978	22.5	17,181	9.8	168
1977	23.5	11,284	9.3	105
1976	24.5	7,152	8.8	63
1975	25.5	5,972	8.3	50
1974	26.5	4,210	7.8	33
1973	27.5	11,133	7.3	81
1972	28.5	5,066	6.8	34
1971	29.5	12,455	6.3	78
1970	30.5	7,380	5.8	43
1969	31.5	6,272	5.3	33
1968	32.5	5,522	4.8	27
1967	33.5	4,163	4.3	18
1966	34.5	2,439	3.8	9
1965	35.5	14	3.3	-
		1,223,073	16.1	19,676

INTEGRATED2000 ACCOUNT NO. 3730000. STREET LIGHTING

ADJUSTED: NO NET SALVAGE ANALYSIS

YEAR	RETIREMENTS - AMOUNTS ANNUAL	CUMULATIVE	5-YEAR BAND	NET SALVAGE - AMOUNTS ANNUAL	CUMULATIVE	5-YEAR BAND	NET SALVAGE - PERCENT ANNUAL	CUM.	5-YR BD
I	II	III	IV	V	VI	VII	VIII	IX	X
1968	47242.	47242.	0.	83.	83.	0.	0.	0.	0.
1969	46595.	93837.	0.	106.	189.	0.	0.	0.	0.
1970	45519.	139356.	0.	-5751.	-5562.	0.	-13.	-4.	0.
1971	54934.	194290.	0.	-4286.	-9848.	0.	-8.	-5.	0.
1972	0.	194290.	194290.	0.	-9848.	-9848.	0.	-5.	-5.
1973	40595.	234885.	187643.	3431.	-6417.	-6500.	8.	-3.	-3.
1974	8126.	243011.	149174.	192.	-6225.	-6414.	2.	-3.	-4.
1975	7348.	250359.	111003.	252.	-5973.	-411.	3.	-2.	0.
1976	9440.	259799.	65509.	-272.	-6245.	3603.	-3.	-2.	6.
1977	8653.	268452.	74162.	-795.	-7040.	2808.	-9.	-3.	4.
1978	17200.	285652.	50767.	-1017.	-8057.	-1640.	-6.	-3.	-3.
1979	11540.	297192.	54181.	-387.	-8444.	-2219.	-3.	-3.	-4.
1980	11538.	308730.	58371.	143.	-8301.	-2328.	1.	-3.	-4.
1981	12436.	321166.	61367.	-700.	-9001.	-2756.	-6.	-3.	-4.
1982	10050.	331216.	62764.	-2301.	-11302.	-4262.	-23.	-3.	-7.
1983	9133.	340349.	54697.	5415.	-5887.	2170.	59.	-2.	4.
1984	3987.	344336.	47144.	-819.	-6706.	1738.	-21.	-2.	4.
1985	6498.	350834.	42104.	-132.	-6838.	1463.	-2.	-2.	3.
1986	39477.	390311.	69145.	1933.	-4905.	4096.	5.	-1.	6.
1987	78589.	468900.	137684.	-1009.	-5914.	5388.	-1.	-1.	4.
1988	47946.	516846.	176497.	-2576.	-8490.	-2603.	-5.	-2.	-1.
1989	83698.	600544.	256208.	-2980.	-11470.	-4764.	-4.	-2.	-2.
1990	35292.	635836.	285002.	2005.	-9465.	-2627.	6.	-1.	-1.
1991	19621.	655457.	265146.	871.	-8594.	-3689.	4.	-1.	-1.
1992	19772.	675229.	206329.	-5163.	-13757.	-7843.	-26.	-2.	-4.
1993	14133.	689362.	172516.	-3719.	-17476.	-8986.	-26.	-3.	-5.
1994	10403.	699765.	99221.	-2488.	-19964.	-8494.	-24.	-3.	-9.
1995	11772.	711537.	75701.	-774.	-20738.	-11273.	-7.	-3.	-15.
1996	10033.	721570.	66113.	-2669.	-23407.	-14813.	-27.	-3.	-22.
1997	13816.	735386.	60157.	352.	-23055.	-9298.	3.	-3.	-15.
1998	16369.	751755.	62393.	4.	-23051.	-5575.	0.	-3.	-9.
1999	25316.	777071.	77306.	-3676.	-26727.	-6763.	-15.	-3.	-9.
2000	1132.	778203.	66666.	-471.	-27198.	-6460.	-42.	-3.	-10.

