

IRON RIVER

ACCOUNT NO. 3640000. POLES

ADJUSTED: NO

NET SALVAGE ANALYSIS

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	13272.	13272.	0.	0.	0.	0.	0.	0.	0.
1969	12616.	25888.	0.	-4014.	-4014.	0.	-32.	-16.	0.
1970	13630.	39518.	0.	-4118.	-8132.	0.	-30.	-21.	0.
1971	8537.	48055.	0.	-3836.	-11968.	0.	-45.	-25.	0.
1972	9497.	57552.	57552.	-3593.	-15561.	-15561.	-38.	-27.	-27.
1973	10438.	67990.	54718.	-3584.	-19145.	-19145.	-34.	-28.	-35.
1974	10532.	78522.	52634.	-2928.	-22073.	-18059.	-28.	-28.	-34.
1975	10274.	88796.	49278.	-3082.	-25155.	-17023.	-30.	-28.	-35.
1976	12688.	101484.	53429.	-3846.	-29001.	-17033.	-30.	-29.	-32.
1977	14266.	115750.	58198.	-4517.	-33518.	-17957.	-32.	-29.	-31.
1978	17695.	133445.	65455.	-5738.	-39256.	-20111.	-32.	-29.	-31.
1979	10793.	144238.	65716.	-7492.	-46748.	-24675.	-69.	-32.	-38.
1980	15845.	160083.	71287.	-4064.	-50812.	-25657.	-26.	-32.	-36.
1981	14843.	174926.	73442.	-3771.	-54583.	-25582.	-25.	-31.	-35.
1982	12479.	187405.	71655.	-2613.	-57196.	-23678.	-21.	-31.	-33.
1983	11659.	199064.	65619.	-3414.	-60610.	-21354.	-29.	-30.	-33.
1984	25639.	224703.	80465.	-3721.	-64331.	-17583.	-15.	-29.	-22.
1985	17306.	242009.	81926.	-4954.	-69285.	-18473.	-29.	-29.	-23.
1986	25993.	268002.	93076.	-6147.	-75432.	-20849.	-24.	-28.	-22.
1987	27902.	295904.	108499.	-3190.	-78622.	-21426.	-11.	-27.	-20.
1988	19852.	315756.	116692.	-3113.	-81735.	-21125.	-16.	-26.	-18.
1989	5450.	321206.	96503.	-4130.	-85865.	-21534.	-76.	-27.	-22.
1990	5696.	326902.	84893.	-2020.	-87885.	-18600.	-35.	-27.	-22.
1991	7453.	334355.	66353.	-3147.	-91032.	-15600.	-42.	-27.	-24.
1992	16079.	350434.	54530.	-6424.	-97456.	-18834.	-40.	-28.	-35.
1993	7638.	358072.	42316.	-5829.	-103285.	-21550.	-76.	-29.	-51.
1994	12755.	370827.	49621.	-4440.	-107725.	-21860.	-35.	-29.	-44.
1995	9714.	380541.	53639.	-12888.	-120613.	-32728.	-133.	-32.	-61.
1996	8416.	388957.	54602.	-12194.	-132807.	-41775.	-145.	-34.	-77.
1997	11402.	400359.	49925.	-8003.	-140810.	-43354.	-70.	-35.	-87.
1998	14822.	415181.	57109.	-13080.	-153890.	-50605.	-88.	-37.	-89.
1999	12295.	427476.	56649.	-5656.	-159546.	-51821.	-46.	-37.	-91.
2000	5592.	433068.	52527.	-11088.	-170634.	-50021.	-198.	-39.	-95.

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
Account 365 Overhead Conductors and Devices - Distribution
Study Results

Applicant proposes a remaining life of 16 years and a net salvage percent of (40) %. Simulated plant analyses were performed for this account from which a 29 year life and S5 curve were selected. When applied against historical plant additions, this selection produced a 16 year remaining life. (See schedule 2).

Historical analysis of net salvage indicates a cumulative rate of (35)%. The cumulative negative percent is increasing each year. Observance of the latest five year rolling band percents shows a range of (75)% to (97)%. Thus a change to (40)% is a step in that direction.

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
DISTRIBUTION PLANT
ACCOUNT 365 OVERHEAD CONDUCTOR AND DEVICES

Selected Life 29
Selected Curve S5

<u>YEAR INSTALLED</u>	<u>YEARS IN SERVICE</u>	<u>PLANT SURVIVING DEC.31,2000</u>	<u>ESTIMATED FUTURE SERVICE LIFE</u>	<u>DOLLAR YEARS (000)</u>
2000	0.5	35,490	28.5	1,011
1999	1.5	19,015	27.5	523
1998	2.5	54,407	26.5	1,442
1997	3.5	56,242	25.5	1,434
1996	4.5	94,335	24.5	2,311
1995	5.5	56,939	23.5	1,338
1994	6.5	44,542	22.5	1,002
1993	7.5	75,295	21.5	1,619
1992	8.5	23,995	20.5	492
1991	9.5	71,961	19.5	1,403
1990	10.5	81,255	18.5	1,503
1989	11.5	35,372	17.5	619
1988	12.5	26,816	16.5	442
1987	13.5	34,037	15.5	528
1986	14.5	30,154	14.5	437
1985	15.5	29,197	13.5	394
1984	16.5	32,555	12.5	407
1983	17.5	15,673	11.5	180
1982	18.5	28,491	10.5	299
1981	19.5	40,324	9.5	383
1980	20.5	56,741	8.6	488
1979	21.5	36,256	7.6	276
1978	22.5	39,626	6.7	265
1977	23.5	41,184	5.9	243
1976	24.5	42,709	5.1	218
1975	25.5	17,789	4.5	80
1974	26.5	9,825	3.9	38
1973	27.5	5,174	3.4	18
1972	28.5	2,795	3	8
1971	29.5	1,797	2.6	5
1970	30.5	2,876	2.3	7
1969	31.5	5,456	2	11
1968	32.5	4,944	1.8	9
1967	33.5	7,115	1.6	11
1966	34.5	7,675	1.4	11
1965	35.5	10,056	1.3	13
1964	36.5	8,966	1.2	11
1963	37.5	8,969	1	9

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
DISTRIBUTION PLANT
ACCOUNT 365 OVERHEAD CONDUCTOR AND DEVICES

Selected Life 29
Selected Curve S5

<u>YEAR INSTALLED</u>	<u>YEARS IN SERVICE</u>	<u>PLANT SURVIVING DEC.31,2000</u>	<u>ESTIMATED FUTURE SERVICE LIFE</u>	<u>DOLLAR YEARS (000)</u>
1962	38.5	14,901	1	15
1961	39.5	<u>9,593</u>	<u>0.9</u>	<u>9</u>
		1,220,542	16	19,512

