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November 8, 2001

Dorothy Wideman
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way
Lansing, Michigan 48911

**HAND DELIVER
AND E-FILE**

Re: Upper Peninsula Power Company
Depreciation
MPSC Case No. U-13001

Dear Ms. Wideman:

Enclosed for filing are an original and four (4) copies of revised pages to Schedule S-1 and 2nd revised Schedule S-2 to Exhibit A- ____ (PJG-1) as filed with the Michigan Public Service Commission on July 2, 2001. An electronic version of this is also being filed.

If you have any questions, please call.

Very truly yours,

LOOMIS, EWERT, PARSLEY,
DAVIS & GOTTING, P.C.

Sherri A. Wellman
Sherri A. Wellman

SAW/bkh
Enclosure
cc w/enc.: Paul J. Gerard
Gerald Geml

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UPPER PENINSULA POWER COMPANY
INTEGRATED SYSTEM
SUMMARY OF ANNUAL DEPRECIATION AMOUNTS AND RATES
UTILITY PLANT IN SERVICE AT DECEMBER 31, 2000
SCHEDULE S-1

ACCOUNT NUMBER	DESCRIPTION	PLANT BALANCE	EST NET SALVAGE PERCENT	EST NET SALVAGE AMOUNT	ESTIMATED SERVICE VALUE	MORTALITY DISPERSION YEARS CURVE	BOOK DEPR RESERVE	UNRECOVERED SERVICE VALUE	EST REMAINING LIFE	ANNUAL DEPRECIATION AMOUNT	PCT
<u>STEAM PRODUCTION PLANT</u>											
311	STRUCTURES AND IMPROVEMENTS	1,132,877	(20)	(226,575)	1,359,452	FORECAST	1,147,384	212,068	10	21,207	1.87
312	BOILER PLANT EQUIPMENT	3,361,339	(10)	(336,134)	3,697,473	FORECAST	3,303,733	393,740	10	39,374	1.17
314	TURBOGENERATOR UNITS	1,226,851	(10)	(122,685)	1,349,536	FORECAST	1,348,605	931	10	93	0.01
315	ACCESSORY ELECTRIC EQUIPMENT	560,045	(5)	(28,002)	588,047	FORECAST	566,748	21,299	10	2,130	0.38
316	MISCELLANEOUS POWER PLANT EQUIPMENT	143,289	-	-	143,289	FORECAST	119,616	23,673	10	2,367	1.65
TOTAL STEAM PRODUCTION		6,424,401		(713,396)	7,137,797		6,486,086	651,711		65,171	
<u>HYDRAULIC PRODUCTION - VICTORIA</u>											
330	LAND RIGHTS	367,340	-	-	367,340	FORECAST	273,905	93,435	35	2,670	0.73
331	STRUCTURES AND IMPROVEMENTS	254,611	(20)	(50,922)	305,533	FORECAST	142,383	163,150	35	4,661	1.83
332	RESERVOIRS, DAMS AND WATERWAYS	19,379,454	(15)	(2,906,918)	22,286,372	FORECAST	3,517,381	18,768,991	35	536,257	2.77
333	WATERWHEELS, TURBINES, AND GENERATORS	322,702	(2)	(6,454)	329,156	FORECAST	237,870	91,286	35	2,608	0.81
334	ACCESSORY ELECTRIC EQUIPMENT	271,262	(5)	(13,563)	284,825	FORECAST	97,276	187,549	35	5,359	1.98
335	MISCELLANEOUS POWER PLANT EQUIPMENT	263,711	(5)	(13,186)	276,897	FORECAST	40,720	236,177	35	6,748	2.56
336	ROADS AND TRAILS	290,499		-	290,499	FORECAST	97,743	192,756	35	5,507	1.90
TOTAL VICTORIA		21,149,579		(2,991,043)	24,140,622		4,407,278	19,733,344		563,810	