Schedule 1

UPPER PENINSULA POWER COMPANY

Account 389 Land Rights - General
Study Results

Applicant proposes a remaining life of 16.5 years and a net salvage percent of 0 %. The same life and curve as was selected for account 390 – Structures and Improvements, is selected for this account as the land rights would be expected to have the same life as the structures they are associated with.

Schedule 1

UPPER PENINSULA POWER COMPANY

Account 390 Structures and Improvements - General
Study Results

Applicant proposes a remaining life of 16.4 years and a net salvage percent of 0 %. Simulated plant analyses were performed for this account from which a 30 year life and L2 curve were selected. When applied against historical plant additions, this selection produced a 16.4 year remaining life. (See schedule 2).

Historical net salvage has been minimal to date. Disposition of individual structures is unknown at this time. Structures may be sold, in which case a positive net salvage would result, or structures may be razed, which would result in negative net salvage. Due to this uncertainty, no net salvage is predicted.

UPPER PENINSULA POWER COMPANY
INTEGRATED SYSTEM
GENERAL PLANT
ACCOUNT 390 STRUCTURES AND IMPROVEMENTS

Selected Life 30
Selected Curve L2

YEAR INSTALLED	YEARS IN SERVICE	PLANT SURVIVING DEC.31,2000	ESTIMATED FUTURE SERVICE LIFE	DOLLAR YEARS (000)
2000	0.5	92,176	29.5	2,719
1999	1.5	103,031	28.5	2,936
1998	2.5	4,924	27.5	135
1997	3.5	17,904	26.5	474
1996	4.5	117,822	25.6	3,016
1995	5.5	9,462	24.7	234
1994	6.5	31,047	23.8	739
1993	7.5	62,314	22.9	1,427
1992	8.5	44,382	22	976
1991	9.5	12,551	21.2	266
1990	10.5	80,044	20.3	1,625
1989	11.5	126,262	19.5	2,462
1988	12.5	61,697	18.8	1,160
1987	13.5	199,546	18.1	3,612
1986	14.5	83,451	17.4	1,452
1985	15.5	288,695	16.8	4,850
1984	16.5	63,234	16.2	1,024
1983	17.5	61,889	15.7	972
1982	18.5	20,381	15.2	310
1981	19.5	66,394	14.8	983
1980	20.5	19,938	14.4	287
1979	21.5	84,481	14	1,183
1978	22.5	196,228	13.7	2,688
1977	23.5	820,206	13.4	10,991
1976	24.5	27,913	13.1	366
1975	25.5	75,733	12.8	969
1974	26.5	17,828	12.5	223
1973	27.5	23,943	12.3	294
1972	28.5	8,595	12	103
1971	29.5	152,152	11.8	1,795
1970	30.5	17,399	11.6	202
1969	31.5	9,725	11.3	110
1968	32.5	1,997	11.1	22
1967	33.5	30,405	10.8	328
1966	34.5	39,638	10.6	420
1965	35.5	4,433	10.4	46
1964	36.5	18,875	10.1	191
1963	37.5	74,026	9.9	733

Schedule 2

UPPER PENINSULA POWER COMPANY
INTEGRATED SYSTEM
GENERAL PLANT
ACCOUNT 390 STRUCTURES AND IMPROVEMENTS

Selected Life 30
Selected Curve L2

YEAR INSTALLED	YEARS IN SERVICE	PLANT SURVIVING DEC.31,2000	ESTIMATED FUTURE SERVICE LIFE	DOLLAR YEARS (000)
1962	38.5	45,629	9.6	438
1961	39.5	8,407	9.4	79
1960	40.5	88	9.1	1
1959	41.5	1,493	8.8	13
1958	42.5	223	8.6	2
1957	43.5	172	8.3	1
1956	44.5	2,123	8.1	17
1955	45.5	8,975	7.9	71
		3,237,831	16.4	52,945