IRON RIVER

ACCOUNT NO. 3650000. OH CONDUCTOR AND DEVICES

ADJUSTED: NO

NET SALVAGE ANALYSIS

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	3150.	3150.	0.	0.	0.	0.	0.	0.	0.
1969	4939.	8089.	0.	818.	818.	0.	17.	10.	0.
1970	2221.	10310.	0.	669.	1487.	0.	30.	14.	0.
1971	652.	10962.	0.	-428.	1059.	0.	-66.	10.	0.
1972	976.	11938.	11938.	-53.	1006.	1006.	-5.	8.	8.
1973	1305.	13243.	10093.	-193.	813.	813.	-15.	6.	8.
1974	4869.	18112.	10023.	1109.	1922.	1104.	23.	11.	11.
1975	4378.	22490.	12180.	-1655.	267.	-1220.	-38.	1.	-10.
1976	10656.	33146.	22184.	-4399.	-4132.	-5191.	-41.	-12.	-23.
1977	17222.	50368.	38430.	-1819.	-5951.	-6957.	-11.	-12.	-18.
1978	12383.	62751.	49508.	-5061.	-11012.	-11825.	-41.	-18.	-24.
1979	9525.	72276.	54164.	-2796.	-13808.	-15730.	-29.	-19.	-29.
1980	14152.	86428.	63938.	-3936.	-17744.	-18011.	-28.	-21.	-28.
1981	10848.	97276.	64130.	-1934.	-19678.	-15546.	-18.	-20.	-24.
1982	8517.	105793.	55425.	-2367.	-22045.	-16094.	-28.	-21.	-29.
1983	6640.	112433.	49682.	-2030.	-24075.	-13063.	-31.	-21.	-26.
1984	14738.	127171.	54895.	-4984.	-29059.	-15251.	-34.	-23.	-28.
1985	11669.	138840.	52412.	-3933.	-32992.	-15248.	-34.	-24.	-29.
1986	13605.	152445.	55169.	-1951.	-34943.	-15265.	-14.	-23.	-28.
1987	19150.	171595.	65802.	-5072.	-40015.	-17970.	-26.	-23.	-27.
1988	10758.	182353.	69920.	-893.	-40908.	-16833.	-8.	-22.	-24.
1989	7611.	189964.	62793.	-345.	-41253.	-12194.	-5.	-22.	-19.
1990	1225.	191189.	52349.	-1402.	-42655.	-9663.	-114.	-22.	-18.
1991	10665.	201854.	49409.	-6075.	-48730.	-13787.	-57.	-24.	-28.
1992	6888.	208742.	37147.	-3592.	-52322.	-12307.	-52.	-25.	-33.
1993	5099.	213841.	31488.	-3033.	-55355.	-14447.	-59.	-26.	-46.
1994	8176.	222017.	32053.	-1640.	-56995.	-15742.	-20.	-26.	-49.
1995	4192.	226209.	35020.	-5903.	-62898.	-20243.	-141.	-28.	-58.
1996	1637.	227846.	25992.	-5337.	-68235.	-19505.	-326.	-30.	-75.
1997	7497.	235343.	26601.	-4023.	-72258.	-19936.	-54.	-31.	-75.
1998	9486.	244829.	30988.	-12917.	-85175.	-29820.	-136.	-35.	-96.
1999	9161.	253990.	31973.	-2256.	-87431.	-30436.	-25.	-34.	-95.
2000	364.	254354.	28145.	-2683.	-90114.	-27216.	-737.	-35.	-97.

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
Account 367 Underground Conductor and Devices - Distribution
Study Results

The investment in this account has been combined with account 366 – Underground Conduit for purposes of this study. In July, 2000, the investment in account 366 was transferred to account 367. In reviewing the units of property included in account 366 at UPPCO, WPSC accounting personnel determined that the units classified as account 366 actually fit the criteria for classifying assets as account 367 in the WPSC accounting system. The investment in account 366 was loaded to various types of underground conductor and not set up as units of property.

The depreciation rate and salvage factor proposed for account 367 is based on the combined investment.

Applicant proposes a remaining life of 25.6 years and a net salvage percent of (5) %. 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 25.6 year remaining life. (See schedule 2).

The life for this account can be expected to increase in the future due to the merger into WPSR. WPSC construction standards are being implemented. WPSC operating personnel have studied the UPPCO system and found that the failure rate of underground conductor was higher than at WPSC. This has been attributed to the fact that in the past, UPPCO installed industry standard conductor. The practice of WPSC for several years has been to install above standard conductor with thicker insulation as a means of reducing failures. Also, WPSC conducted tests on the conductor before purchasing it, whereas this was not a practice at UPPCO. Replacements and installations for the UPPCO system will be made with the same conductor that WPSC is using. WPSC presently has a 40 year life certified for this account

Historical analysis of net salvage indicates minimal to date activity. The presently certified negative 5% appears appropriate based on the results that have been experienced.

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
DISTRIBUTION PLANT
ACCOUNT 367 UNDERGROUND CONDUCTOR AND DEVICES

Selected Life 35
Selected Curve R2

<u>YEAR INSTALLED</u>	<u>YEARS IN SERVICE</u>	<u>PLANT SURVIVING DEC.31,2000</u>	<u>ESTIMATED FUTURE SERVICE LIFE</u>	<u>DOLLAR YEARS (000)</u>
2000	0.5	72,264	34.5	2,493
1999	1.5	6,244	33.6	210
1998	2.5	46,159	32.8	1,514
1997	3.5	23,485	31.9	749
1996	4.5	83,719	31	2,595
1995	5.5	20,535	30.1	618
1994	6.5	18,486	29.3	542
1993	7.5	111,986	28.4	3,180
1992	8.5	38,550	27.6	1,064
1991	9.5	99,201	26.7	2,649
1990	10.5	160,384	25.9	4,154
1989	11.5	47,129	25.1	1,183
1988	12.5	11,042	24.3	268
1987	13.5	116,522	23.5	2,738
1986	14.5	26,541	22.7	602
1985	15.5	48,404	22	1,065
1984	16.5	52,848	21.2	1,120
1983	17.5	30,442	20.5	624
1982	18.5	4,367	19.7	86
1981	19.5	2,883	19	55
1980	20.5	32,198	18.3	589
1979	21.5	18,451	17.6	325
1978	22.5	14,608	16.9	247
1977	23.5	46,252	16.3	754
1976	24.5	23,334	15.6	364
1975	25.5	4,372	15	66
1974	26.5	11,834	14.3	169
1973	27.5	1,040	13.7	14
1972	28.5	-	13.1	-
1971	29.5	2,796	12.6	35
		<u>1,176,076</u>	<u>25.6</u>	<u>30,072</u>

IRON RIVER

ACCOUNT NO. 3672000.