UPPER PENINSULA POWER COMPANY
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331	<u>HYDRAULIC PRODUCTION - PRICKETT</u> STRUCTURES AND IMPROVEMENTS	89,147	(20)	(17,829)	106,976	FORECAST	56,249	50,727	35	1,449	1.63
332	RESERVOIRS, DAMS AND WATERWAYS	1,496,749	(15)	(224,512)	1,721,261	FORECAST	656,716	1,064,545	35	30,416	2.03
333	WATERWHEELS, TURBINES, AND GENERATORS	81,217	(2)	(1,624)	82,841	FORECAST	69,704	13,137	35	375	0.46
334	ACCESSORY ELECTRIC EQUIPMENT	179,899	(5)	(8,995)	188,894	FORECAST	66,809	122,085	35	3,488	1.94
335	MISCELLANEOUS POWER PLANT EQUIPMENT	53,960	(5)	(2,698)	56,658	FORECAST	22,798	33,860	35	967	1.79
336	ROADS AND TRAILS	34,721		-	34,721	FORECAST	12,364	22,357	35	639	1.84
	TOTAL PRICKETT	1,935,693		(255,658)	2,191,351		884,640	1,306,711		37,334	
331	<u>HYDRAULIC PRODUCTION - BOND FALLS</u> STRUCTURES AND IMPROVEMENTS	24,970	(20)	(4,994)	29,964	FORECAST	17,886	12,078	35	345	1.38
332	RESERVOIRS, DAMS AND WATERWAYS	532,917	(5)	(26,646)	559,563	FORECAST	373,029	186,534	35	5,330	1.00
335	MISCELLANEOUS POWER PLANT EQUIPMENT	48,870	(5)	(2,444)	51,314	FORECAST	18,989	32,325	35	924	1.89
336	ROADS AND TRAILS	16,526		-	16,526	FORECAST	14,589	1,937	35	55	0.33
	TOTAL BOND FALLS	623,283		(34,084)	657,367		424,493	232,874		6,654	
331	<u>HYDRAULIC PRODUCTION - AU TRAIN</u> STRUCTURES AND IMPROVEMENTS	7,998	(20)	(1,600)	9,598	FORECAST	(11,586)	21,184	35	605	7.56
332	RESERVOIRS, DAMS AND WATERWAYS	2,736,585	(5)	(136,829)	2,873,414	FORECAST	385,419	2,487,995	35	71,086	2.60
333	WATERWHEELS, TURBINES, AND GENERATORS	22,369	(2)	(447)	22,816	FORECAST	22,292	524	35	15	0.07
334	ACCESSORY ELECTRIC EQUIPMENT	78,373	(5)	(3,919)	82,292	FORECAST	44,560	37,732	35	1,078	1.38
335	MISCELLANEOUS POWER PLANT EQUIPMENT	31,023	(5)	(1,551)	32,574	FORECAST	6,061	26,513	35	758	2.44
336	ROADS AND TRAILS	80,947		-	80,947	FORECAST	42,152	38,795	35	1,108	1.37
	TOTAL AU TRAIN	2,957,295		(144,346)	3,101,641		488,898	2,612,743		74,650	

UPPER PENINSULA POWER COMPANY
INTEGRATED SYSTEM
SUMMARY OF ANNUAL DEPRECIATION AMOUNTS AND RATES
UTILITY PLANT IN SERVICE AT DECEMBER 31, 2000
SCHEDULE S-1

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330	<u>HYDRAULIC PRODUCTION - CATARACT</u> LAND RIGHTS	3		-	3	FORECAST	3	-	35	-	-
331	STRUCTURES AND IMPROVEMENTS	28,385	(20)	(5,677)	34,062	FORECAST	28,894	5,168	35	148	0.52
332	RESERVOIRS, DAMS AND WATERWAYS	155,565	(5)	(7,778)	163,343	FORECAST	117,878	45,465	35	1,299	0.84
333	WATERWHEELS, TURBINES, AND GENERATORS	52,916	(2)	(1,058)	53,974	FORECAST	52,603	1,371	35	39	0.07
334	ACCESSORY ELECTRIC EQUIPMENT	30,990	(5)	(1,550)	32,540	FORECAST	12,442	20,098	35	574	1.85
335	MISCELLANEOUS POWER PLANT EQUIPMENT	35,962	(5)	(1,798)	37,760	FORECAST	10,604	27,156	35	776	2.16
	TOTAL CATARACT	303,821		(17,861)	321,682		222,424	99,258		2,836	
330	<u>HYDRAULIC PRODUCTION - MCCLURE</u> LAND RIGHTS	18		-	18	FORECAST	18	-	25	-	-
331	STRUCTURES AND IMPROVEMENTS	48,577	(20)	(9,715)	58,292	FORECAST	48,577	9,715	25	389	0.80
332	RESERVOIRS, DAMS AND WATERWAYS	4,138,747	(5)	(206,937)	4,345,684	FORECAST	700,671	3,645,013	25	145,801	3.52
333	WATERWHEELS, TURBINES, AND GENERATORS	122,648	(2)	(2,453)	125,101	FORECAST	99,906	25,195	25	1,008	0.82
334	ACCESSORY ELECTRIC EQUIPMENT	143,854	(5)	(7,193)	151,047	FORECAST	58,913	92,134	25	3,685	2.56
335	MISCELLANEOUS POWER PLANT EQUIPMENT	40,971	(5)	(2,049)	43,020	FORECAST	16,168	26,852	25	1,074	2.62
336	ROADS AND TRAILS	119		-	119	FORECAST	119	-	35	-	-
	TOTAL MCCLURE	4,494,934		(228,347)	4,723,281		924,372	3,798,909		151,957	