INTEGRATED2000 ACCOUNT NO. 3900000. STRUCTURES AND IMPROVEMENTS

ADJUSTED: NO

NET SALVAGE ANALYSIS

	RETIREMENTS - AMOUNTS			NET SALVAGE - AMOUNTS			NET SALVAGE - PERCENT		
YEAR	ANNUAL	CUMULATIVE	5-YEAR BAND	ANNUAL	CUMULATIVE	5-YEAR BAND	ANNUAL	CUM.	5-YR BD
I	II	III	IV	V	VI	VII	VIII	IX	X
1968	139.	139.	0.	0.	0.	0.	0.	0.	0.
1969	95.	234.	0.	-100.	-100.	0.	-105.	-43.	0.
1970	470.	704.	0.	-406.	-506.	0.	-86.	-72.	0.
1971	96934.	97638.	0.	-20.	-526.	0.	0.	-1.	0.
1972	1476.	99114.	99114.	-380.	-906.	-906.	-26.	-1.	-1.
1973	6370.	105484.	105345.	-680.	-1586.	-1586.	-11.	-2.	-2.
1974	4600.	110084.	109850.	-50.	-1636.	-1536.	-1.	-1.	-1.
1975	400.	110484.	109780.	0.	-1636.	-1130.	0.	-1.	-1.
1976	2487.	112971.	15333.	-1432.	-3068.	-2542.	-58.	-3.	-17.
1977	996.	113967.	14853.	414.	-2654.	-1748.	42.	-2.	-12.
1978	35530.	149497.	44013.	17447.	14793.	16379.	49.	10.	37.
1979	311.	149808.	39724.	-50.	14743.	16379.	-16.	10.	41.
1980	162.	149970.	39486.	10.	14753.	16389.	6.	10.	42.
1981	60495.	210465.	97494.	29850.	44603.	47671.	49.	21.	49.
1982	12503.	222968.	109001.	-3721.	40882.	43536.	-30.	18.	40.
1983	32565.	255533.	106036.	-1853.	39029.	24236.	-6.	15.	23.
1984	3572.	259105.	109297.	29.	39058.	24315.	1.	15.	22.
1985	11163.	270268.	120298.	-3258.	35800.	21047.	-29.	13.	17.
1986	10315.	280583.	70118.	-1209.	34591.	-10012.	-12.	12.	-14.
1987	6086.	286669.	63701.	519.	35110.	-5772.	9.	12.	-9.
1988	5198.	291867.	36334.	-514.	34596.	-4433.	-10.	12.	-12.
1989	119.	291986.	32881.	0.	34596.	-4462.	0.	12.	-14.
1990	330289.	622275.	352007.	-1865.	32731.	-3069.	-1.	5.	-1.
1991	446055.	1068330.	787747.	-5138.	27593.	-6998.	-1.	3.	-1.
1992	6333.	1074663.	787994.	-2620.	24973.	-10137.	-41.	2.	-1.
1993	4953.	1079616.	787749.	-4814.	20159.	-14437.	-97.	2.	-2.
1994	3863.	1083479.	791493.	0.	20159.	-14437.	0.	2.	-2.
1995	12847.	1096326.	474051.	0.	20159.	-12572.	0.	2.	-3.
1996	235214.	1331540.	263210.	-5250.	14909.	-12684.	-2.	1.	-5.
1997	1200.	1332740.	258077.	-784.	14125.	-10848.	-65.	1.	-4.
1998	0.	1332740.	253124.	0.	14125.	-6034.	0.	1.	-2.
1999	1300.	1334040.	250561.	0.	14125.	-6034.	0.	1.	-2.
2000	10429.	1344469.	248143.	-6619.	7506.	-12653.	-63.	1.	-5.

Schedule 1

UPPER PENINSULA POWER COMPANY

Account 391.1 Office Furniture and Fixtures - General
Study Results

Applicant proposes to change this account from depreciation accounting to amortization accounting effective with the new depreciation rate order. Based on the simulated plant study performed, an amortization period of 20 years is selected. This is the same amortization period in effect for WPSC office furniture and fixtures. Replacement and upgrade practices utilized by WPSC are being instituted for UPPCO also. The conversion methodology from depreciation accounting to amortization accounting is explained in the cover letter for this application.