UG CONDUCTOR AND DEVICES

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	0.	0.	0.	0.	0.	0.	0.	0.	0.
1969	0.	0.	0.	0.	0.	0.	0.	0.	0.
1970	0.	0.	0.	0.	0.	0.	0.	0.	0.
1971	0.	0.	0.	0.	0.	0.	0.	0.	0.
1972	0.	0.	0.	0.	0.	0.	0.	0.	0.
1973	0.	0.	0.	0.	0.	0.	0.	0.	0.
1974	0.	0.	0.	0.	0.	0.	0.	0.	0.
1975	2851.	2851.	2851.	0.	0.	0.	0.	0.	0.
1976	20.	2871.	2871.	0.	0.	0.	0.	0.	0.
1977	3087.	5958.	5958.	0.	0.	0.	0.	0.	0.
1978	0.	5958.	5958.	0.	0.	0.	0.	0.	0.
1979	359.	6317.	6317.	10.	10.	10.	3.	0.	0.
1980	0.	6317.	3466.	0.	10.	10.	0.	0.	0.
1981	0.	6317.	3446.	0.	10.	10.	0.	0.	0.
1982	0.	6317.	359.	0.	10.	10.	0.	0.	3.
1983	0.	6317.	359.	0.	10.	10.	0.	0.	3.
1984	169.	6486.	169.	88.	98.	88.	52.	2.	52.
1985	58.	6544.	227.	179.	277.	267.	309.	4.	118.
1986	1019.	7563.	1246.	-115.	162.	152.	-11.	2.	12.
1987	1873.	9436.	3119.	-1498.	-1336.	-1346.	-80.	-14.	-43.
1988	249.	9685.	3368.	0.	-1336.	-1346.	0.	-14.	-40.
1989	3755.	13440.	6954.	299.	-1037.	-1135.	8.	-8.	-16.
1990	574.	14014.	7470.	299.	-738.	-1015.	52.	-5.	-14.
1991	8059.	22073.	14510.	0.	-738.	-900.	0.	-3.	-6.
1992	699.	22772.	13336.	-159.	-897.	439.	-23.	-4.	3.
1993	3978.	26750.	17065.	-1352.	-2249.	-913.	-34.	-8.	-5.
1994	203.	26953.	13513.	55.	-2194.	-1157.	27.	-8.	-9.
1995	17506.	44459.	30445.	-151.	-2345.	-1607.	-1.	-5.	-5.
1996	16705.	61164.	39091.	-611.	-2956.	-2218.	-4.	-5.	-6.
1997	173.	61337.	38565.	-313.	-3269.	-2372.	-181.	-5.	-6.
1998	2948.	64285.	37535.	-1335.	-4604.	-2355.	-45.	-7.	-6.
1999	0.	64285.	37332.	-77.	-4681.	-2487.	0.	-7.	-7.
2000	0.	64285.	19826.	-44.	-4725.	-2380.	0.	-7.	-12.

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
Account 368 Transformers - Distribution
Study Results

Applicant proposes a remaining life of 20.5 years and a net salvage percent of (10) %. Simulated plant analyses were performed for this account from which a 32 year life and L2 curve were selected. When applied against historical plant additions, this selection produced a 20.5 year remaining life. (See schedule 2).

Historical analysis of net salvage indicates a to-date percentage of (6)%, however in observing the five year rolling bands, the present (10)% factor appears proper.

Schedule 2

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
DISTRIBUTION PLANT
ACCOUNT 368 LINE TRANSFORMERS

Selected Life 32
Selected Curve L2

<u>YEAR INSTALLED</u>	<u>YEARS IN SERVICE</u>	<u>PLANT SURVIVING DEC.31,2000</u>	<u>ESTIMATED FUTURE SERVICE LIFE</u>	<u>DOLLAR YEARS (000)</u>
2000	0.5	20,895	31.5	658
1999	1.5	13,522	30.5	412
1998	2.5	58,213	29.5	1,717
1997	3.5	54,290	28.5	1,547
1996	4.5	56,828	27.6	1,568
1995	5.5	41,197	26.6	1,096
1994	6.5	37,197	25.7	956
1993	7.5	32,086	24.8	796
1992	8.5	58,972	24	1,415
1991	9.5	39,883	23.1	921
1990	10.5	71,247	22.3	1,589
1989	11.5	45,167	21.4	967
1988	12.5	16,683	20.7	345
1987	13.5	10,446	19.9	208
1986	14.5	38,914	19.2	747
1985	15.5	35,975	18.5	666
1984	16.5	26,382	17.9	472
1983	17.5	11,623	17.3	201
1982	18.5	10,781	16.8	181
1981	19.5	16,680	16.3	272
1980	20.5	28,868	15.9	459
1979	21.5	16,586	15.5	257
1978	22.5	22,149	15.1	334
1977	23.5	44,458	14.8	658
1976	24.5	19,360	14.4	279
1975	25.5	22,120	14.1	312
1974	26.5	25,730	13.8	355
1973	27.5	9,593	13.6	130
1972	28.5	9,278	13.3	123
1971	29.5	7,570	13.1	99
1970	30.5	5,503	12.8	70
1969	31.5	4,329	12.6	55
1968	32.5	6,802	12.3	84
1967	33.5	4,421	12.1	53
1966	34.5	7,262	11.9	86
1965	35.5	3,290	11.6	38
1964	36.5	8,254	11.4	94
1963	37.5	5,770	11.1	64

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
DISTRIBUTION PLANT
ACCOUNT 368 LINE TRANSFORMERS

Selected Life 32
Selected Curve L2

<u>YEAR INSTALLED</u>	<u>YEARS IN SERVICE</u>	<u>PLANT SURVIVING DEC.31,2000</u>	<u>ESTIMATED FUTURE SERVICE LIFE</u>	<u>DOLLAR YEARS (000)</u>
1962	38.5	9,213	10.9	100
1961	39.5	7,445	10.6	79
1960	40.5	6,185	10.4	64
1959	41.5	4,714	10.1	48
1958	42.5	9,673	9.9	96
1957	43.5	3,860	9.6	37
1956	44.5	3,509	9.4	33
1955	45.5	3,097	9.1	28
1954	46.5	6,097	8.9	54
1953	47.5	5,303	8.6	46
1952	48.5	6,054	8.4	51
1951	49.5	2,233	8.1	18
1950	50.5	2,126	7.9	17
1949	51.5	1,534	7.7	12
1948	52.5	2,679	7.4	20
1947	53.5	<u>4,822</u>	<u>7.2</u>	<u>35</u>
		1,026,868	20.5	21,022