UPPER PENINSULA POWER COMPANY
INTEGRATED SYSTEM
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SCHEDULE S-1

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330	<u>HYDRAULIC PRODUCTION - HOIST</u> LAND RIGHTS	101		-	101	FORECAST	101	-	25	-	-
331	STRUCTURES AND IMPROVEMENTS	34,882	(20)	(6,976)	41,858	FORECAST	33,433	8,425	25	337	0.97
332	RESERVOIRS, DAMS AND WATERWAYS	6,766,234	(5)	(338,312)	7,104,546	FORECAST	372,429	6,732,117	25	269,285	3.98
333	WATERWHEELS, TURBINES, AND GENERATORS	96,152	(2)	(1,923)	98,075	FORECAST	67,663	30,412	25	1,216	1.26
334	ACCESSORY ELECTRIC EQUIPMENT	92,536	(5)	(4,627)	97,163	FORECAST	48,413	48,750	25	1,950	2.11
335	MISCELLANEOUS POWER PLANT EQUIPMENT	60,531	(5)	(3,027)	63,558	FORECAST	20,245	43,313	25	1,733	2.86
336	ROADS AND TRAILS	9,072		-	9,072	FORECAST	2,872	6,200	25	248	2.73
	TOTAL HOIST	7,059,508		(354,865)	7,414,373		545,156	6,869,217		274,769	
332	<u>HYDRAULIC PRODUCTION - SILVER LAKE</u> RESERVOIRS, DAMS AND WATERWAYS	1,791,036	(5)	(89,552)	1,880,588	FORECAST	55,833	1,824,755	25	72,990	4.08
	TOTAL SILVER LAKE	1,791,036		(89,552)	1,880,588		55,833	1,824,755		72,990	
	<u>OTHER PRODUCTION PLANT</u>										
341	STRUCTURES AND IMPROVEMENTS	138,786	(5)	(6,939)	145,725	FORECAST	(23,589)	169,314	10	16,931	12.20
342	FUEL HOLDERS, PRODUCERS, AND ACCESSORIES	392,348	(4)	(15,694)	408,042	FORECAST	309,446	98,596	10	9,860	2.51
343	PRIME MOVERS	2,413,756	(1)	(24,138)	2,437,894	FORECAST	2,168,822	269,072	10	26,907	1.11
344	GENERATORS	1,021,422	(1)	(10,214)	1,031,636	FORECAST	981,845	49,791	10	4,979	0.49
345	ACCESSORY ELECTRIC EQUIPMENT	446,733	(13)	(58,075)	504,808	FORECAST	372,977	131,831	10	13,183	2.95
346	MISCELLANEOUS POWER PLANT EQUIPMENT	31,328	(1)	(313)	31,641	FORECAST	29,043	2,598	10	260	0.83
	TOTAL OTHER PRODUCTION	4,444,373		(115,373)	4,559,746		3,838,544	721,202		72,120	
	TOTAL PRODUCTION PLANT	51,183,923		(4,944,525)	56,128,448		18,277,724	37,850,724		1,322,291	2.58