UPPER PENINSULA POWER COMPANY

Account 391.2 Computers - General
Study Results

Applicant proposes to change this account from depreciation accounting to amortization accounting effective with the new depreciation rate order. The simulated plant study that was performed produced an 11 year life. This life is not indicative of the future life for the equipment in the account, for the most part made up of personal computers. The replacement policy at WPSC is also being used for UPPCO. Personal computers are being upgraded every 3-4 years at WPSC. The amortization period being used by WPSC is 5 years. The 5 year period is used to reflect the longer life of some peripheral equipment in the account and the fact that some of the replaced PCs are used for a short time in areas of the company that do not require high usage of this equipment. A 5 year amortization period is therefore requested for UPPCO.

UPPER PENINSULA POWER COMPANY

Account 391.3 Data Handling Equipment - General
Study Results

This account is a sub-account created to track the investment in fax machines, copiers, and similar data handling equipment. Prior to 2000, the investment for this type equipment was included in the office furniture and equipment account 391.1. When the WPSC accounting system was implemented for UPPCO operations in 2000, the equipment was placed in the same sub-account as WPSC uses, since a common asset accounting system is used for both companies. The depreciation rate certified for account 391.1 is being used for this sub-account until such time as the new depreciation rate order becomes effective..

Applicant proposes to change this account from depreciation accounting to amortization accounting effective with the new depreciation rate order. The same amortization period used by WPSC, 5 years, is requested.

UPPER PENINSULA POWER COMPANY

Account 393 Stores Equipment - General
Study Results

Applicant proposes to change this account from depreciation accounting to amortization accounting effective with the new depreciation rate order. The simulated plant study analysis performed for this account indicates an extended life that may not be reasonable because of the relatively small dollars in the account, $71,000, of which $55,000 has been added since 1985. WPSC is using a 20 year amortization period for this account. Applicant proposes a 20 year amortization period for the UPPCO assets.

UPPER PENINSULA POWER COMPANY

Account 394 Tools, Shop, and Garage Equipment - General
Study Results

Applicant proposes to change this account from depreciation accounting to amortization accounting effective with the new depreciation rate order. WPSC has a 20 year amortization period certified for this account. The simulated plant study analysis performed for this account indicates a life longer than 20 years, however with the adoption of WPSC operating and replacement practices, the amortization period would be expected to be the same for both companys. Applicant proposes a 20 year amortization period for the UPPCO assets.

UPPER PENINSULA POWER COMPANY

Account 395 Laboratory Equipment - General
Study Results

Applicant proposes to change this account from depreciation accounting to amortization accounting effective with the new depreciation rate order. WPSC has a 20 year amortization period certified for this account. The simulated plant study analysis performed for this account indicates a life longer than 20 years, however with the adoption of WPSC operating and replacement practices, the amortization period would be expected to be the same for both companys. Applicant proposes a 20 year amortization period for the UPPCO assets.

UPPER PENINSULA POWER COMPANY

Account 397 Communication Equipment - General
Study Results

Applicant proposes to change this account from depreciation accounting to amortization accounting effective with the new depreciation rate order. WPSC has a 12 year amortization period certified for this account. The simulated plant study analysis performed for this account indicates a life longer than 12 years, however with the adoption of WPSC operating and replacement practices, the amortization period would be expected to be the same for both companys. Also, the UPPCO simulated plant study of historical data does not take into consideration the effect of changing technology that has reduced the industry average service life for this account. Applicant proposes a 12 year amortization period for the UPPCO assets.

Schedule 1

UPPER PENINSULA POWER COMPANY

Account 398 Miscellaneous Equipment - General
Study Results

Applicant proposes to change this account from depreciation accounting to amortization accounting effective with the new depreciation rate order. WPSC has a 15 year amortization period certified for this account. The simulated plant study analysis performed for this account indicates a life longer than 15 years, however the study is based on only $26,000 of plant investment. With the adoption of WPSC operating and replacement practices, the amortization period would be expected to be the same for both companys. Applicant proposes a 15 year amortization period for the UPPCO assets.