IRON RIVER

ACCOUNT NO. 3680000. TRANSFORMERS

ADJUSTED: NO

NET SALVAGE ANALYSIS

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	3722.	3722.	0.	0.	0.	0.	0.	0.	0.
1969	1625.	5347.	0.	327.	327.	0.	20.	6.	0.
1970	1931.	7278.	0.	232.	559.	0.	12.	8.	0.
1971	1467.	8745.	0.	501.	1060.	0.	34.	12.	0.
1972	3827.	12572.	12572.	-97.	963.	963.	-3.	8.	8.
1973	3163.	15735.	12013.	20.	983.	983.	1.	6.	8.
1974	9143.	24878.	19531.	1618.	2601.	2274.	18.	10.	12.
1975	7874.	32752.	25474.	-280.	2321.	1762.	-4.	7.	7.
1976	10390.	43142.	34397.	-527.	1794.	734.	-5.	4.	2.
1977	36199.	79341.	66769.	2167.	3961.	2998.	6.	5.	4.
1978	8640.	87981.	72246.	-555.	3406.	2423.	-6.	4.	3.
1979	4227.	92208.	67330.	-40.	3366.	765.	-1.	4.	1.
1980	8406.	100614.	67862.	273.	3639.	1318.	3.	4.	2.
1981	8819.	109433.	66291.	1641.	5280.	3486.	19.	5.	5.
1982	4430.	113863.	34522.	712.	5992.	2031.	16.	5.	6.
1983	6126.	119989.	32008.	-555.	5437.	2031.	-9.	5.	6.
1984	2926.	122915.	30707.	-302.	5135.	1769.	-10.	4.	6.
1985	5087.	128002.	27388.	-1100.	4035.	396.	-22.	3.	1.
1986	6170.	134172.	24739.	-947.	3088.	-2192.	-15.	2.	-9.
1987	7633.	141805.	27942.	1122.	4210.	-1782.	15.	3.	-6.
1988	9522.	151327.	31338.	-934.	3276.	-2161.	-10.	2.	-7.
1989	4056.	155383.	32468.	-33.	3243.	-1892.	-1.	2.	-6.
1990	8946.	164329.	36327.	-762.	2481.	-1554.	-9.	2.	-4.
1991	10875.	175204.	41032.	-1009.	1472.	-1616.	-9.	1.	-4.
1992	19306.	194510.	52705.	-1296.	176.	-4034.	-7.	0.	-8.
1993	15145.	209655.	58328.	-243.	-67.	-3343.	-2.	0.	-6.
1994	15612.	225267.	69884.	-1577.	-1644.	-4887.	-10.	-1.	-7.
1995	29505.	254772.	90443.	-14158.	-15802.	-18283.	-48.	-6.	-20.
1996	50166.	304938.	129734.	-1361.	-17163.	-18635.	-3.	-6.	-14.
1997	7836.	312774.	118264.	-1240.	-18403.	-18579.	-16.	-6.	-16.
1998	18521.	331295.	121640.	-1567.	-19970.	-19903.	-8.	-6.	-16.
1999	11899.	343194.	117927.	127.	-19843.	-18199.	1.	-6.	-15.
2000	1208.	344402.	89630.	-1510.	-21353.	-5551.	-125.	-6.	-6.

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
Account 369 Services - Distribution
Study Results

Applicant proposes a remaining life of 32.3 years and a net salvage percent of (110) %. Simulated plant analyses were performed for this account from which a 25 year life and S6 curve were selected. When applied against historical plant additions, this selection produced a 32.3 year remaining life. (See schedule 2).

The net salvage percent applied for is based on the historical analysis, which shows the negative percent on a cumulative basis at (93)% and the five year rolling bands at a substantially higher percent.

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
DISTRIBUTION PLANT
ACCOUNT 369 SERVICES

Selected Life 25
Selected Curve S6

<u>YEAR INSTALLED</u>	<u>YEARS IN SERVICE</u>	<u>PLANT SURVIVING DEC.31,2000</u>	<u>ESTIMATED FUTURE SERVICE LIFE</u>	<u>DOLLAR YEARS (000)</u>
2000	0.5	36,363	37.8	1,375
1999	1.5	19,248	37.3	718
1998	2.5	36,020	36.8	1,326
1997	3.5	36,290	36.3	1,317
1996	4.5	35,922	35.8	1,286
1995	5.5	30,203	35.3	1,066
1994	6.5	16,722	34.8	582
1993	7.5	32,161	34.3	1,103
1992	8.5	31,338	33.8	1,059
1991	9.5	21,610	33.3	720
1990	10.5	16,152	32.8	530
1989	11.5	22,937	32.3	741
1988	12.5	10,927	31.8	347
1987	13.5	15,093	31.3	472
1986	14.5	32,398	30.8	998
1985	15.5	21,772	30.3	660
1984	16.5	15,927	29.8	475
1983	17.5	15,657	29.3	459
1982	18.5	12,608	28.8	363
1981	19.5	12,177	28.3	345
1980	20.5	14,735	27.8	410
1979	21.5	16,683	27.3	455
1978	22.5	15,818	26.8	424
1977	23.5	19,198	26.3	505
1976	24.5	11,696	25.8	302
1975	25.5	9,996	25.3	253
1974	26.5	6,621	24.8	164
1973	27.5	5,577	24.3	136
1972	28.5	4,762	23.8	113
1971	29.5	4,115	23.3	96
1970	30.5	3,876	22.8	88
		<u>584,602</u>	32.3	<u>18,888</u>