UPPER PENINSULA POWER COMPANY
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<u>TRANSMISSION PLANT</u>											
350.2	LAND RIGHTS	45,667	-	-	45,667	50 S2	19,588	26,079	27.1	962	2.11
352	STRUCTURES AND IMPROVEMENTS	318,364	(5)	(15,918)	334,282	49 S3	107,021	227,261	34.3	6,626	2.08
354	TOWERS AND FIXTURES	20,544	(45)	(9,245)	29,789	44 SC	2,032	27,757	35.1	791	3.85
355	POLES AND FIXTURES	530,999	(45)	(238,950)	769,949	44 SC	285,432	484,517	35.1	13,804	2.60
356	OVERHEAD CONDUCTOR AND DEVICES	346,296	(15)	(51,944)	398,240	33 S6	163,335	234,905	17	13,818	3.99
359	ROADS AND TRAILS	125	-	-	125	45 S3	99	26	22.3	1	0.80
	TOTAL TRANSMISSION	1,261,995		(316,057)	1,578,052		577,507	1,000,545		36,002	2.85
<u>DISTRIBUTION PLANT</u>											
360.2	LAND RIGHTS	136,098	-	-	136,098	50 S2	71,980	64,118	27.1	2,366	1.74
361	STRUCTURES AND IMPROVEMENTS	379,054	(5)	(18,953)	398,007	49 S3	152,730	245,277	34.3	7,151	1.89
362	STATION EQUIPMENT	7,149,170	5	357,459	6,791,711	36 R2.5	2,867,654	3,924,057	20.7	189,568	2.65
364	POLES	20,323,099	(45)	(9,145,395)	29,468,494	44 SC	10,902,524	18,565,970	35.1	528,945	2.60
365	OVERHEAD CONDUCTOR AND DEVICES	12,251,311	(25)	(3,062,828)	15,314,139	33 S6	7,900,488	7,413,651	17	436,097	3.56
367	UNDERGROUND CONDUCTOR AND DEVICES	10,166,968	(3)	(305,009)	10,471,977	37 SO.5	2,915,537	7,556,440	29.9	252,724	2.49
368	LINE TRANSFORMERS	12,185,592	(10)	(1,218,559)	13,404,151	41 SC	3,197,915	10,206,236	32.1	317,951	2.61
369	SERVICES	6,876,273	(75)	(5,157,205)	12,033,478	40 SC	4,073,800	7,959,678	33.3	239,029	3.48
370	METERS	4,803,631	1	48,036	4,755,595	35 R2	1,649,441	3,106,154	23.2	133,886	2.79
371	INSTALLATIONS ON CUSTOMERS PREMISES	425,359	(20)	(85,072)	510,431	18 L0	229,707	280,724	14	20,052	4.71
373	STREET LIGHTING AND SIGNAL SYSTEMS	1,223,073	(5)	(61,154)	1,284,227	21 SC	645,521	638,706	16.1	39,671	3.24
	TOTAL DISTRIBUTION	75,919,628		(18,648,680)	94,568,308		34,607,297	59,961,011		2,167,440	2.85

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389	<u>GENERAL PLANT</u> LAND RIGHTS	1,432	-	-	1,432	30 L2	(189)	1,621	16.5	98	6.84
390	STRUCTURES AND IMPROVEMENTS	3,237,831	-	-	3,237,831	30 L2	1,412,139	1,825,692	16.4	111,323	3.44
391.1	OFFICE FURNITURE AND FIXTURES	1,585,739	-	-	1,585,739	FORECAST	1,132,146	453,593		79,287	5.00
391.2	COMPUTER EQUIPMENTS	1,928,552	-	-	1,928,552	FORECAST	1,529,625	398,927		385,710	20.00
391.3	DATA HANDLING EQUIPMENT	107,783	-	-	107,783	FORECAST	71,781	36,002		21,557	20.00
393	STORES EQUIPMENT	71,316	-	-	71,316	FORECAST	40,584	30,732		3,566	5.00
394	TOOLS, SHOP, AND GARAGE EQUIPMENT	743,690	-	-	743,690	FORECAST	195,869	547,821		37,185	5.00
395	LABORATORY EQUIPMENT	639,850	-	-	639,850	FORECAST	186,104	453,746		31,993	5.00
397	COMMUNICATION EQUIPMENT	834,651	-	-	834,651	FORECAST	411,877	422,774		69,526	8.33
398	MISCELLANEOUS EQUIPMENT	26,091	-	-	26,091	FORECAST	10,470	15,621		1,740	6.67
	TOTAL GENERAL	9,176,935		-	9,175,503		4,990,595	4,184,908		741,887	8.08
	TOTAL DEPRECIABLE PLANT	137,542,481		(23,909,262)	161,450,311		58,453,123	102,997,188		4,267,620	3.10

UPPER PENINSULA POWER COMPANY
INTEGRATED SYSTEM
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UTILITY PLANT IN SERVICE AT DECEMBER 31, 2000
SCHEDULE S-1