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
Account 360.2 Land Rights- Distribution
Study Results

Applicant proposes a remaining life of 32 years and a net salvage percent of 0 %. Due to the limited amount of investment in this account, a simulated plant study was not performed. Instead the simulated plant study results for account 364 – Poles, was also used for this account. It is expected the life for the investment in this account would be the same as for the property for which the land rights were obtained. Therefore, a 33 year life and SC curve were selected. When applied against historical plant additions, this selection produced a 32 year remaining life. (See schedule 2).

No net salvage has been experienced for this account. No ultimate net salvage amounts are expected.

Schedule 2

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
DISTRIBUTION PLANT
ACCOUNT 360.2 LAND RIGHTS

Selected Life 33
Selected Curve SC

YEAR INSTALLED	YEARS IN SERVICE	PLANT SURVIVING DEC.31,2000	ESTIMATED FUTURE SERVICE LIFE	DOLLAR YEARS (000)
1996	4.5	69	40.5	3
1995	5.5	10	39.5	-
1987	13.5	1,733	31.5	55
		1,812	32	58

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
Account 361 Structures and Improvements- Distribution
Study Results

Applicant proposes a remaining life of 37.7 years and a net salvage percent of (5) %. Simulated plant analyses were performed for this account but the results were not useful due to the limited amount of investment and no retirements occurring. The life and curve selected for account 362 – Station Equipment, was also selected for this account. It is expected the substation structures would have the same life characteristics as the property with which they are associated. Therefore a 48 year life and S4 curve were selected. When applied against historical plant additions, this selection produced a 37.7 year remaining life. (See schedule 2).

Minimal net salvage has been experienced for this account. Ultimate net salvage amounts are expected to occur. The property is comprised of structural components for which removal costs would expect to exceed any salvage realized, therefore a negative net salvage of 5% is suggested.

Schedule 2

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
DISTRIBUTION PLANT
ACCOUNT 361 STRUCTURES AND IMPROVEMENTS

Selected Life 48
Selected Curve S4

YEAR INSTALLED	YEARS IN SERVICE	PLANT SURVIVING DEC.31,2000	ESTIMATED FUTURE SERVICE LIFE	DOLLAR YEARS (000)
2000	0.5	-	47.5	-
1999	1.5	-	46.5	-
1998	2.5	-	45.5	-
1997	3.5	-	44.5	-
1996	4.5	-	43.5	-
1995	5.5	-	42.5	-
1994	6.5	-	41.5	-
1993	7.5	-	40.5	-
1992	8.5	-	39.5	-
1991	9.5	20,049	38.5	772
1990	10.5	73,177	37.5	2,744
		93,226	37.7	3,516

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
Account 362 Station Equipment- Distribution
Study Results

Applicant proposes a remaining life of 10 years and a net salvage percent of 15 %. Simulated plant analyses were performed for this account from which a 20 year life and S3 curve were selected. When applied against historical plant additions, this selection produced a 10 year remaining life. (See schedule 2).

The present certified net salvage for this account is 15%. Historical analysis indicates minimal activity since the last study. Applicant thus proposes that the net salvage percent remain the same as is presently certified.

Schedule 2

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
DISTRIBUTION PLANT
ACCOUNT 362 STATION EQUIPMENT

Selected Life 20
Selected Curve S3

YEAR INSTALLED	YEARS IN SERVICE	PLANT SURVIVING DEC.31,2000	ESTIMATED FUTURE SERVICE LIFE	DOLLAR YEARS (000)
2000	0.5	-	19.5	-
1999	1.5	-	18.5	-
1998	2.5	4,258	17.5	75
1997	3.5	5,705	16.5	94
1996	4.5	1,667	15.5	26
1995	5.5	67,970	14.5	986
1994	6.5	38,270	13.5	517
1993	7.5	-	12.5	-
1992	8.5	726	11.6	8
1991	9.5	58,724	10.7	628
1990	10.5	516,056	9.8	5,057
1989	11.5	2,792	8.9	25
1988	12.5	341	8.1	3
1987	13.5	-	7.4	-
1986	14.5	-	6.7	-
1985	15.5	299	6.1	2
1984	16.5	-	5.6	-
1983	17.5	-	5	-
1982	18.5	-	4.6	-
1981	19.5	14,563	4.2	61
1980	20.5	6,700	3.8	25
1979	21.5	3,664	3.4	12
1978	22.5	-	3.1	-
1977	23.5	9,241	2.8	26
1976	24.5	24,867	2.6	65
1975	25.5	244	2.3	1
1974	26.5	8,284	2.1	17
1973	27.5	1,251	1.9	2
1972	28.5	238	1.7	-
1971	29.5	-	1.5	-
1970	30.5	307	1.3	-
1969	31.5	32	1.1	-
		766,199	10	7,630