IRON RIVER

ACCOUNT NO. 3690000. SERVICES

ADJUSTED: NO

NET SALVAGE ANALYSIS

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	2430.	2430.	0.	0.	0.	0.	0.	0.	0.
1969	2921.	5351.	0.	-1358.	-1358.	0.	-46.	-25.	0.
1970	2385.	7736.	0.	-920.	-2278.	0.	-39.	-29.	0.
1971	2554.	10290.	0.	-929.	-3207.	0.	-36.	-31.	0.
1972	2521.	12811.	12811.	-1060.	-4267.	-4267.	-42.	-33.	-33.
1973	3164.	15975.	13545.	-657.	-4924.	-4924.	-21.	-31.	-36.
1974	2815.	18790.	13439.	-1340.	-6264.	-4906.	-48.	-33.	-37.
1975	3035.	21825.	14089.	-2027.	-8291.	-6013.	-67.	-38.	-43.
1976	3366.	25191.	14901.	-1921.	-10212.	-7005.	-57.	-41.	-47.
1977	5600.	30791.	17980.	-4645.	-14857.	-10590.	-83.	-48.	-59.
1978	3397.	34188.	18213.	-3956.	-18813.	-13889.	-116.	-55.	-76.
1979	4158.	38346.	19556.	-3760.	-22573.	-16309.	-90.	-59.	-83.
1980	3270.	41616.	19791.	-2953.	-25526.	-17235.	-90.	-61.	-87.
1981	4149.	45765.	20574.	-4835.	-30361.	-20149.	-117.	-66.	-98.
1982	4819.	50584.	19793.	-3317.	-33678.	-18821.	-69.	-67.	-95.
1983	3385.	53969.	19781.	-3980.	-37658.	-18845.	-118.	-70.	-95.
1984	3999.	57968.	19622.	-4354.	-42012.	-19439.	-105.	-72.	-99.
1985	4020.	61988.	20372.	-2988.	-45000.	-19474.	-74.	-73.	-96.
1986	4521.	66509.	20744.	-1561.	-46561.	-16200.	-35.	-70.	-78.
1987	3563.	70072.	19488.	-2341.	-48902.	-15224.	-66.	-70.	-78.
1988	2251.	72323.	18354.	-1411.	-50313.	-12655.	-63.	-70.	-69.
1989	2262.	74585.	16617.	-502.	-50815.	-8803.	-22.	-68.	-53.
1990	3180.	77765.	15777.	-3468.	-54283.	-9283.	-109.	-70.	-59.
1991	2212.	79977.	13468.	-5086.	-59369.	-12808.	-230.	-74.	-95.
1992	5324.	85301.	15229.	-8679.	-68048.	-19146.	-163.	-80.	-126.
1993	3592.	88893.	16570.	-7492.	-75540.	-25227.	-209.	-85.	-152.
1994	3053.	91946.	17361.	-3386.	-78926.	-28111.	-111.	-86.	-162.
1995	2127.	94073.	16308.	-1547.	-80473.	-26190.	-73.	-86.	-161.
1996	1827.	95900.	15923.	-3203.	-83676.	-24307.	-175.	-87.	-153.
1997	1762.	97662.	12361.	-2982.	-86658.	-18610.	-169.	-89.	-151.
1998	1561.	99223.	10330.	-2324.	-88982.	-13442.	-149.	-90.	-130.
1999	1038.	100261.	8315.	-1916.	-90898.	-11972.	-185.	-91.	-144.
2000	604.	100865.	6792.	-2617.	-93515.	-13042.	-433.	-93.	-192.

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
Account 370 Meters - Distribution
Study Results

Applicant proposes a remaining life of 10.6 years and a net salvage percent of 0 %. Simulated plant analyses were performed for this account from which a 28 year life and L5 curve were selected. When applied against historical plant additions, this selection produced a 10.6 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 0%.

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
DISTRIBUTION PLANT
ACCOUNT 370 METERS

Selected Life
Selected Curve

28
L5

<u>YEAR INSTALLED</u>	<u>YEARS IN SERVICE</u>	<u>PLANT SURVIVING DEC.31,2000</u>	<u>ESTIMATED FUTURE SERVICE LIFE</u>	<u>DOLLAR YEARS (000)</u>
2000	0.5	1,201	27.5	33
1999	1.5	16,340	26.5	433
1998	2.5	15,194	25.5	387
1997	3.5	13,885	24.5	340
1996	4.5	2,413	23.5	57
1995	5.5	-	22.5	-
1994	6.5	-	21.5	-
1993	7.5	-	20.5	-
1992	8.5	3,341	19.5	65
1991	9.5	6,543	18.5	121
1990	10.5	8,512	17.5	149
1989	11.5	8,569	16.5	141
1988	12.5	2,382	15.5	37
1987	13.5	855	14.5	12
1986	14.5	1,711	13.5	23
1985	15.5	6,804	12.5	85
1984	16.5	13,001	11.5	150
1983	17.5	120,810	10.6	1,281
1982	18.5	174,356	9.7	1,691
1981	19.5	14,558	8.8	128
1980	20.5	4,807	7.9	38
1979	21.5	7,641	7.1	54
1978	22.5	7,345	6.3	46
1977	23.5	10,823	5.6	61
1976	24.5	8,605	5	43
1975	25.5	3,388	4.5	15
1974	26.5	6,991	4.1	29
1973	27.5	6,560	3.9	26
1972	28.5	2,436	3.7	9
1971	29.5	2,710	3.6	10
1970	30.5	2,888	3.5	10
1969	31.5	2,942	3.4	10
1968	32.5	2,032	3.3	7
1967	33.5	2,681	3.1	8
1966	34.5	2,196	2.9	6
1965	35.5	1,884	2.8	5
1964	36.5	3,046	2.6	8
1963	37.5	3,044	2.4	7

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
DISTRIBUTION PLANT
ACCOUNT 370 METERS

Selected Life 28
Selected Curve L5

<u>YEAR INSTALLED</u>	<u>YEARS IN SERVICE</u>	<u>PLANT SURVIVING DEC.31,2000</u>	<u>ESTIMATED FUTURE SERVICE LIFE</u>	<u>DOLLAR YEARS (000)</u>
1962	38.5	2,807	2.3	6
1961	39.5	5,378	2.1	11
1960	40.5	1,943	2	4
1959	41.5	3,642	1.8	7
1958	42.5	5,389	1.7	9
1957	43.5	4,997	1.6	8
1956	44.5	4,504	1.5	7
1955	45.5	<u>6,337</u>	<u>1.3</u>	<u>8</u>
		527,491	10.6	5,585