ACCOUNT NUMBER	DESCRIPTION	PLANT BALANCE	BOOK RESERVE
	OTHER PROPERTY		
301	ORGANIZATION	2,005	
302	FRANCHISES AND CONSENTS	2,842,306	272,078
303	CAPITALIZED SOFTWARE	1,898,811	821,502
310	LAND	22,284	
330	LAND	351,989	
340	LAND	63,016	
350.1	LAND	333,454	
360	LAND	132,430	
389	LAND	103,143	(189)
392	TRANSPORTATION EQUIPMENT	5,164,401	4,278,744
396	POWER OPERATED EQUIPMENT	340,244	276,013
	STEAM PLANT (CELOTEX)	<u>1,616,324</u>	<u>1,660,578</u>
	TOTAL	<u>12,870,407</u>	<u>7,308,726</u>
	TOTAL UTILITY PLANT PER STUDY	<u>150,412,888</u>	<u>65,761,849</u>
	Items added to 12/31/2000 plant balance:		
	Hoist Licensing	50,000	
	Silver Lake Licensing	25,000	
	Hoist Engineering - FERC requirement	722,000	
	Hoist #2 Safety Modifications	3,275,000	
	Silver Lake Safety Modifications	1,650,000	
	McClure Licensing	45,000	
	McClure Safety Modifications	3,223,000	
	AuTrain Safety Modifications	243,000	
	AuTrain Emergency Spillway	650,000	
	AuTrain Safety Mods- North Dam	950,000	
	Prickett Pool Cap/Stabilization	450,000	
	Bond Falls Licensing	75,000	
	Victoria Penstock	6,790,000	
	SUBTOTAL - POST 2000 ADDITIONS	<u>18,148,000</u>	
	TRANSMISSION PLANT NOT IN STUDY	50,731,256	
	TOTAL UTILITY PLANT PER FORM 1	<u>182,996,144</u>	

UPPER PENINSULA POWER COMPANY
COMPARISON OF ACCRUALS APPLYING PRESENTLY CERTIFIED AND PROPOSED DEPRECIATION RATES
SCHEDULE S-2

ACCOUNT NUMBER ACCOUNT DESCRIPTION		PLANT BALANCE 12/31/2000	PRESENTLY CERTIFIED DEPRECIATION		PROPOSED DEPRECIATION		ACCRUAL INCREASE (DECREASE)
			RATE (%)	AMOUNT	RATE (%)	AMOUNT	
<u>INTEGRATED SYSTEM</u>							
<u>Steam Production Plant</u>							
311	Structures and Improvements	1,132,877	1.32	14,954	1.87	21,185	6,231
312	Boiler Plant Equipment	3,361,339	3.78	127,059	1.17	39,328	(87,731)
314	Turbogenerator Units	1,226,851	0.87	10,674	0.01	123	(10,551)
315	Accessory Electric Equipment	560,045	1.42	7,953	0.38	2,128	(5,825)
316	Misc Power Plant Equipment	<u>143,289</u>	5.37	<u>7,695</u>	1.65	<u>2,364</u>	<u>(5,331)</u>
Total Steam		6,424,401		168,335		65,128	(103,207)
<u>Hydraulic Production - Victoria</u>							
330	Land Rights	367,340	0.72	2,645	0.73	2,682	37
331	Structures and Improvements	254,611	1.28	3,259	1.83	4,659	1,400
332	Reservoirs, Dams and Waterways	12,589,454	2.45	308,442	2.77	348,728	40,286
333	Waterwheels, Turbines and Generators	322,702	0.74	2,388	0.81	2,614	226
334	Accessory Electric Equip	271,262	1.73	4,693	1.98	5,371	678
335	Misc Power Plant Equip	263,711	1.70	4,483	2.56	6,751	2,268
336	Roads, Railroads and Bridges	<u>290,499</u>	1.86	<u>5,403</u>	1.90	<u>5,519</u>	<u>116</u>
Total		14,359,579		331,313		376,324	45,011
<u>Hydraulic Production - Prickett</u>							
331	Structures and Improvements	89,147	3.26	2,906	1.63	1,453	(1,453)
332	Reservoirs, Dams and Waterways	1,046,749	3.43	35,903	2.03	21,249	(14,654)
333	Waterwheels, Turbines and Generators	81,217	0.95	772	0.46	374	(398)
334	Accessory Electric Equip	179,899	3.41	6,135	1.94	3,490	(2,645)
335	Misc Power Plant Equip	53,960	4.00	2,158	1.79	966	(1,192)
336	Roads, Railroads and Bridges	<u>34,721</u>	1.31	<u>455</u>	1.84	<u>639</u>	<u>184</u>
Total		1,485,693		48,329		28,171	(20,158)
<u>Hydraulic Production - Bond Falls</u>							
331	Structures and Improvements	24,970	3.46	864	1.38	345	(519)
332	Reservoirs, Dams and Waterways	457,917	1.94	8,884	1.00	4,579	(4,305)
335	Misc Power Plant Equip	48,870	4.99	2,439	1.89	924	(1,515)
336	Roads, Railroads and Bridges	<u>16,526</u>	1.23	<u>203</u>	0.33	<u>55</u>	<u>(148)</u>
Total		548,283		12,390		5,903	(6,487)
<u>Hydraulic Production - Au Train</u>							
331	Structures and Improvements	7,998	0.22	18	7.56	605	587
332	Reservoirs, Dams and Waterways	893,585	4.15	37,084	2.60	23,233	(13,851)
333	Waterwheels, Turbines and Generators	22,369	0.02	4	0.07	16	12
334	Accessory Electric Equip	78,373	2.70	2,116	1.38	1,082	(1,034)
335	Misc Power Plant Equip	31,023	2.40	745	2.44	757	12
336	Roads, Railroads and Bridges	<u>80,947</u>	3.77	<u>3,052</u>	1.37	<u>1,109</u>	<u>(1,943)</u>
Total		1,114,295		43,019		26,802	(16,217)
<u>Hydraulic Production - Cataract</u>							
330	Land Rights	3	0.00	0	0.00	0	0
331	Structures and Improvements	28,385	0.25	71	0.52	148	77
332	Reservoirs, Dams and Waterways	155,565	1.46	2,271	0.84	1,307	(964)