IRON RIVER ACCOUNT NO. 3620000. STATION EQUIPMENT

ADJUSTED: NO

N E T S A L V A G E A N A L Y S I S

YEAR	RETIREMENTS - AMOUNTS			NET SALVAGE - AMOUNTS			NET SALVAGE - PERCENT		
	ANNUAL	CUMULATIVE	5-YEAR BAND	ANNUAL	CUMULATIVE	5-YEAR BAND	ANNUAL	CUM.	5-YR BD
I	II	III	IV	V	VI	VII	VIII	IX	X
1968	688.	688.	0.	0.	0.	0.	0.	0.	0.
1969	880.	1568.	0.	880.	880.	0.	100.	56.	0.
1970	0.	1568.	0.	0.	880.	0.	0.	56.	0.
1971	0.	1568.	0.	0.	880.	0.	0.	56.	0.
1972	161.	1729.	1729.	-35.	845.	845.	-22.	49.	49.
1973	501.	2230.	1542.	401.	1246.	1246.	80.	56.	81.
1974	0.	2230.	662.	0.	1246.	366.	0.	56.	55.
1975	585.	2815.	1247.	0.	1246.	366.	0.	44.	29.
1976	36054.	38869.	37301.	-2910.	-1664.	-2544.	-8.	-4.	-7.
1977	1739.	40608.	38879.	661.	-1003.	-1848.	38.	-2.	-5.
1978	1186.	41794.	39564.	880.	-123.	-1369.	74.	0.	-3.
1979	919.	42713.	40483.	-25.	-148.	-1394.	-3.	0.	-3.
1980	1772.	44485.	41670.	0.	-148.	-1394.	0.	0.	-3.
1981	11257.	55742.	16873.	10027.	9879.	11543.	89.	18.	68.
1982	0.	55742.	15134.	0.	9879.	10882.	0.	18.	72.
1983	0.	55742.	13948.	0.	9879.	10002.	0.	18.	72.
1984	0.	55742.	13029.	0.	9879.	10027.	0.	18.	77.
1985	0.	55742.	11257.	0.	9879.	10027.	0.	18.	89.
1986	0.	55742.	0.	0.	9879.	0.	0.	18.	0.
1987	0.	55742.	0.	0.	9879.	0.	0.	18.	0.
1988	0.	55742.	0.	0.	9879.	0.	0.	18.	0.
1989	0.	55742.	0.	0.	9879.	0.	0.	18.	0.
1990	4806.	60548.	4806.	0.	9879.	0.	0.	16.	0.
1991	9290.	69838.	14096.	9243.	19122.	9243.	99.	27.	66.
1992	880.	70718.	14976.	0.	19122.	9243.	0.	27.	62.
1993	1188.	71906.	16164.	0.	19122.	9243.	0.	27.	57.
1994	1963.	73869.	18127.	0.	19122.	9243.	0.	26.	51.
1995	415.	74284.	13736.	0.	19122.	9243.	0.	26.	67.
1996	1924.	76208.	6370.	0.	19122.	0.	0.	25.	0.
1997	6045.	82253.	11535.	-438.	18684.	-438.	-7.	23.	-4.
1998	1667.	83920.	12014.	1145.	19829.	707.	69.	24.	6.
1999	0.	83920.	10051.	-833.	18996.	-126.	0.	23.	-1.
2000	0.	83920.	9636.	0.	18996.	-126.	0.	23.	-1.

Schedule 1

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
Account 364 Poles - Distribution
Study Results

Applicant proposes a remaining life of 24.7 years and a (45)% net salvage percent. Simulated plant analyses were performed from which a 33 year life and SC curve was selected. When applied against historical plant additions, this selection produced a 24.7 year remaining life. (See schedule 2).