IRON RIVER

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			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	4775.	4775.	0.	0.	0.	0.	0.	0.	0.
1969	2530.	7305.	0.	21.	21.	0.	1.	0.	0.
1970	1455.	8760.	0.	3.	24.	0.	0.	0.	0.
1971	2701.	11461.	0.	0.	24.	0.	0.	0.	0.
1972	5717.	17178.	17178.	7.	31.	31.	0.	0.	0.
1973	6098.	23276.	18501.	-100.	-69.	-69.	-2.	0.	0.
1974	17745.	41021.	33716.	341.	272.	251.	2.	1.	1.
1975	12574.	53595.	44835.	0.	272.	248.	0.	1.	1.
1976	33935.	87530.	76069.	0.	272.	248.	0.	0.	0.
1977	1990.	89520.	72342.	-92.	180.	149.	-5.	0.	0.
1978	2514.	92034.	68758.	-96.	84.	153.	-4.	0.	0.
1979	2050.	94084.	53063.	0.	84.	-188.	0.	0.	0.
1980	4600.	98684.	45089.	0.	84.	-188.	0.	0.	0.
1981	5498.	104182.	16652.	0.	84.	-188.	0.	0.	-1.
1982	13797.	117979.	28459.	0.	84.	-96.	0.	0.	0.
1983	16895.	134874.	42840.	0.	84.	0.	0.	0.	0.
1984	7903.	142777.	48693.	894.	978.	894.	11.	1.	2.
1985	1584.	144361.	45677.	0.	978.	894.	0.	1.	2.
1986	499.	144860.	40678.	0.	978.	894.	0.	1.	2.
1987	2360.	147220.	29241.	0.	978.	894.	0.	1.	3.
1988	251.	147471.	12597.	0.	978.	894.	0.	1.	7.
1989	1168.	148639.	5862.	0.	978.	0.	0.	1.	0.
1990	1104.	149743.	5382.	0.	978.	0.	0.	1.	0.
1991	19137.	168880.	24020.	0.	978.	0.	0.	1.	0.
1992	6267.	175147.	27927.	0.	978.	0.	0.	1.	0.
1993	2335.	177482.	30011.	0.	978.	0.	0.	1.	0.
1994	873.	178355.	29716.	0.	978.	0.	0.	1.	0.
1995	1401.	179756.	30013.	0.	978.	0.	0.	1.	0.
1996	3737.	183493.	14613.	0.	978.	0.	0.	1.	0.
1997	2972.	186465.	11318.	0.	978.	0.	0.	1.	0.
1998	9958.	196423.	18941.	0.	978.	0.	0.	0.	0.
1999	13154.	209577.	31222.	0.	978.	0.	0.	0.	0.
2000	32256.	241833.	62077.	0.	978.	0.	0.	0.	0.

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
Account 371 Installations on Customers Premises - Distribution
Study Results

Applicant proposes a remaining life of 13.6 years and a net salvage percent of (10) %. Simulated plant analyses were performed for this account from which a 17 year life and LO curve were selected. When applied against historical plant additions, this selection produced a 13.6 year remaining life. (See schedule 2).

The net salvage percent applied for is based on the historical analysis. The five year rolling band amounts show recent experience to be at a higher than the presently certified (10)% factor, but due to the minor amounts of dollars in the retirement/net salvage activity, a change is not requested for this study.

Schedule 2

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

Selected Life 17
Selected Curve LO

<u>YEAR INSTALLED</u>	<u>YEARS IN SERVICE</u>	<u>PLANT SURVIVING DEC.31,2000</u>	<u>ESTIMATED FUTURE SERVICE LIFE</u>	<u>DOLLAR YEARS (000)</u>
2000	0.5	3,972	16.6	66
1999	1.5	2,229	15.9	35
1998	2.5	4,754	15.3	73
1997	3.5	3,237	14.8	48
1996	4.5	5,337	14.3	76
1995	5.5	3,239	13.8	45
1994	6.5	6,681	13.4	90
1993	7.5	3,404	13	44
1992	8.5	2,990	12.6	38
1991	9.5	1,395	12.2	17
1990	10.5	2,477	11.9	29
1989	11.5	1,684	11.5	19
1988	12.5	763	11.2	9
1987	13.5	1,385	10.9	15
1986	14.5	781	10.5	8
1985	15.5	645	10.2	7
1984	16.5	541	9.9	5
1983	17.5	573	9.6	6
1982	18.5	153	9.3	1
1981	19.5	134	9	1
		46,374	13.6	632

IRON RIVER

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			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	140.	140.	0.	0.	0.	0.	0.	0.	0.
1969	141.	281.	0.	38.	38.	0.	27.	14.	0.
1970	585.	866.	0.	171.	209.	0.	29.	24.	0.
1971	850.	1716.	0.	95.	304.	0.	11.	18.	0.
1972	875.	2591.	2591.	193.	497.	497.	22.	19.	19.
1973	561.	3152.	3012.	31.	528.	528.	6.	17.	18.
1974	934.	4086.	3805.	334.	862.	824.	36.	21.	22.
1975	407.	4493.	3627.	49.	911.	702.	12.	20.	19.
1976	3415.	7908.	6192.	758.	1669.	1365.	22.	21.	22.
1977	1532.	9440.	6849.	503.	2172.	1675.	33.	23.	24.
1978	370.	9810.	6658.	59.	2231.	1703.	16.	23.	26.
1979	1749.	11559.	7473.	388.	2619.	1757.	22.	23.	24.
1980	723.	12282.	7789.	76.	2695.	1784.	11.	22.	23.
1981	1256.	13538.	5630.	-156.	2539.	870.	-12.	19.	15.
1982	911.	14449.	5009.	-251.	2288.	116.	-28.	16.	2.
1983	690.	15139.	5329.	-225.	2063.	-168.	-33.	14.	-3.
1984	762.	15901.	4342.	-55.	2008.	-611.	-7.	13.	-14.
1985	1025.	16926.	4644.	-47.	1961.	-734.	-5.	12.	-16.
1986	67.	16993.	3455.	-24.	1937.	-602.	-36.	11.	-17.
1987	1049.	18042.	3593.	180.	2117.	-171.	17.	12.	-5.
1988	848.	18890.	3751.	73.	2190.	127.	9.	12.	3.
1989	506.	19396.	3495.	133.	2323.	315.	26.	12.	9.
1990	366.	19762.	2836.	-363.	1960.	-1.	-99.	10.	0.
1991	717.	20479.	3486.	-74.	1886.	-51.	-10.	9.	-1.
1992	695.	21174.	3132.	-661.	1225.	-892.	-95.	6.	-28.
1993	349.	21523.	2633.	-276.	949.	-1241.	-79.	4.	-47.
1994	1373.	22896.	3500.	-625.	324.	-1999.	-46.	1.	-57.
1995	471.	23367.	3605.	-244.	80.	-1880.	-52.	0.	-52.
1996	697.	24064.	3585.	-498.	-418.	-2304.	-71.	-2.	-64.
1997	1862.	25926.	4752.	-198.	-616.	-1841.	-11.	-2.	-39.
1998	778.	26704.	5181.	-624.	-1240.	-2189.	-80.	-5.	-42.
1999	1947.	28651.	5755.	265.	-975.	-1299.	14.	-3.	-23.
2000	840.	29491.	6124.	-543.	-1518.	-1598.	-65.	-5.	-26.