UPPER PENINSULA POWER COMPANY
 COMPARISON OF ACCRUALS APPLYING PRESENTLY CERTIFIED AND PROPOSED DEPRECIATION RATES
 SCHEDULE S-2

		PRESENTLY CERTIFIED			PROPOSED		
		PLANT	<u>DEPRECIATION</u>		<u>DEPRECIATION</u>	ACCRUAL	
ACCOUNT		BALANCE	RATE		RATE	INCREASE	
<u>NUMBER</u>	<u>ACCOUNT DESCRIPTION</u>	<u>12/31/2000</u>	<u>(%)</u>	<u>AMOUNT</u>	<u>(%)</u>	<u>(DECREASE)</u>	
333	Waterwheels, Turbines and Generators	52,916	0.04	21	0.07	16	
334	Accessory Electric Equip	30,990	3.15	976	1.85	(403)	
335	Misc Power Plant Equip	<u>35,962</u>	3.72	<u>1,338</u>	<u>2.16</u>	<u>(561)</u>	
Total		303,821		4,677		(1,835)	

UPPER PENINSULA POWER COMPANY
COMPARISON OF ACCRUALS APPLYING PRESENTLY CERTIFIED AND PROPOSED DEPRECIATION RATES
SCHEDULE S-2

ACCOUNT NUMBER ACCOUNT DESCRIPTION		PLANT BALANCE 12/31/2000	PRESENTLY CERTIFIED DEPRECIATION		PROPOSED DEPRECIATION		ACCRUAL INCREASE (DECREASE)
			RATE (%)	AMOUNT	RATE (%)	AMOUNT	
<u>Hydraulic Production - McClure</u>							
330	Land Rights	18	0.00	0	0.00	0	0
331	Structures and Improvements	48,577	0.00	0	0.80	389	389
332	Reservoirs, Dams and Waterways	870,747	0.50	4,354	3.52	30,650	26,296
333	Waterwheels, Turbines and Generators	122,648	0.02	25	0.82	1,006	981
334	Accessory Electric Equip	143,854	2.04	2,935	2.56	3,683	748
335	Misc Power Plant Equip	40,971	3.27	1,340	2.62	1,073	(267)
336	Roads, Railroads and Bridges	119	0.00	0	0.00	0	0
Total		1,226,934		8,654		36,801	28,147
<u>Hydraulic Production - Hoist</u>							
330	Land Rights	101	0.00	0	0.00	0	0
331	Structures and Improvements	34,882	0.70	244	0.97	338	94
332	Reservoirs, Dams and Waterways	2,719,234	0.50	13,596	3.98	108,226	94,630
333	Waterwheels, Turbines and Generators	96,152	0.02	19	1.26	1,212	1,193
334	Accessory Electric Equip	92,536	2.50	2,313	2.11	1,953	(360)
335	Misc Power Plant Equip	60,531	1.64	993	2.86	1,731	738
336	Roads, Railroads and Bridges	9,072	0.03	3	2.73	248	245
Total		3,012,508		17,168		113,708	96,540
<u>Hydraulic Production - Silver Lake</u>							
332	Reservoirs, Dams and Waterways	116,036	3.18	3,690	4.08	4,734	1,044
Total		116,036		3,690		4,734	1,044
Total Hydraulic Production		22,167,149		469,240		595,285	126,045
<u>Other Production</u>							
341	Structures and Improvements	138,786	4.51	6,259	12.20	16,932	10,674
342	Fuel Holders, Producers and Accessories	392,348	4.53	17,773	2.51	9,848	(7,924)
343	Prime Movers	2,413,756	4.71	113,688	1.11	26,793	(86,894)
344	Generators	1,021,422	4.92	50,254	0.49	5,005	(45,249)
345	Accessory Electric Equip	446,733	5.19	23,185	2.95	13,179	(10,006)
346	Misc Power Plant Equip	31,328	3.83	1,200	0.83	260	(940)
Total Other		4,444,373		212,359		72,017	(140,339)
<u>Transmission System</u>							
350-02	Land Rights	45,667	2.20	1,005	2.11	964	(41)
352	Structures and Improvements	318,364	2.90	9,233	2.08	6,622	(2,611)
354	Towers and Fixtures	20,544	2.28	468	3.85	791	323
355	Poles and Fixtures	530,999	2.96	15,718	2.60	13,806	(1,912)
356	Overhead Conductors and Devices	346,296	3.38	11,705	3.99	13,817	2,112
359	Roads and Trails	125	2.09	3	0.80	1	(2)
Total Transmission		1,261,995		38,132		36,001	(2,131)