There are other circumstances that may affect the life of this account in the next three to five year period. Since merging with WPSR, a pole inspection process has been resumed. Inspections had not been part of the UPPCO operating process for several years. The program involves testing each pole through a sounding process and drilling test bores 18" below grade and 4 feet above grade. As a result of this inspection process, some poles will be treated with either an external preservative or an injected preservative. For the short term, the inspection process will result in an increase in retirements. For the long term, a longer life should be the result of these efforts. The entire system should be completed within ten years.

The historical net salvage analysis shows a cumulative percent of (39)%. The percent is becoming a greater negative each year. Observance of the latest five year rolling bands indicate of range of (77)% to (95)%. Thus the change to (45)% is a step in that direction.

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
DISTRIBUTION PLANT
ACCOUNT 364 POLES, TOWERS, AND FIXTURES

Selected Life 33
Selected Curve SC

YEAR INSTALLED	YEARS IN SERVICE	PLANT SURVIVING DEC.31,2000	ESTIMATED FUTURE SERVICE LIFE	DOLLAR YEARS (000)
2000	0.5	69,928	32.8	2,294
1999	1.5	46,862	32.3	1,514
1998	2.5	106,894	31.8	3,399
1997	3.5	56,383	31.3	1,765
1996	4.5	87,810	30.8	2,705
1995	5.5	88,017	30.3	2,667
1994	6.5	46,125	29.8	1,375
1993	7.5	56,529	29.3	1,656
1992	8.5	35,636	28.8	1,026
1991	9.5	37,791	28.3	1,069
1990	10.5	65,627	27.8	1,824
1989	11.5	46,914	27.3	1,281
1988	12.5	33,895	26.8	908
1987	13.5	51,075	26.3	1,343
1986	14.5	37,893	25.8	978
1985	15.5	43,717	25.3	1,106
1984	16.5	27,773	24.8	689
1983	17.5	15,711	24.3	382
1982	18.5	28,236	23.8	672
1981	19.5	31,383	23.3	731
1980	20.5	47,873	22.8	1,092
1979	21.5	27,375	22.3	610
1978	22.5	34,708	21.8	757
1977	23.5	28,414	21.3	605
1976	24.5	36,407	20.8	757
1975	25.5	22,724	20.3	461
1974	26.5	24,370	19.8	483
1973	27.5	21,058	19.3	406
1972	28.5	18,278	18.8	344
1971	29.5	13,317	18.3	244
1970	30.5	12,862	17.8	229
1969	31.5	13,995	17.3	242
1968	32.5	20,687	16.8	348
1967	33.5	12,479	16.3	203
1966	34.5	12,474	15.8	197
1965	35.5	10,898	15.3	167
1964	36.5	17,679	14.8	262
1963	37.5	14,276	14.3	204

Schedule 2

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
DISTRIBUTION PLANT
ACCOUNT 364 POLES, TOWERS, AND FIXTURES

Selected Life 33
Selected Curve SC

YEAR INSTALLED	YEARS IN SERVICE	PLANT SURVIVING DEC.31,2000	ESTIMATED FUTURE SERVICE LIFE	DOLLAR YEARS (000)
1962	38.5	14,482	13.8	200
1961	39.5	9,454	13.3	126
1960	40.5	7,402	12.8	95
1959	41.5	8,644	12.3	106
1958	42.5	9,648	11.8	114
1957	43.5	5,820	11.3	66
1956	44.5	11,045	10.8	119
1955	45.5	7,317	10.3	75
1954	46.5	15,020	9.8	147
1953	47.5	7,847	9.3	73
1952	48.5	10,318	8.8	91
1951	49.5	8,412	8.3	70
1950	50.5	4,120	7.8	32
1949	51.5	6,119	7.3	45
1948	52.5	7,394	6.8	50
1947	53.5	4,892	6.3	31
1946	54.5	3,709	5.8	22
1945	55.5	4,098	5.3	22
1944	56.5	580	4.8	3
1943	57.5	808	4.3	3
1942	58.5	1,159	3.8	4
1941	59.5	1,453	3.3	5
1940	60.5	995	2.8	3
1939	61.5	1,769	2.3	4
1938	62.5	1,231	1.8	2
1937	63.5	1,546	1.3	2
1936	64.5	1,104	0.9	1
1935	65.5	1,001	0.7	1
		1,561,460	24.7	38,507