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
Account 373 Street Lighting - Distribution
Study Results

Applicant proposes a remaining life of 15.8 years and a net salvage percent of (15) %.
Simulated plant analyses were performed for this account from which a 22 year life and SC curve were selected. When applied against historical plant additions, this selection produced a 15.8 year remaining life. (See schedule 2).

The net salvage percent applied for is based on the historical analysis, which shows the latest five year rolling bands of data to warrant a change from the present (10)% to the applied for (15)%.

Schedule 2

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
DISTRIBUTION PLANT
ACCOUNT 373 STREET LIGHTING

Selected Life	22			
Selected Curve	SC			
<u>YEAR</u> <u>INSTALLED</u>	<u>YEARS IN</u> <u>SERVICE</u>	<u>PLANT</u> <u>SURVIVING</u> <u>DEC.31,2000</u>	<u>ESTIMATED</u> <u>FUTURE</u> <u>SERVICE LIFE</u>	<u>DOLLAR</u> <u>YEARS</u> <u>(000)</u>
2000	0.5	8,655	21.8	189
1999	1.5	9,901	21.3	211
1998	2.5	11,297	20.8	235
1997	3.5	3,859	20.3	78
1996	4.5	4,929	19.8	98
1995	5.5	49,437	19.3	954
1994	6.5	1,436	18.8	27
1993	7.5	2,458	18.3	45
1992	8.5	3,953	17.8	70
1991	9.5	946	17.3	16
1990	10.5	2,603	16.8	44
1989	11.5	1,696	16.3	28
1988	12.5	-	15.8	-
1987	13.5	11,266	15.3	172
1986	14.5	491	14.8	7
1985	15.5	2,494	14.3	36
1984	16.5	5,217	13.8	72
1983	17.5	1,034	13.3	14
1982	18.5	567	12.8	7
1981	19.5	6,028	12.3	74
1980	20.5	10,065	11.8	119
1979	21.5	13,387	11.3	151
1978	22.5	15,687	10.8	169
1977	23.5	12,911	10.3	133
1976	24.5	10,703	9.8	105
1975	25.5	1,211	9.3	11
1974	26.5	1,038	8.8	9
1973	27.5	76	8.3	1
1972	28.5	118	7.8	1
1971	29.5	34	7.3	-
1970	30.5	178	6.8	1
1969	31.5	59	6.3	-
1968	32.5	176	5.8	1
1967	33.5	676	5.3	4
1966	34.5	531	4.8	3
1965	35.5	417	4.3	2
1964	36.5	257	3.8	1
1963	37.5	28	3.3	-
		<u>195,819</u>	<u>15.8</u>	<u>3,088</u>

IRON RIVER

ACCOUNT NO. 3730000. STREET LIGHTING

ADJUSTED: NO

NET SALVAGE ANALYSIS

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	341.	341.	0.	0.	0.	0.	0.	0.	0.
1969	1076.	1417.	0.	116.	116.	0.	11.	8.	0.
1970	526.	1943.	0.	-45.	71.	0.	-9.	4.	0.
1971	423.	2366.	0.	45.	116.	0.	11.	5.	0.
1972	270.	2636.	2636.	56.	172.	172.	21.	7.	7.
1973	278.	2914.	2573.	-357.	-185.	-185.	-128.	-6.	-7.
1974	5084.	7998.	6581.	690.	505.	389.	14.	6.	6.
1975	3379.	11377.	9434.	-327.	178.	107.	-10.	2.	1.
1976	7548.	18925.	16559.	-794.	-616.	-732.	-11.	-3.	-4.
1977	8949.	27874.	25238.	-432.	-1048.	-1220.	-5.	-4.	-5.
1978	24598.	52472.	49558.	5917.	4869.	5054.	24.	9.	10.
1979	14208.	66680.	58682.	2183.	7052.	6547.	15.	11.	11.
1980	7792.	74472.	63095.	996.	8048.	7870.	13.	11.	12.
1981	14092.	88564.	69639.	-2429.	5619.	6235.	-17.	6.	9.
1982	2692.	91256.	63382.	918.	6537.	7585.	34.	7.	12.
1983	8655.	99911.	47439.	15479.	22016.	17147.	179.	22.	36.
1984	2378.	102289.	35609.	10700.	32716.	25664.	450.	32.	72.
1985	1093.	103382.	28910.	-78.	32638.	24590.	-7.	32.	85.
1986	141.	103523.	14959.	-130.	32508.	26889.	-92.	31.	180.
1987	6345.	109868.	18612.	-795.	31713.	25176.	-13.	29.	135.
1988	143.	110011.	10100.	-225.	31488.	9472.	-157.	29.	94.
1989	1270.	111281.	8992.	-61.	31427.	-1289.	-5.	28.	-14.
1990	633.	111914.	8532.	-285.	31142.	-1496.	-45.	28.	-18.
1991	666.	112580.	9057.	-115.	31027.	-1481.	-17.	28.	-16.
1992	834.	113414.	3546.	305.	31332.	-381.	37.	28.	-11.
1993	1145.	114559.	4548.	-223.	31109.	-379.	-19.	27.	-8.
1994	7877.	122436.	11155.	-188.	30921.	-506.	-2.	25.	-5.
1995	9082.	131518.	19604.	-2959.	27962.	-3180.	-33.	21.	-16.
1996	3190.	134708.	22128.	-710.	27252.	-3775.	-22.	20.	-17.
1997	1744.	136452.	23038.	-300.	26952.	-4380.	-17.	20.	-19.
1998	8621.	145073.	30514.	-1562.	25390.	-5719.	-18.	18.	-19.
1999	1589.	146662.	24226.	-289.	25101.	-5820.	-18.	17.	-24.
2000	1376.	148038.	16520.	-186.	24915.	-3047.	-14.	17.	-18.

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
Account 390 Structures and Improvements - General
Study Results

Applicant proposes a remaining life of 25.2 years and a net salvage percent of 0 %. Simulated plant analyses were performed for this account from which a 37 year life and R1 curve were selected. When applied against historical plant additions, this selection produced a 25.2 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.