UPPER PENINSULA POWER COMPANY
COMPARISON OF ACCRUALS APPLYING PRESENTLY CERTIFIED AND PROPOSED DEPRECIATION RATES
SCHEDULE S-2

ACCOUNT NUMBER ACCOUNT DESCRIPTION		PLANT BALANCE 12/31/2000	PRESENTLY CERTIFIED DEPRECIATION		PROPOSED DEPRECIATION		ACCRUAL INCREASE (DECREASE)
			RATE (%)	AMOUNT	RATE (%)	AMOUNT	
<u>Distribution System</u>							
360-02	Land Rights	136,098	2.25	3,062	1.74	2,368	(694)
361	Structures and Improvements	379,054	2.62	9,931	1.89	7,164	(2,767)
362	Distribution Station Equip	7,149,170	1.94	138,694	2.65	189,453	50,759
364	Poles, Towers and Fixtures	20,323,099	3.02	613,758	2.60	528,401	(85,357)
365	Overhead Conductors and Devices	12,251,311	4.18	512,105	3.56	436,147	(75,958)
366	Underground Conduit	20,028	4.75	951	2.49	499	(452)
367	Underground Conductors and Devices	10,146,940	4.50	456,612	2.49	252,659	(203,953)
368	Line Transformers, Capacitors & DCR's	12,185,592	2.91	354,601	2.61	318,044	(36,557)
369	Services	6,876,273	3.72	255,797	3.48	239,294	(16,503)
370	Meters and Devices	4,803,631	3.13	150,354	2.79	134,021	(16,333)
371	Installations on Customer's Premises	425,359	9.44	40,154	4.71	20,034	(20,120)
373	Street Lighting and Signal Systems	<u>1,223,073</u>	6.36	<u>77,787</u>	3.24	<u>39,628</u>	<u>(38,159)</u>
Total Distribution		75,919,628		2,613,806		2,167,712	(446,094)
<u>Electric General</u>							
389	Land Rights	1,432	2.76	40	6.84	98	58
390	Structures and Improvements	3,237,831	4.23	136,960	3.44	111,381	(25,579)
391-01	Office Furniture and Equip	1,585,739	4.42	70,090	5.00	79,287	9,197
391-02	Computers	1,928,552	16.88	325,540	20.00	385,710	60,170
391-03	Data Handling Equip	107,783	4.42	4,764	20.00	21,557	16,793
393	Stores Equip	71,316	2.90	2,068	5.00	3,566	1,498
394	Tools, Shop and Garage Equip	743,690	4.09	30,417	5.00	37,185	6,768
395	Laboratory Equip	639,850	2.73	17,468	5.00	31,993	14,525
397	Communication Equip	834,651	3.44	28,712	8.33	69,526	40,814
398	Miscellaneous Equipment	<u>26,091</u>	3.73	<u>0</u>	6.67	1,740	<u>1,740</u>
Total Electric General		9,176,935		616,059		742,043	125,984
TOTAL INTEGRATED SYSTEM		119,394,481	3.45	4,117,931	3.08	3,678,186	(439,742)

UPPER PENINSULA POWER COMPANY
COMPARISON OF ACCRUALS APPLYING PRESENTLY CERTIFIED AND PROPOSED DEPRECIATION RATES
SCHEDULE S-2

ACCOUNT NUMBER ACCOUNT DESCRIPTION		PLANT BALANCE 12/31/2000	PRESENTLY CERTIFIED DEPRECIATION		PROPOSED DEPRECIATION		ACCRUAL INCREASE (DECREASE)
			RATE (%)	AMOUNT	RATE (%)	AMOUNT	
<u>IRON RIVER SYSTEM</u>							
<u>Distribution System</u>							
360-02	Land Rights	1,812	0.89	16	0.61	11	(5)
361	Structures and Improvements	93,226	2.70	2,517	2.04	1,902	(615)
362	Distribution Station Equip	766,199	3.63	27,813	4.54	34,785	6,972
364	Poles, Towers and Fixtures	1,561,460	3.91	61,053	4.18	65,269	4,216
365	Overhead Conductors and Devices	1,220,542	5.15	62,858	5.21	63,590	732
366	Underground Conduit	139	2.58	4	2.87	4	0
367	Underground Conductors and Devices	1,175,937	3.83	45,038	2.87	33,749	(11,289)
368	Line Transformers, Capacitors & DCR's	1,026,868	2.67	27,417	4.38	44,977	17,560
369	Services	584,602	11.00	64,306	3.63	21,221	(43,085)
370	Meters and Devices	527,491	3.35	17,671	4.79	25,267	7,596
371	Installations on Customer's Premises	46,374	12.28	5,695	1.27	589	(5,106)
373	Street Lighting and Signal Systems	<u>195,819</u>	4.65	<u>9,106</u>	3.55	<u>6,952</u>	<u>(2,154)</u>
Total Distribution		7,200,469		323,494		298,316	(25,178)
<u>Electric General</u>							
390	Structures and Improvements	234,144	3.97	9,296	2.50	5,854	(3,442)
391-01	Office Furniture and Equip	14,469	3.50	506	5.00	723	217
391-02	Computers	55,024	14.87	8,182	20.00	11,005	2,823
391-03	Data Handling Equip	5,580	3.50	195	20.00	1,116	921
393	Stores Equip	6,901	3.21	222	5.00	345	123
394	Tools, Shop and Garage Equip	47,281	9.70	4,586	5.00	2,364	(2,222)
395	Laboratory Equip	16,331	2.31	377	5.00	817	440
397	Communication Equip	<u>32,455</u>	3.34	<u>1,084</u>	8.33	<u>2,704</u>	<u>1,620</u>
Total Electric General		412,185		24,448		24,928	480
TOTAL IRON RIVER SYSTEM		7,612,654	4.57	347,942	4.25	323,244	(24,698)
TOTAL UPPER PENINSULA POWER COMPANY		127,007,135	3.52	4,465,873	3.15	4,001,430	(464,440)
DEPRECIATION CHANGE ON DECEMBER 31, 2000 BALANCES							
Post 2000 Additions Included in Study							
<u>Hydraulic Production - Victoria</u>							
332	Reservoirs, Dams and Waterways	6,790,000			2.77	188,083	188,083
<u>Hydraulic Production - Prickett</u>							
332	Reservoirs, Dams and Waterways	450,000			2.03	9,135	9,135
<u>Hydraulic Production - Bond Falls</u>							
332	Reservoirs, Dams and Waterways	75,000			1.00	750	750
<u>Hydraulic Production - Au Train</u>							
332	Reservoirs, Dams and Waterways	1,843,000			2.60	47,918	47,918
<u>Hydraulic Production - McClure</u>							
332	Reservoirs, Dams and Waterways	3,268,000			3.52	115,034	115,034
<u>Hydraulic Production - Hoist</u>							
332	Reservoirs, Dams and Waterways	4,047,000			3.98	161,071	161,071
<u>Hydraulic Production - Silver Lake</u>							
332	Reservoirs, Dams and Waterways	1,675,000			4.08	68,340	68,340

UPPER PENINSULA POWER COMPANY
 COMPARISON OF ACCRUALS APPLYING PRESENTLY CERTIFIED AND PROPOSED DEPRECIATION RATES
 SCHEDULE S-2

ACCOUNT NUMBER ACCOUNT DESCRIPTION		PLANT BALANCE 12/31/2000	PRESENTLY CERTIFIED		PROPOSED		ACCRUAL INCREASE (DECREASE)
			DEPRECIATION RATE (%)	AMOUNT	DEPRECIATION RATE (%)	AMOUNT	
DEPRECIATION CHANGE ON POST 2000 ADDITIONS		18,148,000				590,331	590,331
TOTAL DEPRECIATION STUDY		145,155,135		4,465,873	3.16	4,591,761	125,891