Schedule 2

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

Selected Life 37
Selected Curve R1

<u>YEAR INSTALLED</u>	<u>YEARS IN SERVICE</u>	<u>PLANT SURVIVING DEC.31,2000</u>	<u>ESTIMATED FUTURE SERVICE LIFE</u>	<u>DOLLAR YEARS (000)</u>
2000	0.5	-	36.6	-
1999	1.5	-	35.9	-
1998	2.5	-	35.2	-
1997	3.5	-	34.4	-
1996	4.5	6,973	33.7	235
1995	5.5	2,187	33	72
1994	6.5	-	32.3	-
1993	7.5	16,044	31.6	507
1992	8.5	11,015	30.9	340
1991	9.5	-	30.2	-
1990	10.5	5,311	29.5	157
1989	11.5	-	28.8	-
1988	12.5	360	28.1	10
1987	13.5	-	27.5	-
1986	14.5	1,315	26.8	35
1985	15.5	3,441	26.1	90
1984	16.5	41,998	25.5	1,071
1983	17.5	126,184	24.8	3,129
1982	18.5	-	24.1	-
1981	19.5	-	23.5	-
1980	20.5	-	22.9	-
1979	21.5	-	22.2	-
1978	22.5	-	21.6	-
1977	23.5	36	21	1
1976	24.5	2,874	20.4	59
1975	25.5	2,333	19.8	46
1974	26.5	-	19.2	-
1973	27.5	70	18.6	1
1972	28.5	347	18.1	6
1971	29.5	658	17.5	12
1970	30.5	-	17	-
1969	31.5	-	16.4	-
1968	32.5	-	15.9	-
1967	33.5	-	15.3	-
1966	34.5	-	14.8	-
1965	35.5	1,066	14.3	15
1964	36.5	28	13.8	-
1963	37.5	233	13.4	3

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

Selected Life 37
Selected Curve R1

<u>YEAR</u> <u>INSTALLED</u>	<u>YEARS IN</u> <u>SERVICE</u>	<u>PLANT</u> <u>SURVIVING</u> <u>DEC.31,2000</u>	<u>ESTIMATED</u> <u>FUTURE</u> <u>SERVICE LIFE</u>	<u>DOLLAR</u> <u>YEARS</u> <u>(000)</u>
1962	38.5	201	12.9	3
1961	39.5	337	12.4	4
1960	40.5	87	12	1
1959	41.5	48	11.5	1
1958	42.5	-	11.1	-
1957	43.5	-	10.6	-
1956	44.5	<u>10,998</u>	<u>10.2</u>	<u>112</u>
		234,144	25.2	5,910

IRON RIVER

ACCOUNT NO. 3900000. STRUCTURES AND IMPROVEMENTS

ADJUSTED: NO

NET SALVAGE ANALYSIS

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	0.	0.	0.	0.	0.	0.	0.	0.	0.
1969	0.	0.	0.	0.	0.	0.	0.	0.	0.
1970	0.	0.	0.	0.	0.	0.	0.	0.	0.
1971	0.	0.	0.	0.	0.	0.	0.	0.	0.
1972	0.	0.	0.	0.	0.	0.	0.	0.	0.
1973	0.	0.	0.	0.	0.	0.	0.	0.	0.
1974	0.	0.	0.	0.	0.	0.	0.	0.	0.
1975	0.	0.	0.	0.	0.	0.	0.	0.	0.
1976	0.	0.	0.	0.	0.	0.	0.	0.	0.
1977	0.	0.	0.	0.	0.	0.	0.	0.	0.
1978	0.	0.	0.	0.	0.	0.	0.	0.	0.
1979	0.	0.	0.	0.	0.	0.	0.	0.	0.
1980	6835.	6835.	6835.	1163.	1163.	1163.	17.	17.	17.
1981	0.	6835.	6835.	0.	1163.	1163.	0.	17.	17.
1982	0.	6835.	6835.	0.	1163.	1163.	0.	17.	17.
1983	32168.	39003.	39003.	9783.	10946.	10946.	30.	28.	28.
1984	1871.	40874.	40874.	0.	10946.	10946.	0.	27.	27.
1985	0.	40874.	34039.	0.	10946.	9783.	0.	27.	29.
1986	0.	40874.	34039.	0.	10946.	9783.	0.	27.	29.
1987	0.	40874.	34039.	0.	10946.	9783.	0.	27.	29.
1988	0.	40874.	1871.	0.	10946.	0.	0.	27.	0.
1989	0.	40874.	0.	0.	10946.	0.	0.	27.	0.
1990	2076.	42950.	2076.	0.	10946.	0.	0.	25.	0.
1991	0.	42950.	2076.	0.	10946.	0.	0.	25.	0.
1992	2340.	45290.	4416.	-200.	10746.	-200.	-9.	24.	-5.
1993	0.	45290.	4416.	0.	10746.	-200.	0.	24.	-5.
1994	0.	45290.	4416.	0.	10746.	-200.	0.	24.	-5.
1995	0.	45290.	2340.	0.	10746.	-200.	0.	24.	-9.
1996	6103.	51393.	8443.	0.	10746.	-200.	0.	21.	-2.
1997	0.	51393.	6103.	0.	10746.	0.	0.	21.	0.
1998	0.	51393.	6103.	0.	10746.	0.	0.	21.	0.
1999	0.	51393.	6103.	0.	10746.	0.	0.	21.	0.
2000	5692.	57085.	11795.	-691.	10055.	-691.	-12.	18.	-6.

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
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. A 20 year amortization period is requested, 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
IRON RIVER SYSTEM

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 replacement policy for equipment in this account 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
IRON RIVER SYSTEM
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
IRON RIVER SYSTEM
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. Applicant proposes a 20 year amortization period for the UPPCO assets, the same amortization period used by WPSC and the same amortization period requested for the Integrated UPPCO system.

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
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. With the adoption of WPSC operating and replacement practices, the amortization period would be expected to be the same for both companies. Applicant proposes a 20 year amortization period for the UPPCO assets.

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
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. With the adoption of WPSC operating and replacement practices, the amortization period would be expected to be the same for both companies. Applicant proposes a 20 year amortization period for the UPPCO assets.

UPPER PENINSULA POWER COMPANY
IRON RIVER SYSTEM
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. With the adoption of WPSC operating and replacement practices, the amortization period would be expected to be the same for both companies. Applicant proposes a 12 year amortization period for the UPPCO assets.